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IDAHO PUBLIC
UTILITIES COMMISSION

To: Idaho Public Utilities Commission

Cc: Robert Turnipseed; Alden Holm

Subject: Idaho Public Utilities Commission Case #DIA-W-15-01

We were surprised and shocked recently when we received the notice from Diamond Bar Estates Water District (DBEWD) that requested an increase of almost 80% in our monthly water rates. Since we have been here almost four years and have not had a rate increase, it was not unexpected that we would need to pay more, but certainly not almost double what we have been paying. Since customers have the opportunity to provide feedback to the Public Utility Commission, we will do so. We have many questions about the operations of DBWD that we would like to get answered before any decision is made on the requested water rate increase. Also, we will take this opportunity to provide input to the commission about the quality of service provided by DBEWD, as we believe that should factor into the consideration of the rates.

Feedback on customer service

1. We were on a local water district for 17 years in Washington without a single outage, but have had several outages in the four years since we have been in Diamond Bar Estates. Whether due to poor design or operational issues, this is unacceptable.
2. I believe that a couple of these outages were overly long in getting the main service back in service, requiring that customers stop all irrigation. What are we going to do if another outage like those occur and there is a failure of the smaller, back-up pump? These outages can cause damage to our landscaping trees, bushes, and other plants that require regular watering.
3. Some of these outages have resulted in water getting into the main lines and then into our residence lines. This air in the lines has caused the failure of two re-circulating pumps that are on our hot water lines. Each failure has caused us \$400-500 to replace the pumps. I had a long discussion with Bob Turnipseed in which he denied any responsibility for ensuring that air did not get in the lines. While we disagree with that position, I asked him to please give us a call as soon as they became aware of any outage so we could unplug our re-circ pump and save ourselves the several hundred dollar replacement cost. His main concern was that we would not want to get a call in the middle of the night, but I assured him that we would. Getting that call instead of losing another pump is an easy decision. He also claimed that they didn't have time to call everyone, but said he didn't know of any other homes with the re-circ pump like ours. I responded that I felt it was entirely reasonable, if not an obligation, to alert us as soon as they became aware of outages on their part in order to save hundreds of dollars for their

customers. He disagreed with me, but finally said he would post a notice in the pump house to call us right away any time there was an outage.

4. I will note that after my conversation with Bob, we did get a call to alert us at the next outage, so we were able to unplug our pump and avoid having to replace it. However, at the next service outage a few weeks ago, I called the number we have to report problems to DBWD and reached his son. I asked why we did not receive a call to alert us about the problem and he was very rude to me. I explained why we needed the call and said that Bob had agreed to post a note in the pump house with our number on it, but he just said he could not be bothered with that and hung up on me. That is an extremely poor way to treat a customer, and we are not happy about it. Apparently he feels that customer service is not something that he needs to be concerned about, but that is certainly not my opinion.
5. Relative to these interruptions in service that can (and has) cost us hundreds of dollars, I find it very curious DBEWD denies any responsibility for this, yet at the same time they try to blame the electrical utility for problems with their service (surges) that cause damage to their pumps. It seems to me that DBWD cannot have it both ways.

Questions

1. Is a private water district considered to be an investment that may or may not make money (like other start up businesses) or is it guaranteed to return a profit by the state?
2. What is the profit or loss from all previous years of operation?
3. If there were profits from previous years, shouldn't they be used to offset losses from the year just past?
4. How much depreciation has been taken for all prior years, and what is the length of the depreciation schedule?
5. Is the requested rate increase based on one bad year or the average of several years? It is impossible to know from the filing unless prior year's expenses and revenues are known.
6. It appears that the DBEWD is requesting a huge rate increase based primarily on one poor year, but wouldn't this end up overcharging the users in future years, after the repairs are paid for? As others have already suggested, would a temporary surcharge be a better option?
7. Has DBEWD actually recovered the cost of the system more than once as suggested by another submittal?
8. Shouldn't profits from the original development be expected to cover downstream operational costs? I believe that is a usual and standard practice.
9. Why is a consultant needed to jack up the rates?
10. Why should DBEWD be able to recover expenses from DBEWD customers that they incur to justify raising the rates charged to those same customers?

11. Why is DBEWD expected to pay a 12% return on borrowed funds from another company owned by Mr. Turnipseed? This seems excessive in today's interest rate environment. A better rate should be available from a bank. A quick internet search shows small business loan rates from less than 6% up to about 8%. It is a conflict of interest to not go this route in order to make money for another of Mr. Turnipseed's companies.
12. Do the owners of DBEWD have a fiduciary responsibility to the customers to minimize costs, or are they allowed to operate however they wish in order to make more money themselves?
13. What steps is DBEWD taking to minimize their costs in order to save the customers money? If granted a 12% return, isn't their incentive to save costs eliminated?
14. DBEWD has proposed a large increase in labor costs, but shouldn't this be offset by additional income from new Boekel Estates customers?
15. How much will Diamond Bar customer's service be degraded by additional use and stress on the system caused by additional demand?
16. Given the fact that DBEWD has had trouble providing uninterrupted service for just Diamond Bar customers, how is DBEWD going to ensure that adding demand will not degrade service to the original customer base?
17. What caused the previous pump failures, what repairs were needed, and what were the costs incurred each time?
18. What steps has DBEWD taken to ensure that the same failures do not occur again, thus exposing the customers to additional unnecessary costs?
19. Is the pump and associated insured?
20. Mr. Turnipseed has stated that the pump was damaged by a surge from the Kootenai Electric service. Has this been confirmed? If so, what steps are being taken to eliminate future surges from damaging the pumps again?
21. If the pumps are subject to damage from an electrical surge, such as might happen with a lightning strike, why wasn't surge protection built into the system up front?
22. Why didn't DBEWD do multiple, gradual rate increases that could be slowly adapted to rather than slamming us with a giant request all at one time?
23. How do the existing and proposed rates compare to similar water systems in nearby areas?
24. It seems important to me that customers be alerted as soon as possible when outages occur, yet both Mr. Turnipseed and his son have demonstrated a strong desire to avoid this responsibility. I would like to know why they are so strongly opposed to this. I have suggested to them that a quick message sent out to a text list and email distribution list would be very valuable, but they want nothing to do with such a customer service, even though it might save us several hundred dollars. Does the state have the ability to impose this requirement on DBEWD for the benefit of the customers?
25. In a similar vein, should DBEWD set up a monitoring system that will alert them to electrical and water pressure failures so they can respond immediately rather than having to wait for us customers to discover the loss of service and call them?
26. Others have commented about how DBEWD does not take advantage of any software or other technology to streamline operations and save the customers money. Isn't it about time that steps are taken to implement such measures for the benefit of the customers? And since Mr.

Turnipseed appears to own two other water districts, any implementation costs could be allocated between the three water districts.

27. In the proposal to the PUC, there are lump sums listed for labor, but no details. What are the labor rates that the customers are being charged, and do they fit in the local labor profile for similarly skilled employees?
28. In looking to the future, what is the depth of the aquifer and how deep are the DBWD wells? What is the probability that deeper wells will be needed and when might that happen given forecasted demand for water in the area?
29. What is Mr. Turnipseed's succession plan for DBEWD? Is there someone qualified in place to assume the responsibilities in his absence?
30. Mr. Turnipseed told me before that he had considered turning over or selling the DBWD to a nearby, larger water district. Is this being pursued; is it likely to happen, and what are the likely impacts to Diamond Bar Estates residents?
31. When and how will we get answers to the issues and questions raised by the submittals to the PUC and the public meeting?
32. Will there be another public meeting and chance for additional input from DBWD customers after we receive the responses from DBEWD?
33. May we get a detailed explanation of exactly what is included in the line items of Exhibit #1, Exhibit #2, and Exhibit #3 in order to better understand if what is being requested is valid?

Thank you for your consideration of the questions and issues that I have presented, as well as those from several other residents here in Diamond Bar Estates. I hope we can reach an agreement that is reasonable and fair, unlike the original proposal.

Nate Simmons

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