✓Gen Ack
sent 2/17/05

✓To Comms
: H

James R. Morris
2922 E. Snowberry Lane
Spokane, WA 99223
jimsuepete@comcast.net
509/533-5877 – fax 509/533-6211
Condo: Highland Village #404

February 15, 2005

To: Idaho Public Utilities Commission
E-mail: secretary@puc.idaho.gov

To: Dean J. Miller
E-mail: joe@mcdevitt-miller.com

To: Tim Elsea
E-mail: telsea@schweitzer.com

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION – CASE NO. RES-W-04-01

On February 3, 2005, I made written comments on the above case and then participated in the public workshop held at Schweitzer on Tuesday, February 8. I now take this opportunity to make an additional statement for the record as follows:

1. At the meeting on the 8th we received a handout and on the first page following the cover sheet is included "Water System Assets" in the amount of $509,331. I questioned this figure during the meeting and have since been told by several sources that this figure contains a significant amount of money that relates to future development projects. If this is the case then I think the asset value should be reduced accordingly and held on the corporate books for capitalization against the new projects as they go on line.

2. It was also stated that with the added well and water storage capacity there is now excess supply to take care of the current 395 ERU and, in fact, an addition of 305 ERU can be added to future development. The cost of this excess capacity should be split out from the current rate calculations and be added to only new projects when they are up and running.

3. In my review of the Jane Doe testimony I questioned on Exhibit 2, Page 1, examples 002 ($222,970.97) and 003 ($216,263.66.) I have no idea what work was done for this amount of money and find no justification for such a high figure that might apply to the current water system. Excess funds should not be charged against the current water customers.

4. There is significant evidence that when the White Pine Lodge was built the actual cost of construction greatly exceeded budget and in fact went far beyond what the real estate market would bear. It is said that Harbor passed the excess costs through their books and in some way burdened the current owners on the mountain.

5. To summarize my thinking I thought it best to put together a series of pro forma statements that might be considered by all recipients to help solve any lingering doubts. I have had some direct and indirect feedback from various people who are knowledgeable and either own property on the mountain or work on the mountain, or were employed by Schweitzer. My interest is to restate

accurately and honestly my thinking based on information gained from others. I have turned up no basic conflict in the information I have put to use. If there was any conflict of impression I have not used the information. I have had to make some assumptions and I look forward to being corrected where significant. I have modeled my statement in line with the handout provided by the IPUC on February 8. The statements are as follows:

1. Assets Included in Rate Base
   Revised Numbers

	Original Book Value	Yearly Amortization	Accumulated Depreciation As of 8/31/04
Water System Assets*	$275,000	7,016	30,436
(1/2 price allocation)	177,500	3,550	20,412
	452,500	10,566	50,848

*This line has been revised down as I think $509,331 is way too high. With hoped for additional information I am sure it can be further reduced. Consider significant overrun at White Pine Lodge and how it was booked. Look into the dollars spent for added capacity of ERU's and the expense vs. capital allocations. We now have a total of 700 ERU's. The usage is said to be 395 ERU's. The unused is a difference of 305 ERU's. The additions since the beginning of 1999 is estimated at 78 ERU's, including Crystal Springs 18, Chapel Point 4, Cabins 4, Pinnacle Ridge 2, and White Pine 50. Water storage capacity went from 45,000 gal. to 105,000 gal. for an addition of 60,000 gallons since 1999. To play a numbers game 105,000 gals, divided by 700 ERU's equals 150 gal. per ERU. If this is correct then in 1999 we had an ERU capacity of about 45,000 gal. divided by 150 gal. per ERU or 300 ERU's. If my prior ERU calculations are about right then in 1999 we had 395 ERU, less the addition of 78 ERU or about 317 ERU's in place. It is clear to me that the additional 60,000 gallons is to a large extent due to the White Pine Lodge and future development plans. The total cost of expansion including planning, engineering, and installation should be calculated and allocated to Harbor's books for later use.

2. Preliminary Numbers

Improvements of water system from 12/8/98*	$275,000
Working Cash	16,544
Acquisition Adjusted price	177,800
	$469,044

*Adjusted Down - see paragraph 1.

Less:	
Accumulated Dep.	$ (30,436)
Contributions to Capital	(128,609)
Net Rate Base	$309,999
Return on Net Rate Base @ 11%	34,100
Return including allowance for taxes	$ 45,871

3. Calculation of Preliminary Revenue Requirement

Yearly operating and maintenance Expenses*	$100,000
Annual Depreciation expense	$ 10,566
Return @ 11% plus tax allowance	$ 45,871
	$156,437

*This looks very high and should be reviewed to make sure that all legitimate capital items for the current system are not expenses and that all capital for future projects are put on Harbor's books for later capitalization. Make sure that water, sewage, and cable are property split out.

4. Staff adjustment of ERU calculation. See comments under paragraph 1.

5. Preliminary Flat Rate Calculation

	Staff Proposal	My Proposal
Annual Revenue Requirement	$212,290	$156,437
Total Number of ERU's	395	395
Annual Revenue Req. per ERU	537.44	396.04
Monthly Rate Required per ERU	44.79	33.00
Existing Resort Water Rate	$ 33.00	33.00*
Rate Increase	36%	0%

*This monthly rate that was calculated is the result of my assumptions and I was surprised at my final answer.

I think it fair to ask Harbor to share some financial information as requested in the past. There are those who strongly believe that the company is not following good accounting practices and could not stand up to a proper audit by a thorough accounting firm. I would hate to justify the book entries in court.

I thank you for the opportunity to comment and am available to try to answer any questions.

✓Gen Ack sent 2/17/05 ✓To AV. ✓To Comms ; H

FLEX BENEFITS and ADMINISTRATION

P.O. BOX 399 • LIBERTY LAKE, WA 99019-0399 • 1-800-869-FLEX • (509) 255-6616 • FAX (509) 255-5639

RECEIVED FILED

2005 FEB 17 AM 8:14

IDAHO PUBLIC UTILITIES COMMISSION

2-14-5

Commission Sec.

As an owner of two properties at Schweitzer Mt Resort I protest this increase. Owners and developers have paid their share of capital costs in hook up fees and monthly dues. All future development and needs to expand storage should be the responsibility of the developers (Mt Utility) and individual property owners in new hook up fees for new construction.

Re: RES-W-04-1
Mountain Utility Co.

Cordially

D Kurt Lawson

case caption "In the matter of the appl of Resort Water Co. Inc for issuance of a certificate of public convenience and necessity, for approval of water and charges, and for approval of rules and regulations governing the rendering of water service"

Gen. Ack sent 2/17/05 ✓ T. A.V. ✓ To Commrs ; H

Jean Jewell

From: Ed Howell
Sent: Wednesday, February 16, 2005 4:15 PM
To: Jean Jewell; Ed Howell; Gene Fadness; Tonya Clark
Subject: Comment acknowledgement

WWW Form Submission:

Wednesday, February 16, 2005
4:15:24 PM

Case: res-w-04-1
Name: catherine reynolds
Street_Address: 2527 s park road
City: spokane
State: wa
ZIP: 99212
Home_Telephone: 509 928-0936
E-Mail: reynoldsinwash@aol.com
Company:
mailing_list_yes_no: yes
Comment_description: UNBELIEVABLE! YOU GUYS ARE PROPOSING AN 88% increase for all condo owners at Schweitzer! Some of us can barely afford what we have now! I do not think harbor is making good choices by pushing the "locals" meaning WA and Idaho residents away. Schweitzer is not a Vail or Aspen....they should make it an affordable fun place for the locals want to come to. Anyone with big bucks is going to fly to Colorado...Harbor needs to think about the clientle they are catering to. If they did their research, i bet 90% of the condo owners live in Wa or Idaho! With their prices rising each year, we could live in Colorado one month a year and ski everyday and save money! don't let this happpen!

Transaction ID: 2161615.24
Referred by: http://www.puc.state.id.us/scripts/polyform.dll/ipuc
User Address: 205.188.116.203
User Hostname: 205.188.116.203