

Name: Allen DeLaney
Case Number: SCH-W-15-01, Schweitzer basin Water Company
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Name of Utility Company: Schweitzer Basin Water Company

Idaho Public Utilities Commission
P.O. Box 83720
Boise, ID 83720-0074

August 11, 2015

Re: Case SCH-W-15-01

Dear IPUC Commissioners:

I would like to comment on the application under your consideration by the Schweitzer Basin Water Company, LLC (SBWC) to become a regulated utility.

My credentials to comment upon this application include that I am a customer of SBWC now for 10 years; I am a partially retired graduate industrial engineer and physician with considerable experience as an owner's agent in the construction and management of medical facilities involving extremely complex plumbing requirements under NFPA, & other regulatory agencies requirements.

I've reviewed a number of documents and letters on the present subject in the public domain, attended some meetings of parties involved in commenting upon this application, and interviewed the owners of SBWC. I've observed the behaviors in public meetings of many of the individuals that have chosen to submit written comments. Additionally, I've reviewed detailed maps of the water system including piping specifications, together with much of the available engineering data available to the owners of SBWC.

Several items seem to be clearly evident from my review, listed in the following not necessarily in strict order of importance:

1. A number of written comments are by parties involved with the Schweitzer Fire District (SFD). Hopefully, the IPUC is aware of the lawsuit filed by SFD against SBWC. Interestingly, the multiple hydrant lack of sufficient flow criteria that is a major basis for the lawsuit is not met by nearby communities to include Bonners Ferry, Ponderay, & others. Further, from information available to the public, it seems clear to me as an engineer, that SFD has no clue, nor a constructive engineering solution to the problem their lawsuit seeks to address. Certainly commentary by present and former SFRD commissioners must be considered in light of the present lawsuit.
2. The oldest parts of this water system are more than 50 yrs old, and almost all major lines were not built to present standards of piping diameters, or piping pressure specifications. The present owners bought this water system when it was over 25 yrs old. Engineering details and piping locations at the time of their purchase were sparse to be kind. Peak water demand has

more than tripled due to increased population, but per capita water use has actually decreased due the SBWC ongoing program of finding and repairing leaks ever since they purchased the system.

3. There is a recurring allegation of malfeasance, lack of infrastructure investment, and lack of attention to the water system by the owners by Mssrs. R. Lowe, Flener, Hutton, and Alexander. Although I am a part time resident on Schweitzer Mountain, I know that the SBWC owners have expended considerable funds placing new wells, constructing a new 100,000+ gallon concrete reservoir, and on a yearly basis marking valve location, repairing/replacing valve access covers, and replacing broken lines, and identifying leaks during my 10 yrs. of residence. The large reservoir mentioned above, together with the associated well, and feeder lines to the main system cost in excess of \$300,000, doubling SBWC storage capacity. Note that Mr. Alexander and Mr. Hutton are not on the SBWC system for water supply
4. The new reservoir approximately doubled the water stored in the system and hence the ability of the SBWS system to meet an emergent issue such as fire fighting
5. Given the fact that the present owners purchased a system with only partial documentation at best, the following is an example of what has been required to find a leak. In 2013, dropping reservoir levels indicated a major leak of at least 14,400 gal/day. Mr. Bailey, and Ms. Bell, the SBWC owners, both engineers of considerable experience, then spent over 400 hours by my count searching for the leak. I found them out every day for over 6 weeks on our local roads searching. They hired an outside expert with electronic listening equipment to no avail, and eventually isolated the leak to a section of Mogul Hill Road on their own. Finally they dug up a pipe section in that area only to discover a large, failed, and leaking valve in a manhole buried three feet below the present paved road surface. That valve was documented absolutely nowhere on any document received from the original water system owner.
6. The SBWC presently covers an area with approximately 1000 ft of elevation change. I recently had the opportunity to review a piping survey of all major lines and connectors of the SBWC piping. As an engineer, my informal opinion is that over half of all the main lines would have to be replaced with larger pipe of a higher pressure specification, and at least three new interconnects between main lines installed to give the system some improvements towards meeting the multi-hydrant flow specification referenced in the lawsuit referenced in No 1 above. I have no recent experience in this area of construction, but doubt that upgrade could be completed for less than several million dollars, which would also include extensive road trenching and reconstruction. The Idaho Insurance Rating Bureau has previously stated that upgrading the system as described above would not result in any real property cost savings to the home owners.
7. Fire Hydrants. There seems to be a lot of mis-information being written by the previously referenced comment writers. I am sure the IPUC commissioners are aware of these issues, but I want to make sure they are part of the public commentary. The facts as I understand them are as follows:
 - a. The original system had NO fire hydrants.

- b. After the present SBWC owners bought the system, they began to be involved with the local community, and contributed by local involvement, and by their taxes, to create a local rural fire fighting district.
 - c. They then agreed to allow property owners to install fire hydrants at property owner's expense as a fire fighting aid. All involved should note that the system was NEVER designed to support the water flow require by a fire hydrant with multiple hoses attached and the valve full open. Nor is/was the system ever required by Idaho DEQ to provide fire fighting water flow rates. SBWC fire hydrant flows are between 400 and 1060gal per min, which is more than most Idaho rural systems can provide.
 - d. Initially, all who opted to install a fire hydrant did so with the understanding that they also were responsible for maintenance, and that the SBWC system was not capable of meeting national firefighting flow standards
 - e. Mr. Flener was chosen by the Schweitzer Fire chief to be on the contested hearing Board. The local judge , at the show cause legal meeting, stated that the Schweitzer Fire chief did not have authority to cite the SBWC, nor to choose the people for the contested hearing Board. The judge then stopped the meeting, and made a court date for the SBWC to find a remedy against the Schweitzer Fire District
8. Leaks, and responsibility for location and repair of leaks. Reading through the public comments, several things stand out. I am glad Mr. Flener discovered several leaks. I just hope he doesn't expect SBWC, or any other water company to repair leaks on his property in his piping.

There are many dozens of springs and seeps throughout the SBWC service area due to natural drainage patterns. My opinion is that over a service area this large, with extensive topography, all in the community should share in the responsibility to spot leaks and notify the owners.

9. Mr. Hutton seems very concerned in his public comment about the accounting of this presently private company. He sits on the Board of a tax funded entity, the Schweitzer Recreation District (SRD). As the public record indicates, neither he nor other SRD Board members have any problem leasing space owned by a Board member for storage of the SRD shuttle, nor does he have a problem with being involved with the board considering purchase of that storage from a Board member, nor considering a 50% year over year increase in rent paid by this tax funded entity to a Board member without any evidence of a competitive bidding process. Until the cold light of publicity shown upon the SRD board, they were also considering expenditure of taxpayer funds to purchase this storage space at what I judge to be at least a 40% premium to comparable commercial storage space in the area, again without any evidence of a competitive bidding process to protect the public interest. The IPUC should carefully consider Mr. Hutton's new found concern about community interest and conflicts of interest.
10. I've listened to many conversations on Schweitzer Mountain amongst residents, sat in on one Fire district commissioner's meeting, and spoken extensively with the SBWC owners about the issues of fire protection and water pressure at various locations about the service area. There seems to be a paucity of constructive commentary. From the tone of the Spring Fire District Commissioner's meeting , there may be a lot of personal conflict and animosity involved. My professional opinion is that there is no financially feasible way for this water system to meet the

multi hydrant flow test advocated by the SFD. However, I do agree with one criticism of the SBWC ownership, as follows in item 11.

11. SBWC COULD address a number of individual site issues within the water system that I believe are valid criticisms. My belief is that they should proffer these to the community as part of an attempt to work together with the SFRD. We would all benefit:
- a. SFRD is clearly guilty of NOT communicating proactively with SBWC. It is obvious that the SFRD performs flow tests without communicating with SBWC, in spite of multiple requests by SBWC. BOTH entities should be involved in pressure/flow testing.
 - b. The two entities should work together to attempt to find financially feasible solutions to improving fire hydrant flow on those hydrants with the lower flow rates. In return for their monopoly on the water system, financial criteria for SBWC to improve hydrant flow at the worst hydrants at their expense should be developed.
 - c. There is one fire hydrant that exists on the downstream side of pressure reducing valves that presently restrict fire hydrant flow. Moving the fire hydrant up-stream of the pressure reducing valve would result in a significant improvement in hydrant flow. Every hydrant with improved flow improves collective community fire protection. SBWC should offer this as an initial proffer to increase cooperation with SFRD, and accomplish the work forthwith. In fact, the SBWC made written recommendations for system improvements presented to the SFD Chief in his office on September 14, 2014, which I personally reviewed prior to this letter to wit:
 - i. Move fire hydrant 6 as I described above
 - ii. Reconfigure the system to allow increased flow and pressure to the fire hydrant in the Die Schmetterling building parking lot
 - iii. The same modification would probably increase water pressure and flow in the fire hydrant at the cornice Condo
 - iv. Locate the source to an apparent constriction in the main line under Telemark road near NW Passage road that SBWC thinks is limiting flow to the hydrant by the Eagle View Condo.
 - d. The SFD has NEVER responded to the SBWC proposal detailed above. Absent any response from SFD, SBWC chose to temporarily reconfigure the water system as described in item ii. Above. This temporary fix only made a marginal improvement in pressure at the Die Schmetterling and Cornice Condo hydrants of about 10%. SBWC has proposed making that reconfiguration permanent at the time any development occurs on the land between the two affected water mains.

SBWC completed item iv. Above at the end of September 2014 which did in fact improve water flow from the hydrant near the Eagle View Condo from nil to 520 gal per min.

Meanwhile SFD filed the present actions against SBWC. SBWC has suspended listed improvements such a i. above pending the outcome of the present action. SBWC offered these improvements to SFD as an initial proffer, but SFD has never responded.

- e. It MAY be the case that replacement of one or more pressure reducing valves with more modern ones of larger flow capacity would contribute marginally to improved downstream flow. An impartial opinion from an experienced hydrological engineering firm unrelated to all parties would help. Certainly, given the acrimony present between SBWC and SFRD, both parties should contribute to pay for that opinion. However, the owners of SBWC, both experienced engineers, attended training and have already attended Cla-Valce Company (CVC) training sessions, the company that made the pressure reducing valves in the system. CVC's opinion is that the benefit in increased flow would be negligible, especially since the total cost per valve replaced would be about \$40,000 ea.
- f. There are three additional hydrants whose bases could be lowered, which would give an estimated improved fire flow at those valves of about 10%. That project would not be excessively expensive, and two of the hydrants are in lower flow areas of the water system. All three hydrants described herein were installed at the SFD Fire chief's request. SBWC told me they will lower these valves if the property owners that own the valves make that request.
- g. SBWC clearly needs to separate accounting for the water system from the rest of the owner's businesses IF they become a Regulated Public Utility. They have rights today as a private business, but meeting reporting standards of the IPUC may contribute to resolving some of the loss of trust they suffer at present. I have discussed this with them, and as I understand it they are communicating with John Nobbs of the PUC for this past year concerning reporting requirements.

Sincerely,



Allen G DeLaney, MD, ME

Systems and Industrial Engineer

Consulting Sports & Wilderness Medicine Physician

Owner, University Park LLC, a real estate rental and management firm in Gainesville, Florida

note: The USPS does not recognize my address on Schweitzer Mountain, nor deliver mail to our address

August 10, 2015

Commission Secretary
Idaho Public Utilities Commission
PO Box 83720
Boise, Idaho 83720-0074

Comments on Case SCH-W-15-01
Schweitzer Basin Water Co

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Several comments come to mind from being a customer of Schweitzer Basin Water Company (SBWC) since the time our house was built on Mogul Hill in 2000.

The first comment concerns the character of the hot water from the time of moving into the house until sometime in 2014. The hot water apparently picked up copper as evidenced by looking thru a couple of inches of bath water and seeing a strong, not subtle, blue color. Also, the base of the plastic shower stall turned blue over a short period of time. The house has all PEX potable water tubing from the outlet of the water tank to the faucets; however, the hot water tank itself is an indirect heated system with a large internal copper coil transferring heat to the potable water. We presumed the heat in the tank accelerated the reaction between the acidic incoming water and the copper coil to corrode the copper and release the chemical into the outgoing hot water. In addition to the blue color, flakes of what was probably copper sulfate would work thru the hot water lines and clog screens in most all of the faucets. Around 2014 the owners of SBWC notified us that an injection pump using a base liquid had been added to the water system. From that point on the creation of blue copper material just about disappeared in our system.

The reason for the this discussion is to point out that in the owners application, the last paragraph of Attachment 8, DEQ Source Water Assessment Report, Dec. 4, 2000 , the last paragraph of this report states “Corrosion is a possible concern because of the slightly low pH of the system’s water. Levels of copper have been discovered above the action level for copper within the distribution system as a result of the water’s corrosiveness.” Although knowing this years ago and similar concerns of other users of the system, it took 13-14 years for SBWC owners to come up with a significant improvement to the problem.

A second concern has to do with the water flows thru the fire hydrants throughout the system. Attachment 23, Subpart D, “ Rules and Regulations, Rev 6, Nov 2010” Section 25 addresses water for firefighting. 25.2 indicates that SBWC takes no responsibility for flows or lack thereof thru customer installed hydrants . Later in section 25.6 SBWC claims that system water is only for potable use, thereby unilaterally taking no responsibility for sufficient water in their system available to fight fires. At the time of building our house, we installed a hydrant using a certified contractor. However, we have never seen a copy of these Rules. Were they originated before any hydrants ever were installed? Does such a set of rules have any legal standing when enacted unilaterally sometime in the past with no notice to customers and providing legal protection only for SBWC? Are the homeowners who acknowledge nearness of a hydrant when applying for homeowners insurance essentially committing fraud if these rules are not known and minimum flows are not happening?

Lastly, a question arises when looking at Attachment 20, “2012, 2013, 2014 Last Three Years Financial Statements”. Under

Fixed Assets, item 390, Structures and Improvements, the asset value jumps sometime in 2014 by an amount of \$413000. Below in Long Term Liability the liability amount jumps from \$0 to \$290000, mortgage payable, also in 2014. There appears to be no obvious new structure visible, beginning in 2014, in or near other components of the water system. Can we ask for an answer to what that asset might be and where it is located? \$300k- \$400K is a significantly high valued asset added to the water system with no apparent visibility !

We are friends with the Bailey/Bell family, and remain so; as a water system customer of SBWC for 15 years we have a vested interest in the provision of water service to our community and felt the need to raise the questions and comments above.

Sincerely,

A handwritten signature in blue ink, appearing to read "Richard and Carroll Ensminger".

Richard and Carroll Ensminger
1053 Mogul Hill
Sandpoint, ID

From: **Dick and Carroll Ensminger** fre2ski@frontier.com
Subject: Correction to comments made by the undersigned in response to Application SCH-W-15-01
Date: September 15, 2015 at 3:52 PM
To: **Mel Bailey** schweitzermtbb@gmail.com



hard copy of this e-mail being sent to :

Commission Secretary
Idaho Public Utilities Commission
P O Box 83720
Boise, ID 83720-0074

Mel, Marsha,

Your copy of the "Application for Water Service" we signed back in October, 2000 you provided us recently completely negates our response in the subject comments with respect to hydrant flows and the "Rules and Regulations" of the SBWC in effect at the time of building our house. We have no excuse for not having retained our copy of such agreement nor of the recollection of reading said Rules and sincerely apologize for unsubstantiated comments of hydrant flows in the response to the Commission. We hope that section of our comments is stricken from our letter to the Commission and our apology is accepted by you.

Dick and Carroll Ensminger

Ref: WATER - Application SCH-W-15-01
Don't have an e-mail address for the PUC,
Richard Ensminger

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