

## Aqua Wintergreen

Rebuttal and Comments to Aqua Application

PUR-2017-00082

- WE THANK THE COMMISSION FOR THE OPPORTUNITY TO PRESENT OUR COMMUNITY'S CONCERNS
- **WHO WE ARE:**
  1. A 400 CUSTOMER SUBSIDIARY OF AQUA—LESS THAN 2% OF HOOK-UPS IN THE STATE
  2. SERVED BY A 30-31 YEAR OLD SYSTEM, BUILT TO THE 100 YEAR STANDARD AND REQUIRING “MODEST” CAP/EX INFUSION
  3. SIZED FOR 600 WATER AND 200 WASTE-WATER CUSTOMERS
  4. NOT CONNECTED TO ANY OTHER AQUA SYSTEMS OTHER THAN ON A FINANCIAL REPORTING BASIS
  5. OUR AUTHORIZATION TO SPEAK FOR WINTERGREEN'S AQUA CUSTOMERS COMES FROM THE PROTEST SUPPORT OF ABOUT 450

(~ 75%) OF THE POTENTIAL 600 CUSTOMERS WHO HAVE WRITTEN IN AND RECORDED THEIR PROTEST WITH THE CLERK

6. AS WE HAVE NO RESOURCES FOR LEGAL FEES AND CONSULTANTS, WE HAVE DEVELOPED OUR POSITIONS, COMMENTS, RECOMMENDATIONS THROUGH A VOLUNTEER EFFORT AND PRESENT OUR REBUTTALS IN OUR OWN SELF-DEFENSE

● **WE REQUEST THAT:**

- 1 COMMISSION EXEMPT OUR UNIT FROM THE PROCEEDINGS IN THIS APPLICATION DUE TO THE TERMS AND CONDITIONS OF THE PURCHASE PUR-2014-00126
- 2 IF NOT GRANTED-- THEN BE EXEMPTED FROM ALL IMPACTS THIS CURRENT APPLICATION MAY HAVE ON OUR RATES, RATE STRUCTURES AND WWISC
- 3 WE ARE DEALING WITH A FOR PROFIT PUBLIC UTILITY MONOPOLY, THEREFORE, REQUEST THE SCC TO ACT AS AN EFFICIENT COMPETITOR, GRANTING NO MORE THAN A COMPETITIVE

MARKET WOULD ALLOW AND BE CONSISTENT WITH OTHER FINDINGS RELATED TO WINTERGREEN

● **EXEMPTION:**

1. UNDER PUR-2014-00126 AQUA ACQUIRED WINTERGREEN VALLEY UTILITY CO. EFFECTIVE JULY 2015 WITH CERTAIN CONDITIONS AND GRANTS
2. RATE INCREASE OF 27% WATER AND 28% WASTE-WATER, WHEN ACCOUNTING FOR A REDUCTION IN OUR ALLOWANCE, 3000 G FROM 4000 G
3. EXISTING REVENUES AND THE INCREASES WERE DEEMED TO BE SUFFICIENT TO CONTINUE TO PROVIDE QUALITY SERVICE AND SUPPORT A 5-YEAR PLAN OF CAPITAL (APPROX \$438 K), IF NEEDED
4. OWNERSHIP CHANGE WAS TO GENERATE ANNUAL OPERATIONAL SAVINGS OF ABOUT \$65.5 K WHICH WOULD BENEFIT THE CUSTOMERS
5. AQUA WINTERGREEN WAS TO OPERATE ON A STAND-ALONE BASIS WITH AQUA POST-

AUDITING QUANTATIVE AND QUALITATIVE  
BENEFITS

6. THE NEW RATES WERE JUDGED TO BE SUFFICIENT AND “ JUST AND REASONABLE” - CUSTOMERS ACCEPTED THIS
7. NOTHING KNOWN TO US HAS CHANGED THAT WOULD MODIFY THIS AND WE SUSPECT THAT THE CAPITAL PLAN HAS NOT BEEN FULLY IMPLEMENTED
8. THEREFORE, WINTERGREEN CUSTOMERS REASONABLY CONCLUDED THAT NO NEAR TERM RATE INCREASE WOULD MATERIALIZE AND FURTHER REASONABLY CONCLUDED THAT ANY RATE ACTION WOULD BE NEAR THE END OF THE 5 YEAR PLAN – 2020

● **INTERIM RATE ACTIONS BETWEEN 7/2015 AND 8/2017-(PUR-2016-00142)**

1. IN NOV. 2016 AQUA FILED FOR INCREASES AT WINTERGREEN OF 64% AND 43% WATER AND SEWER, RESPECTIVELY
2. REASON GIVEN IN THE NOTIFICATION FOR RATE INCREASE “ REFLECT INCREASED

INVESTMENTS FOR ONGOING  
INFRASTRUCTURE IMPROVEMENTS”

3. THIS PROPOSAL AND THE REASON FOR THE  
RATE INCREASE WERE INCONSISTENT WITH  
THE PURCHASE APPROVAL – 00126— SINCE  
ANY INVESTMENT WAS ALREADY  
COMPREHENDED IN THE PURCHASE RATE  
INCREASE

4. APPLICATION WAS SUBSEQUENTLY  
WITHDRAWN

• **OTHER REASONS FOR RATE DENIAL AND CONCERNS**

1. AFTER MODIFICATIONS TO THE APPLICATION,  
WINTERGREEN WATER RATES WILL INCREASE 42  
%( NEW \$28.42/OLD \$20 BASED ON 3 K GAL  
ALLOWAMCE.)

2. FROM A CUSTOMER PERSPECTIVE A 42%  
INCREASE IS HARD TO COMPREND AS GRADUAL  
FAIR AND REASONABLE

3. THE AVERAGE RATE FOR WATER IN THE  
SURROUNDING NINE(9) WATER SERVICE AREAS IS  
\$ 25.77, BASED ON 3000 K G(2017 DRAPER ADEN  
SURVEY), THUS THE PROPOSED RATES ARE 10.3%  
ABOVE THIS AVERAGE

4. REBUTTAL STATEMENTS INDICATE THESE COMPARISONS ARE NOT VALID BECAUSE CUSTOMERS ARE ONLY LOOKING AT BFC AND VOLUMETRIC CHARGE AND NOT HOOK-UP AND ACCESS— BUT THIS CURRENT PROPOSED RATE INCREASE, ONLY DEALS WITH BFC AND VOLUMETRIC INCREASES – ACCESS ISSUES ARE NOT PART OF THIS APPLICATION
5. CUSTOMERS ASKED TO ACCEPT THIS WHILE AQUA PROVIDES NO STATEMENT AS TO WHAT IMPROVED AND ADDITIONAL BENEFITS THE RATE-PAYERS RECEIVE FOR THE INCREASED COST
6. THIS INCREASE IS REALLY NOT HIGHLIGHTED AS AN INCREASE, BUT IT IS TUCKED AWAY IN AN ACCOUNTING CHANGE/ AN ACCOUNTING CHANGE THAT BENEFITS THE COMPANY IS NO JUSTIFICATION FOR HIGHER RATES TO THE CUSOMER
7. ELIMINATION OF ALLOWANCE : HAD AQUA MADE THE RATE STRUCTURE CHANGE REVENUE NEUTRAL ACCOUNTING FOR THE ELIMINATION OF THE ALLOWANCE, THEN PROPOSED A TRANSPARENT FUTURE RATE INCREASE

CUSTOMERS MAY HAVE BETTER UNDERSTOOD THE CHANGE IN RATE STRUCTURE, BUT WOULD STILL BE CONFUSED BY A UNIFIED STATE RATE

8. WITH THE ELIMINATION OF THE ALLOWANCE, THE CUSTOMER MUST NOW RELY ON AQUA'S CALCULATION OF AVERAGE USAGE FOR WHICH THE CUSTOMER HAS NO INDEPENDENT VERIFICATION.
9. WHILE NOT OUTLINING ANY ADDITIONAL BENEFITS THE HIGHER RATES PROVIDE THE CUSTOMER, AQUA DID STIPULATE THEY WERE TO OFFSET :
  1. INFRASTRUCTURE IMPROVEMENTS
  2. INCREASED OPERATING COSTS
  3. REDUCTION IN AVERAGE CONSUMPTION
10. FOR WINTERGREEN 1 & 2 ABOVE ARE  
INCONSISTENT WITH PUR-2014- 00126
11. THREE (3) ABOVE IS A REAL HEAD SCRATCHER- THIS ALLOWS AQUA TO HAVE IT ALL WAYS— AS RATES INCREASE IN THE 40 TO 60% RANGE, CONSUMPTION DECREASES, AQUA REVENUES DECLINE, YET THIS IS A TRIGGER FOR ANOTHER

AQUA RATE INCREASE AND JUSTIFICATION? ISN'T PROMOTING CONSERVATION AN AQUA OBJECTIVE—IT WAS IN THE WINTERGREEN PURCHASE APPLICATION

- **CONCLUSION AND SUGGESTIONS-PRIOR TO ANY APPROVAL**

THROUGHOUT BOTH AQUA'S AND STAFF'S INPUT THE CONCEPT OF "... THE COMMISSION'S GOAL TO MOVE TOWARDS A CONSOLIDATED RATE STRUCTURE WHILE PROMOTING GRADUALISM AND RATE CONTINUITY" IS USED. WE REQUEST THIS CONCEPT BE DEFINED IN SIMPLE LANGUAGE AND PUBLISHED TO ALL RATE PAYERS FOR BETTER UNDERSTANDING. AS IT IS, THIS PROVIDES A SHIELD FOR AQUA RATE ACTIONS. THE DEFINITION SHOULD CLEARLY:

1. EXPLAIN HOW THIS LEADS TO A STATE-WIDE UNIFIED RATE STRUCTURE AND HOW THIS IS IN THE "PUBLIC INTEREST"
2. ENUMERATE THE RATE-PAYER BENEFITS AND THOSE TO THE OTHER PARTIES
3. EXPLAIN THE BENEFITS OF UNIFIED RATES TO THE CONSUMER VS INDIVIDUAL RATE



STRUCTURES REPRESENTING CONDITIONS  
AND EFFICIENCIES WITHIN THE INDIVIDUAL  
OPERATING UNITS

4. EXPLAIN THE END GOAL OF THE CONCEPT

- WE SUBMIT THAT IF THIS IS DONE AND IF CUSTOMERS UNDERSTOOD THIS AND MAYBE AGREED WITH THE ENUMERATED BENEFITS, IT WOULD LEAD TO TRANSPARENCY AND MIGHT MAKE FOR SMOOTHER RATE SETTING RATHER THAN “RATE SHOCK”
  
- WWISC
  1. IF THIS IS APPLIED AS A STATE-WIDE CHARGE TO ALL CUSTOMERS—AQUA WINTERGREEN REQUESTS THAT THIS PROVISION BE DROPPED ALTOGETHER
  2. IF THIS IS TO BE AN OPERATING UNIT CHARGE TAKING INTO ACCOUNT THE CONDITIONS AND EFFICIENCIES OF EACH SUB UNIT, THEN WE PROPOSE THAT THIS BE DROPPED FROM THIS APPLICATION, STUDIED, FINE-TUNED AND RESUBMITTED AS A SEPARATE APPLICATION

3. EVEN THOUGH THERE APPEARS TO BE SOME CHANGES FROM THE ORIGINAL SUBMISSION, FROM A CUSTOMER PERSPECTIVE THIS IS STILL CONFUSING AND WE ARE NOT SURE WHAT IS BEING PROPOSED
4. IF THE CHARGE IS STATE-WIDE, THEN CUSTOMERS ON EFFICIENT, WELL MAINTAINED AND BUILT SYSTEMS WILL BE SUBSIDIZING SYSTEMS THAT ARE IN POOR SHAPE, THUS THIS IS DISCRIMINATORY TO CUSTOMERS SERVED BY SYSTEMS LIKE AQUA WINTERGREEN. SINCE OUR SYSTEM IS NOT CONNECTED TO ANY OTHER SYSTEM ANY BENEFIT FROM IMPROVEMENTS MADE ON OTHER SYSTEMS WITH OUR FUNDING PROVIDE NO BENEFIT TO US
5. A READING OF THE VARIOUS DOCUMENTS/PROPOSING/ SUPPORTING THIS CONCEPT SEEM TO INDICATE THIS WOULD PROVIDE AQUA AN ABILITY TO UNDER TAKE ALMOST ANY PROJECT AND HAVE IT INCLUDED IN THE WWISC. WE DID NOTE SOME SIGNIFICANT PUSH BACK ON THE TYPES OF PROJECTS FROM STAFF, AND WOULD CONCUR

**6. IMPLEMENTATION HAS SOME SIGNIFICANT DISADVANTAGES TO THE CONSUMER**

**A – ABILITY TO REPLACE ALMOST ANY PIECE OF EQUIPMENT WITH THIS CHARGE REMOVES THE INCENTIVE FOR RIGOROUS PREVENTATIVE MAINTENANCE**

**B. – ALLOWANCE OF THIS CHARGE REMOVES THE CORPORATE INCENTIVE TO PUSH BACK AGAINST ONEROUS AND/OR POORLY FOUNDED GOVERNMENTAL REGULATION**

**C. – WHO/WHAT AGENCY WILL BE THE FINAL ARBITER OF THE NEED, SCOPE, COST ACCURACY AND POTENTIAL INCREASED COST OF EACH PROPOSED PROJECT**

- **FINALLY, WE ASK WHETHER THE COMMISSION OR AQUA HAS CONSIDERED THE FUTURE BURDEN THIS CONCEPT PLACES ON CUSTOMERS. IF THIS CHARGE IS TO BE THE SUBJECT OF AN ANNUAL APPLICATION ALL CUSTOMERS WILL HAVE TO MONITOR THE APPLICATION AND BE PREPARED TO COMMENT. THIS IS EXPENSIVE FOR COUNTIES AND TIME**

CONSUMING FOR THOSE THAT HAVE TO VOLUNTEER TO CHALLENGE OR SUPPORT THE APPLICATION. WE SUSPECT THIS IS ALSO GOING TO BE A BURDEN ON THE SCC.