

April 15, 2008

To: Washington State Utilities and Transportation Commission

Re: Docket #UW-080562
Roche Harbor Water System

From: George and Dianne Steed, Water System Customers
285 Neil Bay Dr., Friday Harbor, WA 98250

This is to express our opposition to the subject case, an increase in customer charges of nearly 40%. Our opposition is based upon a number of concerns, as follows:

1. Since acquisition of the Water System along with the Roche Harbor Resort in the early 1990's the owners have operated the System not as a typical investor-owned utility but more like a mutual water system. We have been customers for over 35 years and in that time we believe that most capital improvements have been paid for from customer charges rather than invested capital. Recent improvements have been paid for by customers directly rather than by system-wide charges. Customers have recently been advised that no replacement of aged (40+ years) and undersized piping will be performed unless a break occurs, thus leaving the dozen or so connections on a 2" "main" with greatly diminished water pressure and flow.
2. The Water System has supplied water for many quarters (years?) and continues to supply, water that does not meet minimum water standards of the Clean Water Act and/or Washington State.
3. The Water System has suggested that, in order for its customers to obtain water free of contaminants, the customers should purchase at their own expense a suitable home filter system.
4. The Water System has, for more than two years talked about the necessity for a more complete filtration of its water product so it will pass all water standards. No such filtration has been provided to date but there is a "test" underway, we are told. Results of the "test" will not be known until June 2008 and there is no assurance that either the "test" will prove satisfactory or that the Water System will install such a filter system to bring supplied water into full compliance with all standards and codes.
5. It is hardly possible for the general public, customers or the Commission to judge the validity of the proposed rate increase without a review of audited financial records such as P/L, cash flow, operating statements and balance sheets for recent years.
6. It may prove quite difficult for the Commission to properly review the rate-of-return on any investment made by the System owners as we believe there has not been any significant capital investment by the owners since purchase of the Water System. Capital investment has been basically from retention of fees from customers.

We would urge the Commission to postpone consideration of this rate increase until the System demonstrates ability to supply fully approved water quality and provides appropriate financial documentation to support the requested near 40% rate increase.

Very truly yours,

George & Dianne Steed