

Washington Utilities and Transportation Commission
P.O. Box 47250
1300 S. Evergreen Park Dr. SW
Olympia, WA 98504-7250

Docket # UW-070944
August 29, 2007

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WASH. UT. & TP. COMM

Dear WUTC Commissioners and Mr. Jim Ward,

In Docket number UW-070944, Rate Comparison Chart, we were given a comparison water rate schedule (Appendix D) that is now based on meter/line size instead of ERUs.

The rate schedule shown on page 4 for the HOA 2" meter simply isn't a fair and equitable calculation. In fact, there is no indication how this rate has been determined. I want to bring to your attention a serious miscalculation pertaining to the cut-off points for the Block 1, 2 and 3 rates.

The Block 1 cut-off point for ¾" metered users (Rosario Communities) is 3,000 gallons. However, a simple calculation shows that the cut-off point for 2" meter HOA users is just 571 gallons! (60,000 gallon cut-off divided by 105 HOA users = 571 gallons/user). In addition, using the same calculation, the cut-off point for Block 2 occurs at 1714 gallons, also well below the 3000 gallons allotted to ¾" metered users. This means that the average HOA user is already paying Block 3 rates before other users have even reached the Block 1 rate level. This is grossly unfair and totally inequitable. How can water supplied to one residential subdivision cost more than the same water supplied to another residential subdivision?

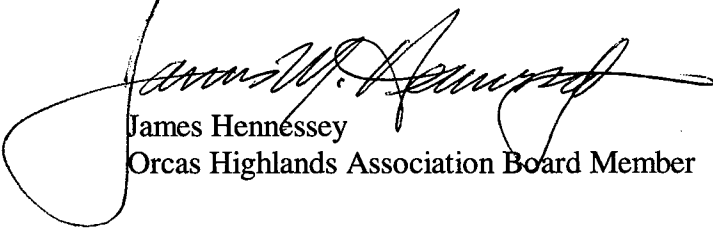
A fair and equal adjustment of this rate schedule should take into account that the HOA is not a company or industry. It is a group of individual users who are also on ¾" meters. The fact that we are supplied by a 2" meter should have no effect on the water rates. The rate assessed to the Highlands HOA users must be the same as the rate applied to other residential users of the system. A correct and balanced cut-off point for Block 1 rates must be based on the number of users in the HOA, namely 105 users times 3,000 gallons or 315,000 bulk gallons. The same applies to the Block 2 and 3 rates as well, leading to a 787,500 cut-off for Block 2 rates. This would put HOA users on par with other residential users of the system.

I have no argument against the \$219.20/mo bulk 2" meter base rate as this amount would sufficiently compensate for the maintenance of purification system, pumps and pipes leading up to the HOA meter. Beyond the meter, the HOA owns and maintains its own pump and piping. To my mind this constitutes a fair calculation of the rates.

Another fair accounting might occur if the water system in the Highlands HOA was purchased back by the utility. If the utility owned and maintained the complete infrastructure, then our individual ¾" meters could be read and the rates established would be the same for all residential users. Essentially, we wouldn't have this disparity problem and I think the Highlands Board and homeowners might be open to this option.

The rate schedule shown in Appendix D is totally unfair and inequitable. The disparity in the rates is unreasonable and from what I can see, unjustifiable. I do not believe that it is the intent of the utility to single out and penalize the Highlands HOA through an unfair rate structure. I conclude that it must be a miscalculation. I, therefore, sincerely ask Mr. Ward and the WUTC Commissioners to seriously look into this matter and rectify this problem before creating or voting on any final recommendations.

With kind regards,



James Hennessey
Orcas Highlands Association Board Member