

**STATE OF VERMONT
PUBLIC UTILITY COMMISSION**

Case No. 24-0969-TF

Tariff filing of Woodstock Aqueduct Company for a change in rates, pursuant to 30 V.S.A. § 225, effective on service rendered on or after May 16, 2024	
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WOODSTOCK AQUEDUCT COMPANY’S RESPONSE TO PUBLIC COMMENTS

By this filing, Woodstock Aqueduct Company (“WAC”) provides the following response to public comments filed in the above-captioned case. WAC understands that some Woodstock residents are concerned about the rate increase in this case. Public comments filed in this case are critical of the size of the rate change, the timing of WAC’s request, and the historical maintenance and improvement of the water system. The Company appreciates the interest and concerns raised in public comment and hopes additional information will help encourage more constructive dialogue with the Town and WAC customers.

Over the years, WAC has operated as a privately-owned utility with the overwhelming majority of rate revenue re-invested in the Company for the benefit of its customers and the Woodstock water system. Whether the Town itself should own and operate the water system has been a topic of discussion since the Company was founded in the late 1800s to supply the village with water for fire purposes and watering dusty street.¹ While municipal ownership has been elusive, the Company has been run by descendants of the Billings family and others who founded the water system over 140 years ago. Currently, the company is managed by Jireh and

¹ <https://www.woodstockhistorycenter.org/articles/2023/9/13/woodstock-aqueduct-company>.

Frank Billings, who draw a modest salary and have spent countless hours troubleshooting issues, responding to emergencies, and pushing the company to transform with the times.

Under Jireh and Frank's management, significant investment in the water system has transformed the overall supply and delivery of water. One of the largest and most challenging modernizations to system infrastructure involved converting the system from a surface water system fed by an open-air reservoir to a closed groundwater system. This infrastructure project involved the construction of a million-gallon water tank and the addition of two ground wells that pump water through the system. As a result of these investments, WAC has mitigated contamination issues driven by surface water supply and achieved the highest water quality that the Woodstock system has ever enjoyed.

The Company has also invested customer revenue back into the system to modernize in other critical areas. Several years after Woodstock converted its systems to a closed groundwater supply system, the Company built a SCADA system to monitor and control the system remotely. This was an important upgrade to the system because it not only allows alarms to be set for monitoring water supply, tank levels, and flow rates, it enables WAC to identify, address, and resolve operational issues on the system more quickly and efficiently. Additionally, WAC installed the west end 8" loop line to add pressure and volume to the system. This involved an investment of nearly half a million dollars to install 5,700 linear feet of new 8-inch water main and associated apparatus, three new Fire Protection hydrants, and a flushing hydrant. The west-end loop project was one of the first steps needed to address upgrades required to comply with modern water supply rules that demand specific operational standards from a public water system.

Over the last several years, WAC has also worked closely with the Department of Environmental Conservation and engaged an engineering firm to perform a comprehensive Preliminary Engineering Report that provided a full assessment of WAC's infrastructure and technical options available to enhance performance and compliance with the DEC water supply rule. Accordingly, while it may not be apparent to all Woodstock residents and WAC customers, WAC has made significant investments in the water system over the years and supports the advancement of even more upgrades as discussed in the Prefiled Testimony of Jireh Billings.

The Company also appreciates several public comments about the magnitude of the rate change. While the Company would prefer to avoid significant rate increases, the rate request reflects the level of revenue that is needed to address upcoming operational needs, flooding damage and increased debt service, and necessary infrastructure improvements to the water system for the good of all customers and the Town. Without increasing investment in the water system through rate revenue, the Company will not be able to raise the capital, or the debt needed to make many important investments in the system. Increases in operating expenses are needed to reinvest in pipe replacement and retain professional water management, which will require more than the modest salary provided to current managers.

As discussed in the Prefiled Testimony of Jireh Billings, expenses are also increasing to address critical damage to the system caused by recent flooding. Contrary to the perception of some public comments, Woodstock has invested in system resilience to avoid future flooding damage. In response to recent flooding, one water main was installed under the river using HDPE piping technology at a significantly higher expense than other alternatives, and similar options were explored for other parts of the system. Some comments assert that still more should be invested in the water system. The Company agrees. For example, the significant fire hydrant

increase is tied directly to the expected debt expense needed to secure funding to invest in the system upgrades that are needed to keep the fire hydrants operating. The choice is a simple one. We either make the investment or the hydrants will not be able to operate at the pressure standard demanded by modern water supply rules. Contrary to some public comments, these technical options are not scare tactics, they are simply operational realities that have been studied and confirmed by engineers.

Finally, the Company appreciates that some commenters are concerned about how the timing of this rate request works with the potential sale of the Company to the Town. This rate request will not disrupt the Company's efforts to sell the Company to the Town. In the last several months, the Woodstock Selectboard has engaged consultants to study the finances of the Company and public discussion about the sale is ongoing. At the same time, this rate request is needed to ensure cash flow sufficient to maintain stable and reliable water service. The Company has been very clear that its shareholders would sell the company to the Town if it is approved by the voters, and has agreed all funds collected under the new hydrant rate, if approved, will be transferred to the Town if the sale is approved by voters. Given the operational needs of the system and the uncertainty of the Town's decision regarding a sale, pursuing the rate request and the sale in parallel is required, and if the sale to the Town is approved by voters after this rate change takes effect, the Town will benefit from increased water revenues.

DATED at Burlington, Vermont on this 31st day of May, 2024.

WOODSTOCK AQUEDUCT COMPANY

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