

## Woodruff, Morris

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**From:** Ben Stockton <warsaw17@gmail.com>  
**Sent:** Wednesday, January 14, 2015 1:29 PM  
**To:** Woodruff, Morris  
**Subject:** re: case SA 2015-0065

Dear Mr. Woodruff.

This is in regards to case SA 2015-0065. I realize the deadline for comments may be passed, but I would like to make a final comment to the Commission and Public Council before the decision is made on this case (SA 2015--65.)

The view from "below" (rate payers) is understandably different from the view from "above" (American Water, the Commission, the District Court, the BCHD and other entitties that have not actually lived in the District). I have lived in this District since its inception. When the district began in 2000 all homeowners had onsite systems permitted and inspected by the Benton County Health Department. My property had a functioning, permitted septic system (a copy of the permit is forwarded in the following paper copy of this email). It was disconnected when the centralized District began, but not collapsed. Many neighbors were in similar circumstances. My immediate neighbor Bob Geranis, has, subsequent to the vote to dissolve the District, priced a new septic system for his property and has passed all soil tests. He was quoted a price of \$5,500.

Prorated over 20 years that works out to \$22.91 a month. American water has proposed starting the rate in our District at \$65.22 (their Jefferson City rate). The difference is \$42.31. Over a twenty year period this works out to \$10,150 dollars in extra charges to be on the centralized system--if, the rate does not go higher.

However, Am. Water asked the Commission to expedite this case because it (Am Water) would very likely have "a need for significant future upgrades to utility plant, and a likely corresponding need for future rate increases" , that is "increases"

with an "s", meaning several. One can assume the rate will also increase if some of the 350 customers leave the system and put in an onsite system. In the near future it is not hard to imagine a \$90+ rate (the present rate of \$80 has not been adequate to cover the budget and in 2014, the district could not pass a state audit). At \$90, that \$10,150 dollars in extra sewer charges above what a septic system would cost becomes \$16,100+ over 20 years. Observing houses that have sold in the last two years in the District, each house's value has already dropped from 10 to 30 thousand dollars depending on it's starting selling price. A \$50,000 home has dropped to \$40,000.

Outside the district (in Wanna Linga, White Branch Villa, surrounding areas) this has not been the case. Loans for houses are harder to get inside the district (de facto red lining by local banks) and its not hard to see why with a predictable \$16,000 surcharge coming over the life of the mortgage and reduced housing values.

From below, the picture looks like this: stay on the centralized sewer system and it will cost you a minimum of \$20,000--drop in house value plus future sewer rate above an onsite sytem rate (probably \$26,000+ with a \$90+ rate) and a maximum of \$56,000 depending on value of your home (some houses selling for \$160,000 in the area that might have previously brought \$200,00). This brings us back to the question of onsite systems.

When the district began, the advertised initial rate was \$30 a month. This did not produce a budget in the black, even for the first year. Every year since (save one) the budget has been in the red (when there was a budget made out) and rates went from \$30 to \$54 to \$90 to \$116. At that point the opinion of USDA and independent calculations figured that even \$150/month would not cover the budget.

350 customers were not enough to produce efficiencies of scale, and the District has not grown. Now few (a minority) want on the centralized District system. The vote to dissolve and exit the system was 131 to 64. You can be pretty sure those 131 understand the above math. That would make the customer base not 350, but 219.

On the three weekends before the vote to dissolve, the District Board hosted three meetings at the local Emergency Services building. Each meeting lasted for two hours or more and was attended by 60+ rate payers (not a bad turnout

for this district). Appended (coming in the hardcopy of this email) is the handout given to attendees at the door. As you will see it is all about converting to an onsite system. Pg. 4 lists 24 registered septic tank installers in the area; page 5 lists seven soil evaluators and seven soil engineers. One soil engineer was in attendance at the third meeting to answer questions. The assumption at each of these meetings was clear:

if we vote to dissolve, we will all need onsite systems. You will note that all customers had a permitted onsite system before the District began. It was the law; it was the mandate of BCHD to permits and regulate systems at the time. I mention this because in one of the Commission staff's statements they make the claim (producing the ballot as an exhibit) that the ballot does not mention the word "onsite". To state this is very misleading, when it was clear the vote was "about" going back to onsite systems, and this was understood by the district.

The average median family income for Warsaw is \$23,000. BCSD#1 is not, on average, as wealthy as Warsaw. \$20,000 is a liberal estimate (\$18,000 being realistic). The DNR puts out yearly project reports that state the when sewer rate charges exceed 2% of average median family income for a district, then grants and low interest loans are available for applicants to install onsite systems. For

BCSD#1 a 2% sewer rate on a \$20,000 median family income prorated over 12 months is \$33/month. At the PSC local hearing the President of American Water was present. He was asked what he knew of the income and conditions of the District. He pleaded ignorance. Still, the choice was made to start the District at \$65.22 and assume 350 customers in the feasibility study. We have been down this road. Both of these figures (the rate, which is 100% out of line with federal guidelines, and the projected customer base) are less realistic now than the original 350 and \$30 were in 2000. The Commission has rightly pointed out that individuals do have the right to exit the centralized system (if they get a permit). District residents know that housing values are not a individual good, they are a collective good. Housing values will not recover in this district under a centralized system.

The role of the commission is to match the needs of the users and potential corporate purchasers. In this case I believe an accurate view from above and below point to the same conclusion: this sale does not make sense for either.

Residents are more determined now than in

2000 to exit the centralized sewer system, and now, as opposed to 2000, they have the clear legal right to do so.

Thank You,  
Ben Stockton  
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BCSD#1