

To the Washington Utilities and Transportation Commission  
Re: Docket #UW-070944, Rosario Utilities Application for Rate Increase  
P.O. Box 47250  
1300 S. Evergreen Park Dr. SW  
Olympia, WA 98504-7250

Presented at the September 12, 2007, hearing

Commissioners,

My name is **Jim Hennessey** and I am a resident and member of the Board of Directors for the **Orcas Highlands Association** of homeowners.

After a delay of over two months since the last hearing for this Docket, and less than three weeks ago, we were presented with an entirely new rate proposal from Rosario Utilities. This new proposal has dropped the old ERU methodology in lieu of a new method based on Meter Sizes. In doing so, the utility has created a disparity between the rates users in the Rosario Community pay versus the rates Highlands users pay. This inequality imposes a higher tariff on some residential users compared to other residential users and is just not fair.

In a letter to the WUTC dated August 29, 2007, I stated this fact and gave examples of how much more per household Highlands users would pay over Rosario users. I will not occupy your time with these calculations but the fact remains that the rate is unequal. Mr. Ward's response to my letter, and others who voiced the same concern, is that the Highlands is considered to be a 2" meter user and that (this is a quote) "What happens on the customer side of the meter is **not** an issue in this rate case and/or design." In other words, what we do beyond our 2" meter is of no concern to the Utility. How many users we actually have is of no concern. What we pay to maintain our pipes, pumps and tanks is of no concern. This is a dangerous conclusion as it may prove to be harmful not only to the 105 individual, metered users in the Highlands, but to the Utility as well. If we are to be assessed based on Mr. Ward's words "you pay for what you use", then there is nothing to stop the Highlands from expanding its territory and adding additional users. I might even go so far as to suggest that we could sell water to another community or bottle it for sale to the Arabs. Joking aside, there is very good reason for the utility to use a "Residential Unit" count to determine the rate for the Highlands and, in fact, that is all we are asking. We would like the Commissioners to ask Mr. Ward to reassess this awkward proposal and calculate the rate for the Highlands using the same per unit methodology that is used for Rosario users. We ask that the Utility simply read our individual meters to calculate our rates. If that is not practical (and I cannot see why it wouldn't be) then, at least, the bulk 2" meter rate should reflect our 105 users and, as I suggested in my previous letter, the Block 1, 2 and 3 figures should be corrected to be in-line with the same Block cut-off points for Rosario users.

I need to point out that the Highlands is a community of 105 **residences**. We are not an Industrial or Commercial user and should not be assessed Commercial rates. Likewise, it is not appropriate to penalize our community with higher rates than that of similar residential communities serviced by the same Utility. It is, in fact, blatantly unfair. We have individual meters and those should be used to determine our water rate.

There is the suggestion that Rosario Utilities should obtain the Highlands water system in order to unify the utility that it is planning to sell to Washington Water Systems and, as a consequence, tariff the Highlands

residences at the same level as Rosario residences. We are not opposed to this discussion. However, whoever owns the Highlands water system and whether it is sold or not is in fact unimportant, our individual residential meters should be read until such a time as a transfer of ownership of our water system might take place.

It is not difficult to have parity and equality among the residential communities service by Rosario Utilities. In doing our own re-calculation of the water rates, we are able to develop a scenario that slightly increases the Base Rate for all users, but maintains a unified and equal per/gallon rate across all the residential communities *while still providing for the annual revenue increase that Rosario Utilities has requested*. I am sure that if we can create this scenario, Mr. Ward and his staff are even more capable to do so.

In closing I want to emphasize something from the WUTC web site. The *Mission* is stated as follows: **“The WUTC protects consumers by ensuring that utility and transportation services are fairly priced, available, reliable and safe.”** My emphasis is on the phrases “protects consumers” and “services (that) are fairly priced”. The proposed rate methodology is not *fairly priced* since it assesses one residential community at a higher rate than another. As a result, we as *Consumers* are at harm in this scenario.

As a member of the Highlands Board, and as a representative for our homeowners, I must reject this rate proposal and I strongly recommend that the Commissioners not approve it. Instead, I ask that Mr. Ward and his staff be given more time to rework this proposal for it to be truly fair and equitable as per your Mission Statement.

I say this with great respect and I Thank you for your time and attention.

James Hennessey  
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