

From: John Anderson [<mailto:jda@nikola.com>]
Sent: Tuesday, December 20, 2011 5:34 PM
To: Goltz, Jeffrey (UTC); Jones, Philip (UTC); poshe@utc.wa.gov
Subject: Pending November 30 Agreement between Wutc and Lowper, Inc.

Dear Commissioners:

I urge you not to make the mistake of approving this agreement.

Over the past several years I have spent a great deal of time and effort trying to keep Lowper from charging us (its customers) unreasonable rates for water. Approving the agreement will allow them to continue to do that.

I should have been given the chance to review Lowper's 2010 Profit and Loss statement (below) before the agreement was reached. Three cost items in particular are similar to those I questioned on a 2005 statement before WUTC was involved. Note that these elements make up 52% of the total 2010 expenses reported (\$4625 of the \$8896). Obviously, these costs are unreasonable.

Meter Services \$780 I read the meters in 2010 at no cost. It took me about 20 minutes per month.

Testing \$1950 The only testing required is one bacterial test per year, nitrates every 3 years and a yearly backflow test. In 2005 this cost was reported as \$840 and Dorland wrote that water was being tested monthly.

Maintenance and Repairs \$1925 All this system does is receive and distribute PUD water. It has no moving parts and should require almost no maintenance.

It's been a long two and a half years since May 2009 when I sent WUTC extensive information which led to Lowper's regulation and this agreement. We would not have reached this point if I had not pushed WUTC to stop delays in the process.

Some other points to consider:

-- Lowper was fined \$10,500 (mitigated to \$8300) for 15 months of violation of state law beginning October 2009. The information I provided WUTC

shows that Lowper has been in violation since October 2007.

-- Lowper testified it is taking steps to turn the system over to Clallam County PUD. WUTC should not let this slide.

-- Lowper has been charging its customers a 5.029% tax since 2006. None of this money has gone to the state. However, the agreement calls for all rates to be increased by 5.029% to make up for Lowper's lost revenue when the tax is not included in our bills. Go figure!

Please let me know how you plan to proceed and call me at 360-582-1821 if you have questions or would like more information. I have plenty.

Your truly

John D. Anderson

3:21 PM
08/24/11
Cash Basis

**Lower Water System
Profit & Loss
January through December 2010**

	<u>Jan - Dec 10</u>
Ordinary Income/Expense	
Income	
Revenues	<u>8,882.05</u>
Total Income	<u>8,882.05</u>
Gross Profit	8,882.05
Expense	
Water Services	780.00
Accounting	150.00
Billing & Administration	546.00
Insurance	54.00
Licenses	89.00
PUD charges	3,382.63
Repairs and Maintenance	1,925.00
Testing	1,950.00
Total Expense	<u>8,896.63</u>
Net Ordinary Income	<u>-34.58</u>
Net Income	<u>-34.58</u>