From: Dear Meadows Water Company

Date: 10-22-2014

Re: Docket- UW-143295, Notice of Opportunity To File Written Comments, dated September 19, 2014

To: State of Washington Utilities and Transportation Commission

1. Our sources for addressing any of the identified situations are strictly through the customer rate structure imposed by the UTC.

2. We would be encouraged as shareholders to reinvest monies if a favorably rate structure and dividends were realized; at this juncture, the last dividend was paid in 2006. Investment could be encouraged if the UTC would recognize the original investment made into the infrastructure of the required system by the founder on a de facto basis. The original founder did not retain purchase documentation for said investment. Consequently, an engineering study was performed by the company, in an effort to identify the value of the system. The commission was not receptive to this information and will not consider any original investment in this scenario as part of the rate structure resulting in an inability to generate sufficient funds. Additionally, the organization was able to raise capital from a shareholder however, the UTC will not recognize this loan and as such, will not consider this funding as part of a rate structure.

3. Currently, the access to the State Revolving Fund loans is restricted based on the prerequisites to access the funds. We currently lack the necessary capital to obtain the required engineering direction to satisfy the prerequisites for access to said funds. It may prove beneficial for the organization moving forward to have access to these funds as part of a general rate case.

4. Regarding the concept of placing reserve funds in a secured account we again arrive at the ability of the organization to generate the required monies to do so, based on the lack of recognition of items required for the CIAC. We are not directly opposed to the concept of a secured account, as long as, reasonable and timely access is maintained. If a reserve account was established what would the parameters of access be? Who would establish the access parameters? What would be the restrictions to said funds?

5. We would desire that our engineering study be considered for the CIAC calculation in part. We would recommend that the basis for rate calculations and associated margins be changed to enhance the ability of the organization to operate and realize a profit. In regards to acquiring other water systems, it is imperative that sufficient capital be available to make such a purchase viable. As an investor based corporation we should not only be allowed to be a viable company but we should also be allowed to have a reserved fund, purchase equipment, hire personnel, as well as, compensate our corporate officers and ultimately provide a return to shareholders.

6.NA

7. NA

Additional Comments

We are excited that the commission has recognized that the rate formulas utilized by the commission did not produce the desired results for some organizations. Historically speaking Deer Meadows Water has been reluctant to file for a rate increase given the historical treatment by the commission. Based on the previous two filings by the organization the customer base rate has been reduced by $4.00 with the concept of a three-tiered structure, which did not offset the base rate reduction in usage as indicated by the UTC. This base rate reduction has caused the organization to fall short of the projected revenue on a per annum basis. We find it confusing that the UTC has utilized formulas and calculations that allow this to happen to companies like ours. It is unfortunate that the commissions own extremely complicated and restrictive formulas have put water systems like ours into this situation. Perhaps it would be a more realistic approach if the commission had members with previous experience of running and managing a water system. If water systems similar to ours are forced out of business then what? We have had conversations with the Health Department and it appears quite often, that when customers take over a failing system, they find themselves having no one who wants to assume the responsibilities of what is required to operate the system. That would not be in anyone’s best interest, especially the customer, since they are the ones that want and ultimately need water. In order to prevent that from occurring the customer must contribute more, especially on the base rate. Although everyone knows no one wants to pay more for anything it is exactly what is required to protect the customers’ access to uninterrupted water service.