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IDAHO PUBLIC
UTILITIES COMMISSION

Attorneys for Applicant

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE
APPLICATION OF SPIRIT LAKE EAST
WATER COMPANY, INC., FOR
AUTHORITY TO INCREASE ITS
RATES AND CHARGES FOR WATER
SERVICE IN THE STATE OF IDAHO

Case No. SPL-W-06-1

**REPLY COMMENTS OF SPIRIT
LAKE EAST WATER COMPANY,
INC.**

COMES NOW Spirit Lake East Water Company ("Spirit Lake," "Applicant" or "Company") and hereby files these Reply Comments in response to the Idaho Public Utilities Commission Staff ("Staff") Comments on the Company's Application to Increase its Rates and Charges for Water Service in the State of Idaho.

First, the Company will address the status of certain repairs/improvements to the water system that are in progress. Second, the Company will briefly discuss those matters in Staff's Comments which it does not object to. Third, Spirit Lake will discuss its request for rate treatment of particular items. The Company recently submitted additional information on these items to Staff in response to its Comments, which is also attached hereto. Based on this additional information Staff has indicated that it does not object to the rate treatment the Company now requests for these items with some

ORIGINAL

adjustments. Finally, the Company will discuss its position that additional rate recovery is justified in regard to specified items which it currently disagrees with Staff on.

Based on the foregoing, Spirit Lake respectfully requests that the Commission issue its Order approving revisions to Applicant's schedules of rates and charges for water service in the State of Idaho to become effective with service provided on or after April 15, 2006. The Company requests the Commission's approval of an increase in the rates it charges its customers: 1) from \$12.00 to \$17.64 dollars for the first 9000 gallons of water usage by a customer per month; and, 2) from \$.10 to \$.17 for every 100 gallons of water used by a customer over 9000 gallons per month. *See Exhibits 9, 10 & 11.*¹ Additionally, the Company requests that the Commission approve an increase in the amount of the hook-up fee for new service connecting to the water system from \$1,200.00 to \$2,500.00.

BACKGROUND

The Applicant has been providing service to its customers as a public utility for nearly 23 years. Currently the Company provides service to 287 active service connections within Kootenai County and Bonner County, Idaho. The Applicant's service area is large, with the lots in the Spirit Lake East Subdivision averaging ten (10) acres in size. The lots in the adjoining Treeport Subdivision are five (5) acres in size. The total area served by the Company is over 3,300 acres. The Company owns one lot in Spirit Lake East, where the well, pump house and storage tank are located. More than 80% of the lots have active connections in the Spirit Lake East and Treeport Subdivisions with residences and/or improvements located on them.

¹ The Company wishes also to incorporate by reference into its Reply Comments Exhibits 1-8 submitted with its rate application.

During the 23 years the Company has provided its customers water service, the rates for said service, as represented by the attached schedules, have not changed since initially approved by the Commission in Order No. 18466, dated November 23, 1983. During this time period, costs have changed and many improvements have been made to the water system. Further, since Order No. 18466 was issued, Hanson Industries, Inc., the parent corporation of the Company, has subsidized its operation. In 2005, Hanson Industries wrote off (forgave) \$370,000.00 of more than \$475,000.00 the Company owed the parent corporation. These liabilities represent the level of subsidy the parent corporation has provided the water system since its inception. Hanson Industries is unwilling, and it is unreasonable to expect it, to continue to subsidize the Company. Based on this background Spirit Lake filed its rate Application with the Commission.

REPLY COMMENTS

In its Comments Staff cited three maintenance items discussed below that it believes require Company attention and thus affect its rate request.²

1. Finding and Repairing Leaks

Staff asserted that 1 to 1 ½ gallons for every gallon used by customers is lost through leakage. Accordingly, Staff recommended that the Company be directed to prepare a plan to locate and repair system leaks.

Spirit Lake has obtained a bid from American Leak Detection Services (“American”) of Spokane, Washington, which estimates the costs for initial leak

² Previous to the filing of these Reply Comments on February 8, 2007, the Company provided Staff with a copy of a letter it sent to DEQ addressing system leakage, a standby generator and the repair of the reservoir roof. See Exhibit 12.

detection service at \$3,000.00 to \$4,500.00 ("Phase I").³ See Exhibit 13. This bid is for work employing specialized equipment to attempt to detect leaks in the Company's system. Spirit Lake has sought approval of the use of this initial service from the Idaho Department of Environmental Quality ("DEQ").

If this service does not detect leaks or is unable to pinpoint them exactly the process will significantly narrow the areas which must be investigated. After Phase I is completed American could be hired to provide additional services to detect leaks. This second service could involve potholing down to the water system pipe to either install additional valves or to expose pipe at 20 to 22 foot intervals in order to detect leaks ("Phase II"). American has estimated that excavation work for potholing is costs \$130.00 an hour. In addition to the excavation cost, the expense for American's Phase II services to detect leaks would be \$1,500.00 a day. Until the Phase I service is performed, it is difficult to determine what further work might be necessary or to estimate the overall cost for such services.

At this time DEQ has chosen not to provide comments or approval on this item until Spirit Lake enters into an agreement with it to address system leaks among other issues. Spirit Lake is working on such an agreement with DEQ but believes that DEQ's decision to not provide its approval or comment on the use of this service in the interim impedes the progress of the repairs and improvements.

2. Standby Generator

In the fall of 2006 and with DEQ's approval Spirit Lake installed a 55 horsepower (75 kW) diesel standby generator to supply emergency power to run the distribution

³ American has advised that its bid could increase significantly if the size of the system turns out to be larger than represented and upon snow levels in the area which could make access a problem.

system in the event of a short term outage of power. This improvement was approved of by DEQ. The generator was designed to serve the booster pumps only due to the reliability of Kootenai Electric Cooperative electrical service which was shown by a 3 year analysis of outages which was shared with DEQ. Unfortunately, in the recent past there have been two extended power outages that led to system supply shortages due to the fact that the generator was unable to also operate the Company's well pump. As a result Staff recommended that the Company investigate the possibility of acquiring a larger back-up generator capable of operating the entire system.

Spirit Lake has received a quote of \$35,000.00 on a 250 kW, John Deere diesel-powered gen-set from Spokane Diesel. *See* Exhibit 14. SPLE has also obtained a bid from RC Worst Company to perform the electrical work to install such a generator. *Id.* The bid for this work is roughly \$57,000.00. The Company has requested comment on these bids from DEQ whose statutes and rules govern the installation of such a generator. However, at this time DEQ has chosen not to provide comments on this item until Spirit Lake enters into an agreement to address this matter along with other issues. Spirit Lake is working on such an agreement with DEQ but believes that DEQ's decision to not provide comment on this item in the interim impedes the progress of the repairs and improvements.

3. Repair of Reservoir Roof

Staff noted in its comments that the Company's reservoir has a flat roof and despite the fact that it does not leak it at times has standing water on it due to rain or snow. Staff believes this standing water presents a potential water quality issue as if the roof did leak water could seep into the reservoir causing potential contamination. As

such Staff recommended that the Company be directed to repair the roof to prevent ponding of water on the roof to assure a safe, reliable water supply.

Spirit Lake has obtained bids for repair work on the roof which have been attached for the Commission's review. See Exhibit 15. The first was provided by an individual who works in-house with Hanson Industries, Inc. This bid involves the building of a self-supported, sloped cover over the reservoir. The other bids are from United Roofing of Mead, Washington and Icon Roofing and provide a variety of methods for this repair. These bids have been provided to DEQ for their review and comment so that the Company could narrow the possible repair methods which an engineer will have to review and design. At this time DEQ has chosen not to provide comments on this item until Spirit Lake enters into an agreement to repair the roof and repair or improve other possible system deficiencies. Spirit Lake is working on such an agreement with DEQ but believes that DEQ's decision to not provide comment on the roofing bids at this time is impeding the progress of the repairs and improvements.

4. Staff's Comments and Recommendations which the Company does not Object to.

The Company has no objection to the following adjustments recommended by Staff: 1) Staff Adjustment "C" DEQ duplicate fees; 2) Staff Adjustment "E" Annualize revenue \$3,276.00 for outage credit issued; 3) Staff Adjustment "F" Impute revenues \$1,610.00 to annualize customers added; 4) Staff Adjustment "H" Replaced Plant; 5) Staff Adjustment "I" Restocking Charge \$452.00; 6) Staff Adjustment "J" to Working Capital; 7) Adjustment "K" to State and Federal Income Tax; and, 8) the adjustment to the costs for chemicals.

5. Generator and Work in Progress

Staff's Comments at page 11 discuss certain costs that were inadvertently left out of the Company's Application. Staff noted that the largest item was a used generator that Spirit Lake purchased and installed for use as standby power. In its audit Staff noted that in 2005 the Company recorded a market cost of \$12,360.00 for the generator. Staff asserted that although this cost was recorded in the Company's books there was a lack of cost data and as such Spirit Lake's plant in service should not be increased now or in the future to reflect the cost of the generator.

Recently, the Company provided additional information to Staff in light of its comments regarding the generator and other work in progress. As a result of the content of this information Staff is willing to agree to certain numbers for these items as will be discussed in more detail below. This additional information has been attached for the Commission's review as Exhibit 16 which seeks through which the Company seeks the recovery of an additional \$29,993.28.

The additional information includes cost estimates for: 1) obtaining a similar generator (to also include hook-up costs etc); 2) lease for a similar sized generator; and, 3) specific information about the type of the current generator, the date it was purchased, its age, the hours on its meter and a ownership document(s); 4) and costs for other work in progress items. *Id.*

Based on this additional information Staff has indicated to the Company that it would not object to Spirit Lake is seeking recovery and rate basing of \$15,244.00 in costs related to the generator and other work in progress. The Company asserts that this amount fails to recognize the cost for several other used and useful and improvements

which have been made to the system. As such \$15,244.00 should be the minimum amount which should be included in this rate case.

In the Company's contacts with the Staff, the Staff has informed Spirit Lake that it would not allow the recovery of the following costs the Company has incurred⁴:

1. \$1,533.00 in charges from Continental Contractors, Inc.;
2. \$1,660.00 in charges from Don's Custom Woodworking;
3. \$268.38 in charges on a Citi Card for Auto Electric Products; and,
4. \$1,348.09 in charges related to the repair of the reservoir tank wall and cleaning of the interior of the reservoir.

The Company incurred \$1,533.00 in costs as a result of using Continental Contractors to remove and dispose of the failed well pump motor in October of 2004. This was a necessary expense and action so that a new well pump motor could be installed. Accordingly, this amount should be included for recovery and in rate base.

The Company incurred \$1,660.00 on or around October of 2006 when this Company performed repairs and improvements on its well house which houses the generator. These improvements are still used and useful and will house any new generator to Company purchases and as such should be included for recovery in rates and included in rate base.

The Company also incurred \$268.38 in charges from Auto Electric Parts for a starter for the generator. Again this was a necessary expense and should be included for recovery and in rate base.

⁴ The Company does not object to the Staff's recommended disallowance of costs for a sign and a metal detector.

The Company also incurred \$1,348.09 in costs related to the repair of the reservoir tank wall and cleaning of the interior of the tank. As noted by the Welch Comer Engineering Report I the Company's reservoir had a storage capacity of 192,000 gallons, with the current useable capacity at the time of 112,000.00 gallons. Report I at p. 23. The diminished useable capacity occurred because the reservoir had crack at a level of approximately 5.5 feet below overflow and if filled beyond this level would leak. *Id.* Based on Report I's findings DEQ required the Company to repair this crack and to inspect the interior of the tank using a diving service. The Company repaired the crack in the tank which repair was approved of by DEQ. *See* Exhibit 17 at p. 2. As a result of this repair the Company is now able to use the full storage capacity of its reservoir of 192,000 gallons. Based on these facts it is clear that the system and its customers have received a used and useful benefit from this repair. In addition, as required by DEQ the Company hired a firm to inspect and clean the interior of the reservoir. The tank was cleaned and the inspection noted no leaks in the roof of tank. Again this service provided a clear benefit to the system and its customers and is the assurance that the reservoir was capable of providing safe and reliable service to the customers of Spirit Lake. Based on the foregoing, Spirit respectfully requests that \$1,348.09 be added for recovery and into the Company's rate base.

The Company also requests the recovery of the full amount of the generator which is currently in use. The value of this item is demonstrated by Exhibit 16.

Based on these adjustments the Company requests that it be allowed to recover and rate base these additional costs.

6. Engineering Expenses

In Adjustment B to engineering expenses in the Staff's Comments it recommended the disallowance of \$2,946.00 of these costs because they related to the potential sale or transfer of the system or to duplicate repairs of the reservoir.

Recently, the Company has provided additional information to Staff in light of its comments regarding the engineering expenses it has incurred. As a result of the content of this information Staff is willing to agree to certain numbers for these items. As the evidence supporting the Company's position is voluminous it requests that the Commission authorize the admission of certain correspondence contained in the Company's response to Staff's First Production Requests No. 1 and its entire response to Production Request No. 3 into the record of this case for the sake of efficiency and cost reduction.⁵ If this is not acceptable the Company will produce additional copies of these responses for introduction into the record.

In submitting additional information to Staff the Company contended that it should recover the vast majority of the total engineering expenses which Staff initially recommended disallowance of. This because the engineering reports and services the Company received were used by DEQ as the basis for all actions, repairs and improvements which it has required of Spirit Lake as is shown below.

On October 28, 2007 Welch Comer provided an engineering report ("Report I") to the Company and its customers. The Company paid \$2,500.00 for its portion of the preparation of Report I. Report I was completed just after the pump failure and system outage occurring between October 4 and 10, 2004. DEQ received Report I on November

⁵ The Company requests that following DEQ, Spirit Lake and Batt & Fisher, LLP correspondence be admitted into the record which are dated as: October 19, 25 & 28, 2004; December 1 & 9, 2004; January 24, 2005; February 18, 2005; April 5 & 22, 2005; June 13, 2005; and November 5, 2005.

22, 2004, as indicated by correspondence from DEQ Engineer Gary Gaffney. The Staff requested a copy of Report I which it received in December as indicated by correspondence from Batt & Fisher, LLP to Michael Fuss on December 9, 2004.

Although Report I was initially prepared for the possible transfer of the system to another party its recommendations were used by DEQ as the basis for the actions, repairs and improvements it required of Spirit Lake and which are germane to this rate case. This is demonstrated clearly by a review of the correspondence referenced in footnote 4 above. The Report I recommendations DEQ followed and demand action on are as follows: 1) the installation of a second well (Company negotiations with DEQ result in removal of this item but leads to other required repairs and improvements); 2) repair of cold joint in reservoir tank; 3) installation of a standby generator; 4) electrical system upgrades; 5) installation of exhaust fan and thermostat in the well-house possible reconfiguration of chlorination equipment all to help prevent an existing corrosion problem; 6) installation of an auto-dialer system; 7) the placement of operation and maintenance manuals in the well-house; and, 8) repair of water meter on discharge of well to track system production and consumption.

The Company was provided further engineering services by Welch Comer which also related to matters contained within Report I and the improvement and repair of the system. For example, Welch Comer's January 6, 2005 assessment ("Report II") specifically refers the reader to review Report I for a detailed description of the water system and to provide for the context of the repairs recommended by Report II which include: 1) the installation of an autodialer; 2) the inclusion of a spare pump in the Company's inventory; and 3) the installation of standby generation.

Finally, in March of 2005 Welch Comer provided Spirit Lake with a document entitled "Maintenance and Repairs Report, dated March 2005" ("Report III") which also discusses proposed repairs which all originated from Report I including the repair of the reservoir wall and roof and the installation of a vent in the well-house for chlorine off-gases.

Based on this additional information and argument Spirit Lake is seeking recovery of the \$2,946.00 in engineering expenses which Staff initially recommended disallowance of. As stated previously, in light of the additional information submitted to Staff it has indicated to the Company that it is willing to agree to this number for this item as long as this amount is amortized over a three (3) year period. The Company has no objection to a three (3) year amortization period for this item.

7. Legal Expenses

In Adjustment B in Staff's Comments it recommended disallowance of \$5,413.00 in legal expenses the Company has sought recovery of in this rate case. The Company asserts that \$800.00 of the Staff recommended disallowance be included for recovery based upon the fact that this amount of legal services recommended for disallowance were actually related to establishing timelines with DEQ for repairs and improvements and work related to the repairs and improvements themselves.⁶ Based on the Company's discussions with Staff in light of its Comments Staff has indicated a willingness to agree that recovery of this \$800.00 in legal expenses is reasonable. The Company also agrees with Staff's three (3) year amortization of these expenses.

⁶ The Company under separate cover is submitting confidential information regarding these expenses.

8. Water Testing Expenses

In Adjustment D in Staff's Comments it recommended the reduction of test year operating expenses for water testing by \$577.00. Staff made this recommendation based on the fact that during 2005 until 2007 DEQ waived certain tests that Spirit Lake included costs for in its Application.

Recently, the Company provided additional information to Staff in light of its comments regarding its water testing expenses. As a result of the content of this information Staff is willing to agree to a certain number for this item as discussed below.

The additional information submitted to Staff and now attached to these Reply Comments demonstrates that the Company's DEQ waiver expires in 2007. *See* Exhibit 18. Spirit Lake believes these waivers will not be renewed due the numerous repairs and improvements DEQ has required of the Company. This information also shows that the Company had incurred costs for these same tests prior to waivers being granted by DEQ. *Id.*

Based on the foregoing information and Staff's non-objection based on the same the Company is requesting that \$577.00 be included for recovery in its rate case for water testing expenses.

9. New Connections

On June 7, 2004, the Commission issued Order No. 29513 in Case No. SPL-W-04-1, approving an increase in the Company's connection fees from \$650.00 to \$1,200.00, effective June 9, 2004. The Company initially requested an increase in the fee to \$2,500.00. The Company and the Staff ultimately agreed on the \$1,200.00 fee based upon Staff assisting the Company with finding a licensed, qualified contractor to perform

the work. Shortly after the Order was issued, this contractor performed one connection at the \$1,200.00 rate and then withdrew from the agreement, leaving the Company back in its pre-Order dilemma of finding a qualified contractor. The Company did locate a new qualified contractor, which again charged \$2,500.00 for performing each main tap and service line to the property line. This cost is mainly due to the very large size of lots in the subdivisions and the distances to bring service lines to the lots. This cost does not include any administrative costs or direct labor by the Company. The Company is therefore requesting that the new service connection fee be increased by an amount equal to the actual cost paid to the outside contractor.

Staff in its comments recommended that the hook-up fee be set at \$1,600.00. In light of Staff's Comments the Company has provided to Staff and now attaches to these Reply Comments invoices and bids which justify the Applicant's request to increase its hook-up charge to \$2,500.00. *See* Exhibit 19. The Company will recover only its direct costs if the hook-up charge is raised to this level. Based on the submission of this additional information Staff has indicated to the Company that it is willing to agree that Spirit Lake's hook-up fee for new connections should be set at \$2,500.00.

10. Increased Cost for Power

The Company has submitted additional information to Staff in light of its comments which has been attached to the Company's Reply Comments as Exhibit 20 which demonstrates that its costs for receiving service from Kootenai have increased by 16% due to a rate increase Kootenai imposed in September of 2006, subsequent to the date this case was filed. Due to the submission of this additional information Staff has

indicated to the Company that it is willing to agree that the increased costs for power be included for recovery in this case.

11. Staff Recommendations and Comments which the Company Objects to

a. Staff Adjustment "A" Power and Chemical Costs

The Company does not disagree with the Staff's position in general that a portion of electric power costs be reduced due to leakage. However, the Company does not believe that electric power cost should be reduced by \$9,114.00.

Staff's applied its adjustment for this cost to the total power bills for the year. The Company does not agree with this approach as it is generally accepted that volume of water pumped is more a function of energy consumption (Kwh) than it is of power demand (KW). Consistent with this the Company has recalculated Staff's adjustment to apply the adjustment to energy charges only. In addition, with the addition of increased power costs as discussed above in Section 10 would add back \$1,095 to the electric power costs proposed by Staff for recovery.

b. Rate Case Expenses

The Company submits that it should be allowed to amortize \$22,279.56 in rate case expenses over a three (3) year period. These expenses consist of \$8,746.12 in legal expenses incurred through January 31, 2007, an additional \$5,325.00 in estimated legal expenses (35.5 hours * attorney's rate of \$150.00 an hour)⁷; \$6,110.00 in consultant fees;

⁷ Counsel for the Company estimates these legal expenses as follows: 1) 9 hours for drafting status of improvements letters sent to DEQ and the Staff, preparation for meeting with Staff to discuss the Company's Application, attendance at meeting with Staff regarding the same, review of recent Commission Orders in this case, review of consultants spreadsheets and draft memorandum on Company's position on Staff's Comments 2) 15 hours for the preparation of Reply Comments; 3) 8 hours for preparation for public hearing and workshop, travel to Spirit Lake and attendance and participation in public hearing and workshop; 4) .5 hours for attendance at Commission Decision Meetings on rate application; and 5) 3 hours for review of Commission Final Order on rate application and correspondence to Company containing analysis of said Final Order.

an additional \$1,360.00 in estimated consultant fees related to the preparation of reply comments (16 hours * consultant rate of \$85.00 an hour); and \$200.00 for attorney's travel expenses to Spirit Lake to allow Company's attorney's attendance at public hearing and workshop on February 28, 2007 in Spirit Lake.

Based on the foregoing, the Company requests that it be allowed to amortize these rate case expenses over a total of three (3) years consistent with Staff's recommendation.

12. Future Repairs and Improvements

Although not included in the Company's rate application Spirit Lake is providing notice by these Reply Comments that it will seek further rate relief, the imposition of a surcharge or other appropriate cost recovery mechanism in the future in order to recoup the costs the Company will incur for the leak detection services, repair of system leaks, installation of a new standby generator and repair of the Company's reservoir roof.

CONCLUSION

Based on the foregoing, Spirit Lake respectfully requests that the Commission find that the Applicant's existing rates are unjust, unreasonable and insufficient to provide the Applicant with a fair rate of return, and that the revised rates and charges proposed in Exhibits No. 9-11 of these Reply Comments are just and reasonable, and that Applicant be permitted to charge said rates to its customers not later than April 15, 2006.

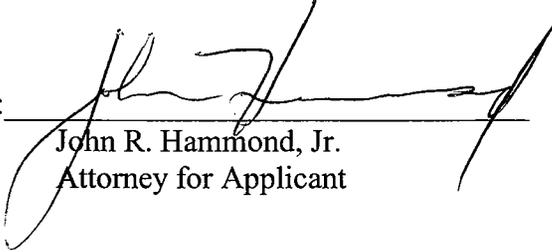
The Company also respectfully requests that the Commission allow the Company to recover its rate case expenses resulting from the preparation, filing and prosecution of its Application through an amortization schedule over a 3 year period.

Finally, the Company respectfully requests that the Commission grant such other and further relief as it may determine proper in the circumstances.

DATED THIS 23rd day of February, 2009.

SPIRIT LAKE EAST WATER COMPANY

By: _____

A handwritten signature in black ink, appearing to read "John R. Hammond, Jr.", written over a horizontal line.

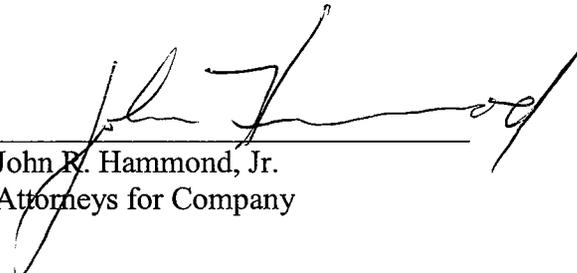
John R. Hammond, Jr.
Attorney for Applicant

CERTIFICATE OF SERVICE

I HEREBY CERTIFY That I have, this 23rd day of February, 2007, caused to mailed a true and correct copy of the foregoing document to the following by U. S. Mail, Postage Prepaid thereon, in the following indicated manner:

Weldon B. Stutzman
Deputy Attorney General
Idaho Public Utilities Commission
472 West Washington Street
P. O. Box 83720
Boise, Idaho 83720-0074

U. S. Mail
 Hand Delivery
 Facsimile



John R. Hammond, Jr.
Attorneys for Company

EXHIBITS 1-8

The Company wishes to incorporate by reference into its Reply Comments Exhibits 1-8 submitted with its rate application.

Spirit Lake East Water Co.
Reply Comments

Rate Base and Results of Operations

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
	Per PUC Staff	Adjust Elec Rate Increase Sept. 06	Water Testing Exp	Eng Exp (Welch Comer)	Legal Exp	Gen and Other Rev Plant Overlooked	Adjust Rate Case Amortization	Adjusted Total
1 Total Plant in Service	\$939,809					\$ 29,993		\$ 969,802
2 Accumulated Depreciation	(721,164)							(721,164)
3 Net Plant in Service (Line 1 less Line 2)	\$218,645							\$ 248,639
4 Materials & Supplies Inventories (Spa)	3,055							3,055
5 Contributions in Aid of Construction	(70,050)							(70,050)
6 Working Capital	4,388	140	72	98	33		681	5,413
7 Total Rate Base	\$156,038							\$ 187,056
8 Operating Revenues	\$ 52,789							\$ 52,789
9 Operating Expenses								
10 Labor- Operation & Maintenance	4,236							4,236
11 Labor- Administrative & General	4,200							4,200
12 Purchased Power & Fuel for Power	7,614	1,120						8,734
13 Chemicals	224							224
14 Materials & Supplies - Oper & Maint	5,940							5,940
15 Materials & Supplies- Admin & Gen	988							988
16 Contract Services- Professional	3,566			786	267			4,618
17 Contract Services - Water Testing	309		577					886
18 Transportation Expense	2,589							2,589
19 Insurance	3,121							3,121
20 Rate Case Amortization	1,977						5,449	7,427
21 Miscellaneous Expenses	339							339
22 Total Operating Expenses	\$ 35,103	\$ 1,120	\$ 577	\$ 786	\$ 267	\$ -	\$ 5,449	\$ 43,301
23 Depreciation Expense	5,815					1,849		7,664
24 Regulatory Fees (IPUC)	162							162
25 DEQ Fees	1,092							1,092
26 Property Taxes	291							291
27 Federal Income Tax	1,545	(181)	(93)	(127)	(43)	(300)	(883)	(83)
28 State Income Tax	730	(90)	(46)	(63)	(21)	(148)	(436)	(74)
29 Total Expenses	\$ 44,738	\$ 849	\$ 437	\$ 595	\$ 202	\$ 1,401	\$ 4,131	\$ 52,353
30 Net Income	\$ 8,052	\$ (849)	\$ (437)	\$ (595)	\$ (202)	\$ (1,401)	\$ (4,131)	\$ 436

Spirit Lake East Water Co.
Reply Comments
Calculation of Revenue Requirement

1 Rate Base	\$ 187,056.13
2 Return on Rate Base	12%
3 Income Requirement	<u>\$ 22,446.74</u>
4 Income Realized (Proforma)	<u>\$ 436.13</u>
5 Income Deficiency	\$ 22,010.61
6 Gross-up	<u>128.8417%</u>
7 Revenue Deficiency	\$ 28,358.84
8 Revenue Realized	<u>\$ 52,789.48</u>
10 Gross Revenue Requirement	\$ 81,148.32
9 Increase Percentage Required	<u>53.72%</u>

Spirit Lake East Water Co.
Reply Comments
Calculation of Rate Design

Test Year
Revenue @
Current Rates
Adjusted Percent
Per Staff of Total
Workpapers

Per Staff Comments

1 Adjusted Test year Revenue at Current Rates from Minimum Charges	\$ 38,736.00	73%
2 Adjusted Test Year Revenue at current rates from Excess Charges	\$ 14,016.64	27%
3 Per Staff Worksheets re rate design	<u>\$ 52,752.64</u>	100%
4 Check to Staff Comments Attachment "C" Pg 3	<u>\$ 52,789.00</u>	
5 Error		0.0689% Not Significant

Distribution of Rates At Staff Proposed Ratios

6 Revenue Requirement Per Ex No. 10	<u>\$ 81,148.32</u>	
7 Staff Proposed Minimum Charge Ratio @ 70.51%	← 57,217.68	70.51%
8 Staff Proposed Excess Commodity Charge Ratio @ 29.49%	← \$ 23,930.64	29.49%
9	Proof	<u>81,148.32</u> 100.00%
10 Percent Increase in Minimum Charge (line 7/line1-1)		47.71%
11 Percent Increase in Excess Commodity Charge (line 8/line 2-1)		70.73%
12 Current Minimum Charge	\$ 12.00	
13 Current Excess Commodity Charge	\$ 0.10	
14 Resulting Minimum Charge (line 12 *(line 10 +1))	\$ 17.73	
15 Resulting Commodity Charge (line 13 *(line 11+1))	\$ 0.17	

Verify Proposed Rates

16 customer months billed (Line 1 / \$12 per Mo.	3,228	
17 Revenue @ New Rate (line 14 *line 16)	→ \$ 57,217.68	
18 Excess Commodity Billed (Line 2/.10)	140,166.4	
19 Commodity Charges @ New Rate (line 18 * line 15)	→ \$ 23,930.64	

John R. Hammond Jr.

e-mail: jrham@battfisher.com

February 8, 2007

Stephanie T. Ebright
Deputy Attorney General
Department of Environmental Quality
1410 N. Hilton, 2nd Floor
Boise, Idaho 83706

Re: *Spirit Lake East Water Company Water System*
PWS# 12801

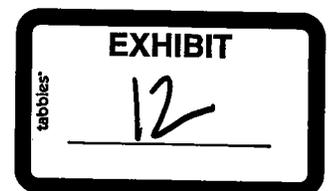
CONFIDENTIAL SETTLEMENT COMMUNICATION PURSUANT TO IRE 408

Dear Stephanie:

I am writing to provide you with further information regarding Spirit Lake East Water Company, Inc.'s ("SPLE") efforts to address the issues which we discussed at our teleconference and as contained in recent correspondence from the Department of Environmental Quality ("DEQ") and the Idaho Public Utilities Commission ("IPUC"). Enclosed with this correspondence are bids for various work proposed to be done on the system.

System Water Loss

Spirit Lake East Water Company ("SPLE") has obtained a bid from American Leak Detection Services ("American"), which estimates the costs for initial leak detection service at \$3,000.00 to \$4,500.00 ("Phase I").¹ This bid is for work employing specialized equipment to attempt to detect leaks in the SPLE system. Please advise in writing whether DEQ officials approve of the use of American under the terms of its bid for its Phase I service, and will support SPLE's request to the IPUC to recover the costs once they are incurred through its rates.



¹ American has advised that this bid could increase significantly if the size of the system turns out to be larger than represented, and upon snow levels in the area which could make access a problem.

If this service does not detect leaks or is unable to pinpoint them, then American could be hired to provide additional services to detect leaks. This second service could involve potholing down to the water system pipe to either install additional valves or to expose pipe at 20 to 22 foot intervals in order to detect leaks ("Phase II"). American has estimated that excavation work for potholing is about \$130.00 an hour.² In addition to the excavation cost, the expense for American's services to detect any leaks using the potholes would be \$1,500.00 a day. Until the Phase I service is performed, it is difficult to determine what further work might be necessary or to estimate the overall cost for such services.

Generator

SPLE has received a quote of \$35,000.00 on a 250 kilowatt, John Deere diesel-powered gen-set from Spokane Diesel. SPLE has also obtained a bid from RC Worst Company to perform the electrical work to install such a generator. The bid for this work is roughly \$57,000.00. My understanding is that this generator would replace the existing generator. Please provide comment on this matter, as any comments will assist SPLE in reaching a final decision on how to proceed on this item.

Roof

SPLE has obtained bids for repair work on the roof. The first was provided by an individual who works in-house with Hanson Industries, Inc. This bid involves the building of a self-supported, sloped cover over the reservoir. The other bids are from United Roofing of Mead, Washington and Icon Roofing. I believe that DEQ officials have seen the first two bids from United Roofing. I am still unclear whether DEQ disagrees with the manner of repair these proposals present as I was not involved in certain discussions about the roof repair. Our recent phone conversation seems to indicate that you disagreed with these proposals. If that is the case, please provide us with written confirmation of the same with a short explanation of why such proposal is insufficient.

I am uncertain whether DEQ has seen the remaining bids that were received from United Roofing, thus these are being forwarded to you for your review. Further, I have also enclosed a bid from Icon Roofing for your review. Please provide comment on them and if any are not acceptable to you, please provide us with written notice of the same.

I realize that in our recent teleconference with Mr. Davis and Mr. Gaffney that DEQ wished to have SPLE first provide a design/plan for the roof repair from an engineer who is licensed in the State of Idaho. However, my recollection of the previous teleconference (with IPUC and DEQ representatives) was that SPLE was to provide you with bids for this repair, which DEQ would comment on. My client recalls the same. Whatever was agreed upon, I still believe that having DEQ provide feedback on these bids will assist SPLE in effecting a repair. In addition, if you have any questions about these bids, please contact me and I will endeavor to

² It is not clear from this bid whether the costs for filling in all potholes and repairing any road surfaces are included in this bid.

answer your questions, or refer you to an individual who can. DEQ's comments should narrow the possible means of repair and thus enable an engineer to focus on selected bids. This will reduce engineering costs that SPLE will incur. If you have an objection to this, please provide your written objection to the same.

Conclusion

This correspondence should not be construed as an agreement on how the repairs will be done, which, of course, is still subject to the parties executing a final, definitive document incorporating the agreed upon repairs and the manner in which they will be done. Further, this letter shall not be deemed or construed as creating any obligation or as the waiver of any right or claim on the part of SPLE. If you have any questions, please contact me.

Sincerely,

BATT & FISHER, LLP

John R. Hammond Jr.

JRH

Enclosures

cc: Robert Boyle
Gary Gaffney
Anthony Davis
Steve Tanner
Harry Hall
Weldon Stutzman
Jeri Henry



**AMERICAN
LEAK
DETECTION**

THE ORIGINAL LEAK SPECIALISTS™

January 10, 2007

James Kruger
Hanson Industries, Inc.
15807 E Indiana Avenue
Spokane, WA 99216

Dear James,

Thanks for your time during our meeting this morning and for your interest in our company.

American Leak Detection...

- is the **local** service company and has provided specialized leak detection service to water districts in Eastern Washington since 1993, including a leak at Hanson's facility in 2003.
- assigns our Senior Field Engineer and company owner to your project. Joe Godwin has over twenty years of trouble-shooting field experience. Note the list of water systems he has personally handled.
- works with the latest technology and best available equipment in the leak detection industry.
- provides cost effective and flexible scheduling at your convenience.
- follows through with detailed and accurate reports.

Enclosed is a letter from Steve Irby with Spokane County District #3. We strive to have this kind of relationship with all of our customers. We offer you the same.

Sincerely,

Joe Godwin
Senior Field Engineer

PO Box 155 • Spokane Washington 99210
800.928.5325 • 509.536.5166 • Fax 509.536.5002
Idaho 208.765.8550 • Moses Lake 509.764.6640 • Tri Cities 509.585.7812
Wenatchee 509.662.7324 • Yakima 509.972.2122
www.americanleakdetection.com
Each Office is Independently Owned and Operated

Sheet, including dimensions from known system points and geographic locations. These forms, along with a Leak Summary itemizing all leaks located during the survey will be provided to the municipality. The detailed Reports help to prioritize the repair phase.

Company Profile and Personnel:

American Leak Detection, the largest full-service leak detection company in the world was founded in 1973. We provide a well-developed network of over 290 locations in 37 states and 13 foreign countries, such as Canada, Saudi Arabia, Brazil and Australia.

The Spokane office provides leak detection services for municipal, commercial and residential applications.

Joe Godwin brings his engineering background of twenty years, seventeen of which have been spent in the field. His credentials as a trainer, field experience in problem solving and his "passion in the leak-hunt adventure" are evident. He has expertise pinpointing water leaks utilizing high/low frequency mics and correlators in municipal, commercial and residential applications. As a certified infrared technician he adds thermographic technology to the toolbox.

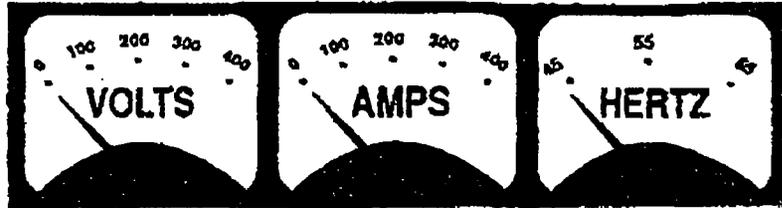
He is an active member of AWWA, Evergreen Rural Water Association, and Idaho Rural Water Association, as well as other professional organizations. He has provided instructional classes on leak detection and electronic line location throughout both states for over ten years.

References:

Joe Godwin, Head Field Engineer has personally provided these services to all of the municipalities listed below:

- Airway Heights, City of - Airway Heights
- Bridgeport, City of - Bridgeport, WA
- Carnhope Irrigation Dist #7 - Spokane, WA
- Chelan, City of - Chelan, WA
- Cheney, City of - Cheney, WA
- Chewelah, City of - Chewelah, WA
- Clark Fork, City of - Clark Fork, ID
- Colfax, City of - Colfax, WA
- Connell, City of - Connell, WA
- Consolidated Irrigation - Spokane, WA
- Dayton, City of - Dayton, WA
- East Hope, Town of - East Hope, ID
- East Wenatchee, City of - East Wenatchee, WA
- East Spokane Water Dist #1 - Spokane, WA
- Ellensburg, City of - Ellensburg, WA
- Ewan, Town of - St. John, WA
- Fairchild Air Force Base - Spokane, WA

GEN-SET CO



COVER LETTER
FAX (509) 891 8456

COMPANY: _____ ATTN: RA. Hanson
FAX NUMBER: _____ DATE: 1-5-2007
FROM: Joe Blaylock RE: Spirit Lake Job

MESSAGE: 1-250 Kw John Deer Diesel Powered
Gen Set Newage Generation with PMG exciter
ASCO 400 Amp ATS
Block Heater & Battery Charger
Auto Start Panel
Your Cost \$ 35,000
Delivery 30 Days

Transmission consists of _____ pages, including this cover
letter. If you do not receive all pages please contact us immediately.

www.gen-setco.com
S. 4308 Darcy Drive • Spokane, WA, USA 99206
Phone: 509-891-8452 • FAX: 509-891-8456
Joe Blaylock, Owner/Sales Eng.



S.F. GRIGGS & ASSOCIATES, INC.

15301 N.E. 90th Street
Redmond, WA 98052

Phone: (425) 869-5867

Fax: (425) 869-9797

E-Mail: sales@sfgriggs.com

2004 ASCO Series 300 Automatic Transfer Switch List Price Schedule

A300 WITH GROUP 1				ENCLOSURE OPTIONS		
AMP	2 POLE	3 POLE	4 POLE	Type 3R	Type 12	Type 4
30	\$2,091	\$2,413	\$3,376	\$288	\$505	\$577
70	2,153	2,468	3,440			
104	2,206	2,507	3,535			
150	2,513	2,730	3,807			
200	2,853	3,363	4,386			
230	3,327	3,594	4,872			
260	3,492	3,966	4,942	288	505	618
400	4,242	4,710	6,503			
600	8,006	8,343	11,070	546	845	1,071
800	8,127	8,687	11,833			
1000	12,200	12,650	15,532			
1200	14,935	15,650	17,613			
1600		18,952	22,763	3,461	N/A use 1600 amp	N/A use 1600 amp
2000		21,527	26,162		3,481	4,378
2600		30,076	38,213		N/A	N/A
3000		32,960	42,230		Use 3R	Use 3R

ASCO Control Features / Options for Series 300 Switches

Acc. No.	Description	List Price
Timers	Engine start (1-3 seconds), transfer to Emergency (0-5 minutes), Retransfer to Normal (0-30 minutes), engine cooldown (5 minutes)	STD
5	Test switch	STD
6B	Manual bypass of transfer to Normal TD	STD
9A/9B	ATS switch position indicating lights	STD
9C/9D	Normal and emergency source available lights	STD
11C	7-Day Engine exerciser with load/no load switch	STD
14A/14B	ATS position indicating contacts, (1) for Normal and (1) for Emergency	STD
17	Provisions for remote transfer contact (peak shave/test), with automatic bypass if emergency fails.	STD
22	Solid neutral block.	STD
27	Inphase monitor for motor load transfer (customer to activate)	STD
31F/M	Load disconnect contacts, with TD which operate before/after transfer (customer to activate)	STD
11BG	Programmable engine exerciser with normal & emergency contacts (18B/G)	\$265
14AA/14BA	ATS position indicating contacts, (2) for Normal and (2) for Emergency	\$113
44A	Strip heater w/ thermostat, external 120 volt power source required	\$397
44G	Strip heater w/ thermostat, wired to load terminals: 208 - 600 volts	\$493
62W*	Transfer to emergency alarm horn & silence switch	\$603
72A	Interface card for serial communications (see PowerQuest options)	\$399
72E	Interface card for connectivity	\$922

NOTE: All Products are Listed and Labeled Per UL 1008.



The Pump and Pumping Specialists
Since 1953

R.C. Worst & Company Inc
625 Best Avenue
Coeur d'Alene, ID 83814-3740

888.809.6778 Toll Free
208.664-2133 Phone
208.667-8775 Fax
www.pumping.com

SCOPE OF WORK

DATE: January 30, 2007

TO: Jim Kruger
Spirit Lake East Water
PO Box 7310
Spokane, WA 99207

(509)868-5929 Phone
(509)922-5757 FAX

SUBJECT: Spirit Lake East Water – Electrical System Upgrades

ADDENDUM N/A

R.C. Worst & Co., Inc. is pleased to offer this Scope of Work.

Service and Load Center

- Removal and Disposal of existing service equipment
- Installation of New 400AMP Breaker Main
- Installation of New 400AMP Load Center with Breakers for each feeder.
- Installation of Feeder Gutter.

Transfer Switch and Generator Connection

- Installation of Owner Supplied Automatic transfer switch
- Installation of Conduit and Wire from ATS to Owner Supplied Generator
- Installation of Conduit and Wire from ATS to Service Main
- Installation of Owner Supplied Generator

This does not include supplying or installation of any fuel system components, fuel, exhaust system components, insulation, venting, and batteries. We are looking for a drop in place generation package from the owner.

Pump Starter Upgrade to Soft Starts

- Installation of Allen-Bradley SMC-Flex Solid State Controller for each pump.

Post-it® Fax Note	7671	Date	1/31/07	# of pages	3
To: John Hammond		From: Bob Boyle			
Co./Dept.		Co.			
Phone #		Phone #			
Fax # 208-331-2400		Fax #			

Page 1 of 3

RECEIVED
JAN 31 2007
BATT & FISHER, LLP



The Pump and Pumping Specialists
Since 1953

R.C. Worst & Company Inc
625 Best Avenue
Coeur d'Alene, ID 83814-3740

888.809.6778 Toll Free
208.664-2133 Phone
208.667-8775 Fax
www.pumping.com

Electrical Controls Upgrade PLC Based

- Installation of a PLC Based Control System for both Reservoir and Pressure System Control.

LUMP SUM BID

\$56,969.04

PROJECT NOTES:

- *Generator & Transfer Switch By Owner*
- *Lighting & Heating within, is limited to reconnection only, existing equipment will be reused.*
- *Excludes any KEC fees related to the service upgrade.*
- *Bonding not included in this quote. If you need R.C. Worst & Co., Inc. to provide bonding, please call and we will give you an additional cost for bonding.*
- *Startup and Warranty - R.C. Worst & Company Inc. will provide startup services and a one warranty against defects in material or workmanship within one year from the date of beneficial usage by the owner. R.C. Worst & Co., Inc. shall at no charge, repair or replace any materials if a defect may arise.*

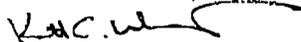
Terms

0% down and progressive monthly payments based upon work completed or materials and equipment stored but not installed. All progressive and final billing will be due upon completion. 1-1/2% interest per month will be charged on any unpaid balance over billing date.

Acceptance of Proposal

The above prices, specifications and conditions are satisfactory and are hereby accepted. You are authorized to do the work as specified. Payment will be made as outlined above.

R.C. Worst & Company Inc.


By: Kenneth C. Worst

Date: January 30, 2007

Acceptance signature

By: Spirit Lake East Water

Date: _____



The Pump and Pumping Specialists
Since 1953

R C Worst & Company Inc
625 Best Avenue
Coeur d'Alene, ID 83814-3740

888.809.6778 Toll Free
208.664-2133 Phone
208.667-8775 Fax
www.pumping.com

This proposal may be withdrawn by us after 60 days if not accepted

Idaho Public Works License #	5167-AAA-1-2-3
Idaho Electrical contractor License #	C-01951
Washington Contractors License #:	RCWOR**346PP
Washington Electrical License #:	RCWORC1257LF

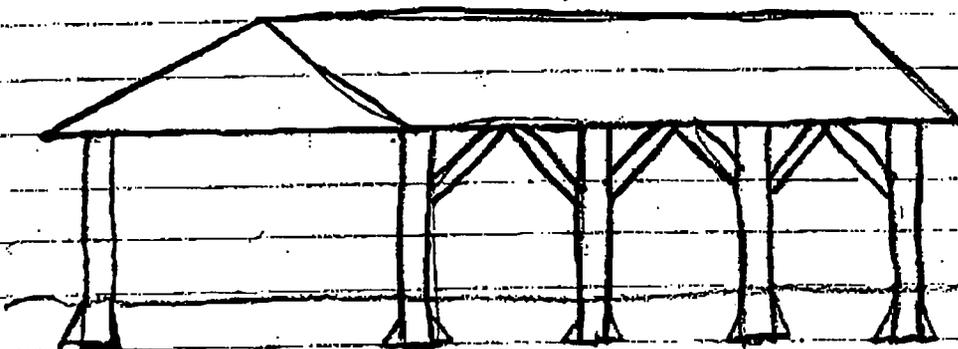
All material is guaranteed to be as specified. All work to be completed in a workmanlike manner according to standard practices. Any alteration or deviation from specifications involving extra cost will be executed only upon written order.

#2

Spirit Lake Water Co.

Cover water Tank with galv steel
roof, self supporting on braced posts

1-11-07 approx cost \$22,900⁰⁰



United Roofing

P.O. Box 270 • Mead, WA 99021 Tel: (509) 486-6001 Fax: (509) 486-3439 Email: michael.sullivan@unitedroofing.com

PROPOSAL

DATE: 7-20-06

TO: James Kruger

PHONE: 868-5929

WE HEREBY SUBMIT SPECIFICATIONS AND ESTIMATES FOR ROOF AT:
Spirit Lake Water Tank

Using APP modified Torch-Down Membrane to match the existing roofing install a piece slightly smaller than the low spot of the roof deck, apply additional layers to build up the surface until we are satisfied that it will no longer pond water, to make it flat, if not even slightly raised. Once we are satisfied with the results, apply aluminum coating to the existing roof surface.

For the price of \$2,987.00

WE PROPOSE: HEREBY TO FURNISH MATERIAL AND LABOR COMPLETE IN ACCORDANCE WITH ABOVE SPECIFICATIONS, FOR THE SUM OF: AS STATED ABOVE. PAYMENT TO BE MADE AS FOLLOWS: DUE UPON COMPLETION

ALL MATERIALS ARE GUARANTEED TO BE AS SPECIFIED. ALL WORK TO BE COMPLETED IN A WORKMAN LIKE MANNER ACCORDING TO STANDARD PRACTICES. ANY ALTERATIONS OR DEVIATION FROM ABOVE SPECIFICATIONS INVOLVING EXTRA COSTS WILL BE EXECUTED ONLY UPON WRITTEN ORDERS, AND WILL BECOME AN EXTRA CHARGE OVER AND ABOVE THE ESTIMATE. ALL AGREEMENTS CONTINGENT UPON STRIKES, ACCIDENTS, WEATHER OR DELAYS BEYOND OUR CONTROL. OWNER TO CARRY FIRE, TORNADO AND OTHER NECESSARY INSURANCE. OUR WORKERS ARE FULLY COVERED BY WORKMAN'S COMPENSATION INSURANCE.

AUTHORIZED SIGNATURE:

ACCEPTANCE OF PROPOSAL: THE ABOVE PRICE, SPECIFICATIONS AND CONDITIONS ARE SATISFACTORY AND ARE HEREBY ACCEPTED. YOU ARE AUTHORIZED TO DO THE WORK AS SPECIFIED. PAYMENT WILL BE MADE AS OUTLINED ABOVE.

NOTE: THIS PROPOSAL MAY BE WITHDRAWN BY US IF NOT ACCEPTED WITHIN 30 DAYS.

DATE OF ACCEPTANCE: _____ SIGNATURE: _____

United Roofing

1500 855-8001 1500 855-2428

PROPOSAL

Mike Sullivan
993 8342

DATE: 7/27/06
TO: Jim Kruger
PHONE: 868 5929

WE HEREBY SUBMIT SPECIFICATIONS AND ESTIMATES FOR ROOF AT:
Spirit Lake East Water Tank

Apply an additional layer of smooth surface torch down membrane at the area of ponding
Then apply aluminum coat the existing roof.
For the price of \$2367.00

Over the existing roofing apply an additional layer of mineral surface torch down membrane.
For the price of \$5485.00

Over the existing roofing apply a fully adhered TPO membrane, install a new metal drip edge
and seal to the roof membrane.
For the price of \$6993.00

WE PROPOSE: HEREBY TO FURNISH MATERIAL AND LABOR COMPLETE IN ACCORDANCE WITH ABOVE SPECIFICATIONS. FOR THE SUM OF: AS STATED ABOVE PAYMENT TO BE MADE AS FOLLOWS: DUE UPON COMPLETION

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DATE OF ACCEPTANCE: _____ SIGNATURE: _____



HANSON INDUSTRIES, INC.

16807 East Indiana Avenue, Spokane, WA 99218
(509) 922-5252 • Fax (509) 922-5757
E-mail: admin@hansonind.com

September 8, 2006
Anthony Davis
Departmental of Environmental Quality
2110 Ironwood Parkway
Coeur d' Alenc, ID 83814

RE: Spirit Lake East Water Company

Dear Mr. Davis:

I reviewed your April 25th letter to Bob Boyle and take this opportunity to clear up any miscommunication since I attended both meetings with DEQ.

In the first meeting, we discussed DEQ's desire to have the Company install a new metal reservoir. We explained the large expense to the ratepayers which we did not want to do. As an alternative, we submitted three alternative roof repairs to eliminate the ponding. I thought we all agreed that DEQ would accept a repair that would guarantee the elimination of the roof ponding and so we left to research that solution.

In the second meeting, we discussed a quote from a licensed roofing contractor and how to complete the repairs. This led to a firm quote from the licensed contractor to repair the ponding with a guarantee. This quote was delivered to Mr. Tanner by Jim Kruger and was followed up with Bob Boyle's August 28th letter.

Ponding is defined as "the excessive accumulation of water at low-lying areas on a roof that remains after the 48 hours after the end rainfall under conditions conducive to drying" as per the National Roofing Contractors Association, NRCA Roofing & Waterproofing Manual, Fifth Edition (copy enclosed) Our condition is not ponding but we will nonetheless conduct the repair.

We are prepared to repair the roof as per the quote with the August 28th letter. I am in Alaska the week of September 11th. I will contact you upon my return.

Thank you.

Sincerely,

Raymond A. Hanson



• Mailing Address: P.O. Box 278 • Mead, WA 99021 • Phone: (509) 466-8001 • Fax: (509) 466-3439 • E-Mail: michael@unitedroofing.com

PROPOSAL

DATE: 10/06/06

TO: James Kruger

PHONE: 868 5929

WE HEREBY SUBMIT SPECIFICATIONS AND ESTIMATES FOR ROOF AT:
Spirit Lake Water Tank

Using APP Modified Torch-Down Membrane to match the existing roofing install a piece slightly smaller than the low spot of the roof deck, apply additional layers to build up the surface until we are satisfied that the spot will no longer pond water. Over the existing roofing install .045mill TPO membrane adhered roofing system. Install metal drip edge and seal to the roofing. This work carries a ten year warranty.

For the price of \$13,945.00 plus tax

WE PROPOSE: HEREBY TO FURNISH MATERIAL AND LABOR-COMPLETE IN ACCORDANCE WITH ABOVE SPECIFICATIONS, FOR THE SUM OF: AS STATED ABOVE

PAYMENT TO BE MADE AS FOLLOWS: DUE UPON COMPLETION

ALL MATERIALS ARE GUARANTEED TO BE AS SPECIFIED. ALL WORK TO BE COMPLETED IN A WORKMAN LIKE MANNER, ACCORDING TO STANDARD PRACTICES. ANY ALTERATIONS OR DEVIATION FROM ABOVE SPECIFICATIONS INVOLVING EXTRA COSTS WILL BE EXECUTED ONLY UPON WRITTEN ORDERS, AND WILL BECOME AN EXTRA CHARGE OVER AND ABOVE THE ESTIMATE. ALL AGREEMENTS CONTINGENT UPON STRIKES, ACCIDENTS, WEATHER OR DELAYS BEYOND OUR CONTROL. OWNER TO CARRY FIRE, TORNADO AND OTHER NECESSARY INSURANCE. OUR WORKERS ARE FULLY COVERED BY WORKMAN'S COMPENSATION INSURANCE.

AUTHORIZED SIGNATURE:

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NOTE: THIS PROPOSAL MAY BE WITHDRAWN BY US IF NOT ACCEPTED WITHIN 30 DAYS.

DATE OF ACCEPTANCE: _____ SIGNATURE: _____

United Roofing

15091 486-8001 15091 486-3439 michael.sullivan@982.com

PROPOSAL

DATE: 1/23/07

TO: Jim Kruger

PHONE: 868 5929

WE HEREBY SUBMIT SPECIFICATIONS AND ESTIMATES FOR ROOF AT:
Spirit Lake Water Tank

Install tapered insulation over the existing roofing to provide 1/2" slope. Install a cover board and re-roof using .045mill TPO membrane adhered roofing system. Install a metal drip edge and seal to roofing. This work carries a ten year warranty.
For the price of \$36,695.00

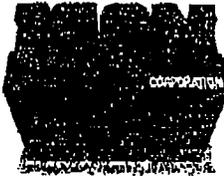
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NOTE: THIS PROPOSAL MAY BE WITHDRAWN BY US IF NOT ACCEPTED WITHIN 30 DAYS.

DATE OF ACCEPTANCE: _____ SIGNATURE: _____



PO Box 15403
Spokane, WA 99213
Phone: 509-532-1761
Fax: 509-535-1682

BID PROPOSAL

TO: James Kruger, Hanson Industries, Inc.
FROM: Jack Johnson, Icon Corporation
PROJECT: *Spirit Lake East Watertank*
DATE: January 22, 2007

Proposal Includes:

- Fully adhere 45 mil TPO singleply membrane roofing, over
- Tapered insulation (to slope roof system), over
- Existing built-up roof system
- 10 year material warranty, 2 year contractor's workmanship warranty

Excludes:

- Tear-off of existing roof

PRICE: Icon Corporation shall provide all supervision, materials, labor, supplies and equipment for the price of \$24,500.00. Price includes Idaho use tax and is good for 30 days.

Add: \$4,500.00 if removal of existing roofing is required by the city building department.

Thank you for the opportunity to bid this project.

Jack Johnson, Icon Corporation

60 kw Detroit 4-71 (Diesel)

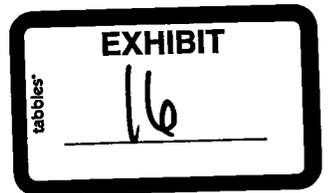
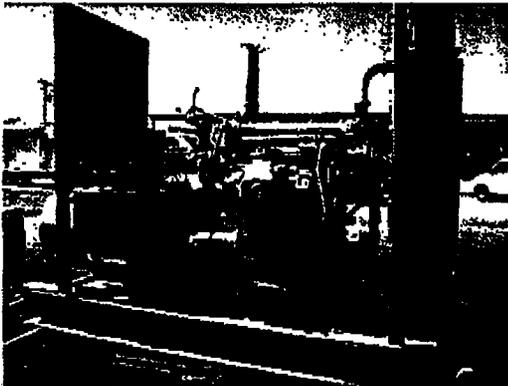
REBUILT

Oilfield generator... tough as nails! Engine and generator rebuilt less than 500 hours ago,

Rated at 1200 rpm - 45kw 120/240v 1 phase, 60kw 208/480v 3 phase, circuit breaker,
hydraulic governor +/- 1% droop, gauges and safety shut downs

Detroit parts and service worldwide!

Load Banked for 4 hours..... \$8,500.00



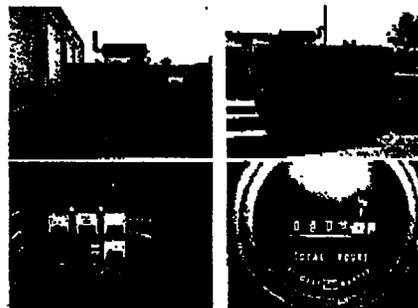
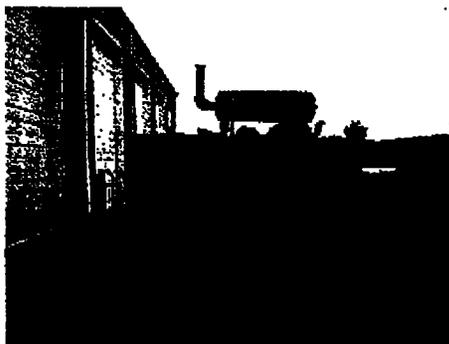
Diesel

SERVICE & SUPPLY INC

755 North 9th Avenue Brighton, Colorado 80603
 sales@dieselserviceandsupply.com
 www.dieselserviceandsupply.com
 800-853-2073 303-659-2073
 Fax 303-659-7923

Manufacturer: Katolight
Model: 60 kW - D60FGH4
KW: 60
Hours: 808
Power: Diesel
Serial#: AN3455752
Unit#: 49039

Description: Katolight 60 kW Standby Diesel Generator, Katolight Generator Model #: D60FGH4, Generator Serial #: 90533-2 D-34227, White Engine Model #: D3300T, Engine Serial #: AN3455752, 808.0 Hours, 60 kW, 60 kVa, 1800 Rpm, 60 Hz, Single Phase, 250 Amps @ 240 Volts, Current Voltage 120/240, 12 Lead Reconnectable, Auto Start/ Stop, Safety Shutdown, 12 Volt Alternator, Engine Mount Air Cleaner, Roof Mount Muffler, Block Heater, Std Generator & Engine Panel, Engine Mount Battery Charger, Engine Mount Radiator, 5 Gallon Day Tank, Skid Mounted, Enclosed. Dimensions: 90" L x 42" W x 8" H
Weight: 6000 lbs
Price: \$10,500.00



Diesel Service and Supply thoroughly tests and guarantees all of our products! The pricing displayed on our website is subject to change based on de-installation costs, installation requirements, rigging/disposal, and any other situational variables, but we do try to keep it as up to date as possible.

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Post-it® Fax Note	7671	Date	1-30-07	# of pages	1
To	Bob	From	Rafael		
Co./Dept.		Co.			
Phone #		Phone #			
Fax #		Fax #			

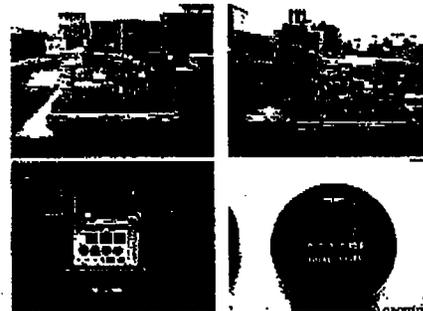
Diesel

SERVICE & SUPPLY INC

755 North 9th Avenue Brighton, Colorado 80603
sales@dieselserviceandsupply.com
www.dieselserviceandsupply.com
800-853-2073 303-659-2073
Fax 303-659-7923

Manufacturer: Generac
Model: 60 kW
KW: 60
Hours: 178.6
Power: Diesel
Serial#: A24566
Unit#: 49639

Description: Generac 60 kW Standby Diesel Generator, Generac Generator End Model #: 89A03350-S, Generator End Serial #: A889555, Hino Engine Model #: W04D, Engine Serial #: A24566, 178.6 Hours, 75 kVa, 60 Hz, 3 Phase, 208 Amps @ 120/208 Volts, Current Voltage 120/208, 12 Lead Reconnectable, 1800 Rpm, Auto Start/Stop, Safety Shut Down, 12 Volt Alternator, Air Cleaner, 250 Amp Circuit Breaker, Block Heater, Std Generator and Engine Panel, Battery Charger, Engine Mount Radiator, Skid Mounted, Dimensions 94"L x 37"W x 48"H
Price: \$12,500.00



Diesel Service and Supply thoroughly tests and guarantees all of our products! The pricing displayed on our website is subject to change based on de-installation costs, installation requirements, rigging/disposal, and any other situational variables, but we do try to keep it as up to date as possible.

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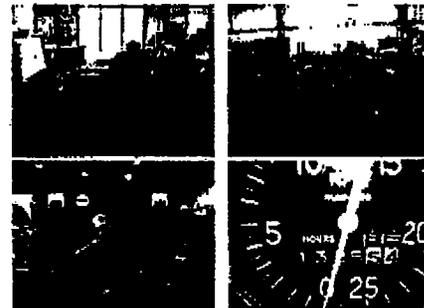
Diesel

SERVICE & SUPPLY INC

755 North 9th Avenue Brighton, Colorado 80603
sales@dieselserviceandsupply.com
www.dieselserviceandsupply.com
800-853-2073 303-659-2073
Fax 303-659-7923

Manufacturer: Detroit
Model: 60 KW
KW: 60
Hours: 1325
Power: Diesel
Serial#: 4A163396
Unit#: 49523

Description: Detroit 60 KW Standby Diesel Generator, Delco Generator End Model #: E6064 Generator End Serial #: 31A71, Detroit Engine Model #: RC4045E, Engine Serial #: 4A163396, Year 1970, 1325 Hours, 75 kVa, 60 Hz, 3 Phase, 104 Amps @ 416 Volts, Current Voltage 416/480, 10 Lead Reconnectable, 1800 Rpm, Auto Start/Stop, Safety Shut Down, Air Cleaner, Block Heater, Std. Generator & Engine Panel, Radiator, Skid Mounted, Load Bank Tested, Dimensions: 94"L x 34"W x 66"H
Price: \$7,500.00



Diesel Service and Supply thoroughly tests and guarantees all of our products! The pricing displayed on our website is subject to change based on de-installation costs, installation requirements, rigging/disposal, and any other situational variables, but we do try to keep it as up to date as possible.

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Cummins Northwest, Inc.
811 SW Grady Way
Renton, WA 98055

(800) 274-0336 - Toll Free
(425) 235-3400 - Local
(425) 235-8202 - Fax

QUOTE NO. 020107 HAN

CUMMINS POWER RENT QUOTE

Thursday, February 01, 2007

TO: Jim Kruger Hanson Industries 1587 East Indiana Spokane Valley, WA 99216	FROM: Donna Fuller Rental Coordinator 425-235-3400 x3112
PHONE: 509-922-5252	FAX: 503-655-8658
EMAIL:	

Thank you for your interest in Cummins Northwest Power Rent. With regard to your recent rental inquiry, I am pleased to quote you on the following:

- 60 kW GENSET PHASE: Three Phase VOLTAGE: 277/480 Volt AMPS: 90
- Frequency: 60 Hz Trailer: Yes
- None Type W Power Cable (4/0) Male Power Cable "Pigtails" (3ft): None
- Auto Start: YES Black Heater: YES Battery Charger: YES Parallel Options: NO
- Aux. Fuel Tanks (Dual Wall): None Aux. Fuel Tanks will be delivered: Empty
- Distribution Panel(s): None
- Transfer Switch: None

Rates:	<input checked="" type="checkbox"/> Standby (Rate of Single Shift Rate) 5 HRS/WK 20 HRS/MO	<input type="checkbox"/> Single Shift 50 HRS/WK 200 HRS/MO	<input type="checkbox"/> Double Shift (1.5 times the Single Shift Rate) 100 HRS/WK 400 HRS/MO	<input type="checkbox"/> Continuous Shift (2 Times the Single Shift Rate) 100 HRS/WK 400 HRS/MO	Charges
\$ 800.00	Per Month 60kW Genset Standby Rate Rental				\$ 800.00
\$ 75.00	Per Month 200 amp ATS				\$ 75.00
\$ 75.00	Per Month - Annual Maintenance Agreement				\$ 75.00
					\$
Long Term Rental. One Year Minimum. Billed Per Calendar Month.					\$
Gensets are FOB location & subject to availability					
FUEL					
Unit fuel level is noted at time of rental. If unit is returned with less fuel, it will be billed @ \$4.50/gallon plus applicable drop fees. Fuel level at time of delivery:					
				Per Month Sub-Total	\$ 950.00
				Sales Tax	\$ if applicable
				Liability certificate not provided (10% Fee) One time only	\$ 87.50
				First Month Total	\$ 1,037.50

Prepared by: Donna Fuller January 31, 2007

CNI Authorized Signature:

PLEASE CALL TO CONFIRM FAX RECEIPT AND COORDINATE RENTAL GENERATOR SET DELIVERY.



FAX

Western States Equipment Company
 4625 East Front Avenue
 Spokane, WA 99212 509-
 535-1744 (office) 509-533-
 9121 (fax)

To: Jim	Date:
Company/Department:	From: RICK ARMSTRONG
Fax Number: 922-5757	Direct Phone: (509) 533-9161
Number of pages (including cover): 1	Direct fax: (509) 533-9176
Re: generator	

Jim,

The monthly standby rate for a 66 kw generator set is \$1600.00. Trailer mounted with fuel tank.

Does not include installation, taxes, permit, transfer switch or fuel.

We could also do a Cat financial lease on another unit for 60 months. This would be a new unit and transfer switch installed.

Thank you

Rick Armstrong

This transmission (and any information attached to it) may be confidential and is intended solely for the use of the individual or entity to which it is addressed. If you are not the intended recipient or the person responsible for delivering the transmission to the intended recipient, be advised that you have received this transmission in error and that any use, dissemination, forwarding, printing, or copying of this information is strictly prohibited. If you have received this transmission in error, please immediately notify Western States Equipment Company at the following telephone number: 1-800-857-7287



LOCATION #280
204 SOUTH PANCHER ROAD
SPOKANE VALLEY, WA 99212
509-532-1235

RESERVATION

Job Site

CASH CUSTOMER
WILL CALL
SPOKANE, WA 99212

C#: 509-532-1235 J#: 509-532-1235

Customer

CASH CUSTOMER
WILL CALL
SPOKANE, WA 99212

Customer... 1009195358
Contract #.. 62534227
Contract dt. 2/01/07
Date out.... 2/01/07 9:07 AM
Date Due In. 2/02/07 9:07 AM

Job Loc..... BRP
Job No.....
P.O. #.....
Ordered By..
Written by.. UR280GD
Salesperson. 99
Terms..... Due Upon Receipt

PLEASE REMIT PAYMENT TO:
UNITED RENTALS NORTHWEST, INC.
PO BOX 931978
DALLAS, TX 75395-1978

Qty	Equipment #	Min	Day	Week	4 Week	Amount
1	GENERATOR 70-64 KVA 2403286	160.00	210.00	625.00	1650.00	210.00
SALES ITEMS:						
Qty	ITEM number	Stock class	Unit	Price		Amount
1	ENVIRONMENTAL CHARGE UM: (EA) EACH	MCI	EA	1.000		

DATE	TYPE	REF #	AUTH #	TRANG	TYPE	AMOUNT	APPLIED
2/01/07	FAY ON RETURN						

Sub-total:	211.00
Rental protection:	29.40
Tax:	20.69
Estimated Total:	261.09
PAY ON RETURN	

ATT Jim KRUGER.

922-5757

ENVIRONMENTAL CHARGE: The items indicated above are subject to an environmental charge which is designed to recover the customer's direct and indirect expenses for the handling, managing and disposing of waste products, hazardous materials, and related administrative costs. This is not a government mandated charge.
NOTE: Fuel charges do not include freight, state or local fuel excise taxes.

OPTIONAL RENTAL PROTECTION PLAN: ~~THE RENTAL PROTECTION PLAN IS NOT INSURANCE~~ upon accepting the Optional Rental Protection Plan, the Customer agrees to pay a charge equal to 14% of the rental charges on Equipment Customer wants covered by the Rental Protection Plan. In return, as set out on the back page, United agrees to waive certain claims for accidental damage to such covered equipment occurring during normal and lawful use. Customer remains liable for all damages and loss due to theft listed under The Rental Protection Plan provisions in the Terms and Conditions on back page, including Customer's negligence. Customer Accepts Customer Declines

READ BEFORE SIGNING: United hereby loans to Customer the Equipment (as defined in the Terms and Conditions on the reverse side) and Customer hereby accepts all **TERMS AND CONDITIONS** listed in this rental agreement, including the Terms and Conditions set forth on the reverse side, which the undersigned has read and understands. **REMEMBERS:** (1) Rental fee not include fuel or delivery; (2) Optional Rental Protection Plan charge is 14% of the total rental charge for covered equipment; (3) Customer pays for all items the Equipment is set, including Saturdays, Sundays and Holidays. (4) This rental agreement supersedes all other purchase orders or terms and conditions contained in any of Customer's equipment or forms; (5) Customer assumes all risk and is responsible for all damages and other costs, including late charges. Details of the above as well as other obligations and responsibilities are contained in the **TERMS AND CONDITIONS ON REVERSE. THE INDIVIDUAL SIGNING BELOW AS OR ON BEHALF OF CUSTOMER, (1) AGREES TO ALL OF THE TERMS AND CONDITIONS ON THE REVERSE SIDE OF THIS RENTAL AGREEMENT, (2) ACKNOWLEDGES RECEIPT OF THE EQUIPMENT IN GOOD WORKING ORDER AND, (3) IS FULLY FAMILIAR WITH ITS OPERATION AND USE.**

X
 CUSTOMER SIGNATURE _____ DATE _____ NAME PRINTED _____ DELIVERED BY _____ DATE _____

A LARGER FONT COPY OF THE TERMS AND CONDITIONS IS AVAILABLE UPON REQUEST.

INVOICE



Consolidated Supply Co.
 P.O. Box 5788
 Portland, OR 97228

INVOICE DATE	INVOICE NUMBER
09/01/06	S3972663.001
PLEASE REMIT PAYMENT TO:	
CONSOLIDATED SUPPLY PO BOX 5788 PORTLAND OR 97228-5788	

QUESTIONS ON THIS INVOICE
 208-762-2568

1451 1MB 0.326 E0207 10552 D243503D1 P133052 0002:0002

SHIP TO:



HANSON INDUSTRIES
 15807 E INDIANA AVE
 SPOKANE VALLEY WA 99216-1864

HANSON INDUSTRIES
 15807 E INDIANA AVE
 SPOKANE WA 99216

CUSTOMER NUMBER	CUSTOMER ORDER NUMBER	ORDERED BY	SALESPERSON		HOME BRANCH
116876	spirit lake		Steve Jordan - CDA		14
ORDER WRITER	SHIP VIA		SHIP DATE	ORDER DATE	SHIP BRANCH
Steve Jordan - CDA	WCN WC NOW		09/01/06	09/01/06	14
DESCRIPTION	ITEM NUMBER	QTY SHIP	U/M	NET UNIT PRC	NET AMOUNT
1"X36" GAL. STEEL NIPPLE	8007	2	ea	7.125	14.25
1" 4644B FIPT X METER SWIVEL NUT ANGLE METER BALL VALVE AY MCDONALD	269905	1	ea	50.86	50.86
1" 02-4HE-54 MTR SWIVEL NUT W/ SUPPORT X FIPT SINGLE CHECK ANGLE VALVE AY MCDONALD	243133	1	ea	27.64	27.64
BADGER 1" M70 ENVIRO-BRASS, SP-BM70ENVIRO, CU FT ** This is a special order item **	846730	1	ea	175.773	175.77
AY 18-G4 1" METER WASHER	160042	2	ea	0.294	0.59
MID-STATES 13"X24"X12" POLYE METER BOX BODY MSBCF1324-12XL	210106	1	ea	46.838	46.84
MID-STATES 13"X24"X18" POLYE METER BOX BODY MSBCF1324-18XL	204864	2	ea	59.496	118.99
MID-STATES 13"X24" DI METER BOX COVER W/DI READER LID MSCRC-1324-R	210112	1	ea	53.591	53.59
OATEY 31233 32 OZ GREAT WHITE PIPE DOPE W/TEFLON	238274	1	ea	18.173	18.17
1"X100' IPS 200 PSI POLYE PIPE	12601	100	ft	0.526	52.60
EXPENSE CODE _____					
APPROVAL <i>JAR</i>					
Invoice is due by 10/31/06.			Rick Norman SALES 09/01/06		SUBTOTAL 777.58 FREIGHT SALES TAX 38.88 AMOUNT DUE 816.46

INVOICE

INVOICE DATE	INVOICE NUMBER
09/01/06	S3972663.001
PLEASE REMIT PAYMENT TO:	
CONSOLIDATED SUPPLY PO BOX 5788 PORTLAND OR 97228-5788	



Consolidated Supply Co.
 P.O. Box 5788
 Portland, OR 97228

QUESTIONS ON THIS INVOICE
 208-762-2568

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SHIP TO:

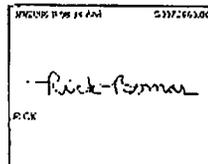


HANSON INDUSTRIES
 15807 E INDIANA AVE
 SPOKANE VALLEY WA 99216-1864

HANSON INDUSTRIES
 15807 E INDIANA AVE
 SPOKANE WA 99216

CUSTOMER NUMBER	CUSTOMER ORDER NUMBER	ORDERED BY	SALESPERSON		HOME BRANCH
116876	spirit lake		Steve Jordan - CDA		14
ORDER WRITER	SHIP VIA		SHIP DATE	ORDER DATE	SHIP BRANCH
Steve Jordan - CDA	WCN WC NOW		09/01/06	09/01/06	14
DESCRIPTION	ITEM NUMBER	QTY SHIP	U/M	NET UNIT PRC	NET AMOUNT
1" IPS X 1-1/2" & 2" IPS HOT TAP SADDLE ** This is a special order item **	159773	1	ea	86.625	86.63
1-1/2"X1" S40 PVC SFGXF BUSHING	255	1	ea	0.736	0.74
1"X3" GAL STEEL NIPPLE	10450	1	ea	1.247	1.25
1" 6101 FIP X FIP BALL CURB VALVE AY MCDONALD	160058	1	ea	62.103	62.10
1" 4753-30 IPS COMP X MIPT ADAPTER CPLGS AY MCDONALD	236000	1	ea	19.338	19.34
1" IPS 6136 STIFFENER AY MCDONALD (SAME AS 6133T 1-1/4" CTS)	160917	1	ea	2.022	2.02
1" 4754-30 IPS COMP X FIP ADAPTER CPLG AY MCDONALD	236033	1	ea	16.647	16.65
1" IPS 6136 STIFFENER AY MCDONALD (SAME AS 6133T 1-1/4" CTS)	160917	1	ea	2.022	2.02
1"X24" GAL STEEL NIPPLE	2241	2	ea	9.974	19.95
1" GAL MI CAP DOMESTIC	22311	1	ea	2.236	2.24
1" GAL MI 90 DOMESTIC	14495	2	ea	2.671	5.34

Invoice is due by 10/31/06.



SUBTOTAL	
FREIGHT	
SALES TAX	
AMOUNT DUE	

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT is made and entered into this 11 day of Nov, 2003 by and between KAISER ALUMINUM & CHEMICAL CORPORATION, a Delaware corporation ("Seller"), and HANSON INDUSTRIES, INC. a Washington corporation ("Purchaser").

RECITALS

WHEREAS, Seller is the owner of approximately 157.23 acres of real estate located in Mead, Washington, commonly known as Parcel 2 and legally described on the attached **Exhibit A** (the "**Real Property**," which together with appurtenances and improvements thereto is collectively referred to and more specifically described below as the "**Property**").

WHEREAS, Purchaser wishes to purchase from Seller and Seller wishes to sell to Purchaser the Property upon the terms and conditions set forth herein.

AGREEMENT

NOW THEREFORE, inconsideration of the terms and provisions of and the mutual promises and covenants set forth in this Agreement, the parties hereto hereby agree as follows:

1. Property.

1.1 Included Property.

Seller shall sell and convey to Purchaser and Purchaser shall purchase and acquire from Seller the Real Property together with all buildings and improvements thereon and all rights, titles and interests of Seller in and to easements, appurtenances, rights, privileges, belonging or appurtenant thereto; all trees, shrubbery, and plants now in or thereon; all rights, titles, and interests of Seller in and to all alleys, strips, or gores of land, if any, lying adjacent thereto; all rights, titles, and interests of Seller in and to all leases, rights-of-way, rights of ingress or egress, or other interests in, on, or to, any land, highway, street, road, or avenue, open or proposed, in, on, across, in front of, abutting, or adjoining thereto; all rights, titles, and interests of Seller in and to all buildings, fixtures, equipment and other improvements located thereon as of the Effective Date, except for the Excluded Property (defined below); rights, title and interests in all permits, certificates, approvals, and licenses (to the extent freely assignable) with respect thereto, including, but not limited to, certificates of occupancy and conditional use and other permits; and all rights, titles, and interests of Seller to water rights appurtenant thereto (collectively together with the Land, the "**Property**"); subject, however, to the provisions of Sections 1.2 and 1.3.

1.2 Excluded Property; Access.

Notwithstanding the foregoing, the fixtures, equipment and personal property described on the attached **Exhibit B** (the "**Excluded Property**") shall not be sold to Purchaser and shall remain the property of Seller; provided that if Seller fails to remove the Excluded Property on or before twelve (12) months after the Closing Date (defined below) the Excluded Property shall, as a matter of convenience to the parties and at no additional consideration, become the property of

Rah



AFTER RECORDING MAIL TO:

Spokane County Title Company
1010 N. Normandie - Suite #201
Spokane, WA 99201

Escrow No.: 00019513

Statutory Warranty Deed

5115863

THE GRANTOR **Kaiser Aluminum & Chemical Corporation, a Delaware corporation**, for and in consideration of Ten Dollars and other valuable consideration in hand paid, conveys and warrants to **Hanson Industries, Inc., a Washington Corporation** the following described real estate, situated in the County of SPOKANE, State of Washington:

(LEGAL DESCRIPTION IS ATTACHED AS EXHIBIT "A" HERETO)

4th N/2 21-26-43

SUBJECT TO the matters set forth on Exhibit "B" attached hereto.

SUBJECT TO covenants, conditions, restrictions, reservations, easements and agreements of record, if any. Assessor's Property Tax Parcel Account Number(s): 36215.9010; 36211.9009

Dated this 29th day of December, 2003.

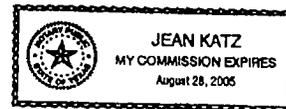
Kaiser Aluminum and Chemical Corporation

By: [Signature]
By: Joseph A. Fischer, III
Its: Assistant General Counsel and
Authorized Representative

STATE OF TEXAS)
County of Harris) ss.

I certify that I know or have satisfactory evidence that Joseph A. Fischer, III is the person who appeared before me, and said person acknowledged that he signed this instrument, and on oath stated that he was authorized to execute the instrument and acknowledged it as the Assistant General Counsel and Authorized Representative of Kaiser Aluminum and Chemical Corporation, a Delaware corporation, to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

Dated: [Signature]
Notary Public in and for the State of Texas
Residing at Harris City
My appointment expires: Dec. 29, 2003



1P/31/2003 CRG

\$8,900.00 200400017



EXHIBIT "A" - LEGAL DESCRIPTION:

The North half of Section 21, Township 26 North, Range 43, East of the Willamette Meridian;

EXCEPT that portion described as follows;

BEGINNING at the East quarter corner of Section 21;
Thence North 88°53'40" West a distance of 2,685.65 feet to a 1.25" iron pin which is the accepted center quarter corner;
Thence North 88°56'09" West, along the South line of the Northwest quarter of said Section, a distance of 594.60 feet;
Thence North 00°31'00" East a distance of 688.30 feet;
Thence South 89°31'00" East a distance of 386.05 feet;
Thence South 01°25'00" West a distance of 83.30 feet;
Thence South 89°31'00" East a distance of 140.00 feet;
Thence South 01°25'00" West a distance of 42.00 feet;
Thence South 89°31'00" East a distance of 541.12 feet;
Thence North 71°47'20" East a distance of 391.03 feet;
Thence North 89°38'36" East a distance of 1,834.24 feet to the East line of said Section;
Thence South 00°17'10" East, along the East line of said Section, a distance of 750.50 feet to the East quarter corner and the Point of Beginning;

AND EXCEPT those portions conveyed to Spokane County for Magnesium Road right of way by Deed recorded November 2, 1955, under Auditor's File No. 351482B;

AND ALSO EXCEPT that portion of the North half of said Section 21 lying West of the following described line;

BEGINNING at the Southwest corner of said Northwest quarter of Section 21;
Thence North 00°11'24" West, along the West line of said Northwest quarter, 70.00 feet to a point on the North line of Magnesium Road;
Thence along said North line the following two courses:
1) South 89°45'10" East 1.03 feet;
2) South 88°56'00" East 719.73 feet to the True Point of Beginning of said line;
Thence Northerly to a point on the North line of said Section 21 which lies 742.96 feet Easterly of the Northwest corner of said Section 21, and the terminus of said line;

AND ALSO EXCEPT that portion of the Northwest quarter of Section 21, Township 26 North, Range 43, East of the Willamette Meridian, described as follows;

BEGINNING at the Southwest corner of said Northwest quarter of Section 21;
Thence North 00°11'24" West, along the West line of said Northwest quarter, 70.00 feet to a point on the North line of Magnesium Road;
Thence along said North line the following two courses;
1) South 89°45'10" East 1.03 feet;
2) South 88°56'00" East 719.73 feet;
Thence North 00°18'26" East 1910.42 feet to the True Point of Beginning;
Thence continuing North 00°18'26" East 660.01 feet to a point on the North line of said Section 21 which lies 742.96 feet Easterly of the Northwest corner of said Section 21;
Thence South 89°27'00" East 1908.31 feet to the Northeast corner of said Northwest quarter of Section 21;
Thence South 43°41'57" West 904.64 feet;
Thence North 89°27'00" West 1286.83 feet to the True Point of Beginning;

AND ALSO EXCEPT that portion of the North half of Section 21, Township 26 North, Range 43, East of the Willamette Meridian, described as follows;

BEGINNING at the Southwest corner of said North half of Section 21;
Thence North 00°11'24" West, along the West line of said Northwest quarter, 70.00 feet to a point on the North line of Magnesium Road;
Thence along said North line the following two courses;



5018669
Page: 3 of 4
12/31/2003 09:44f
Spokane Co, WA

- 1) South 89°45'10" East 1.03 feet;
 - 2) South 88°56'00" East 719.73 feet;
- Thence North 00°18'26" East 2570.43 feet to a point on the North line of said Section 21 which lies 742.96 feet Easterly of the Northwest corner of said Section 21;
- Thence South 89°27'00" East 1908.31 feet to the Northeast corner of the Northwest quarter of Section 21 and the True Point of Beginning;
- Thence South 88°53'30" East, along the North line of the Northeast quarter of said Section 21, a distance of 2676.60 feet to the Northeast corner of said Northeast quarter;
- Thence South 00°16'35" East, along the East line of said Northeast quarter, 660.19 feet;
- Thence North 88°53'30" West 2689.34 feet;
- Thence North 89°27'00" West 615.46 feet;
- Thence North 43°41'57" East 904.64 feet to the True Point of Beginning;

Situate in the County of Spokane, State of Washington.



EXHIBIT "B" - PERMITTED EXCEPTIONS

1. Liens for taxes not yet due and payable and for any general or special assessments not yet delinquent.
2. Leases, permits, contracts and other agreements assigned to or assumed by grantee, if any.
3. Those exceptions (both general and special) set forth in the title insurance policy insured in favor of grantee by Commonwealth Land Title Insurance Company pursuant to Title Order No: 115863, including mineral exceptions, reservations and conveyances of record, if any, and rights and easements in favor of mineral estates, in any.
4. Subject to the provisions of the Purchase and Sale Agreement dated November 11, 2003 between grantor and grantee, as amended, all existing or future local, state and federal laws, ordinances and governmental regulations relating to environmental protection or substances, materials and wastes that are defined as a toxic or hazardous substance, material, pollutant or contaminant, or the effect of any violation of these laws, ordinances or governmental regulations.

Inventory #: _____
Item Name: GENERATOR
Model #: _____
Serial #: _____
Manufacturer: GM/KATO
Location: SLE
Condition: GOOD
PO #: _____
Source: KAISER S.P.
Received By: _____
Date Received: 8/05

Description:

SPIRIT LAKE EAST EMERGENCY POWER BACKUP
ENGINE - GM C064A100
CHECKED OUT BY 'TORQUE A MATIC'
12822 E. INDIANA
928-0535

GENERATOR - KATO REVOLVING FIELD AC
SERIAL # 81965 CAT # 4P2-0788
MODEL # 60-490361115 TYPE 20814
60 KW CONT. 3Ø 60HZ
75 KVA CONT. P.F. .8 1800 RPM
277/480 VOLT 90 AMP
105°C DESIGN 40° AMB
HOURS: 420 hrs

Purchase Price: _____
New Value: _____
Est'd Value: _____

SPIRIT LAKE EAST WATER COMPANY
2006 ADDITIONS TO P P & E
Not Included in Rate Case Application

1/31/2007

Generator, Housing and Setup

10/31/2005	Generator	J-1126	10/31F	12,360.00	
10/20/2005	(20372) Torque-A-Matic	P-19978	23656	702.38	
10/13/2005	(03003) Carr Sales Co.	P-19924	796786	347.82	
10/17/2005	(03003) Carr Sales Co.	P-19976	797065	2.03	
10/17/2005	(03003) Carr Sales Co.	P-19977	797066	7.96	
10/24/2005	(03003) Carr Sales Co.	P-19986	797795	17.24	
10/25/2005	(03003) Carr Sales Co.	P-19987	797910	10.82	
10/25/2005	(03003) Carr Sales Co.	P-19988	79791	26.13	
10/25/2005	(03003) Carr Sales Co.	P-20028	798110	14.02	
10/26/2005	(03003) Carr Sales Co.	K-19807	28992	(2.82)	
10/10/2005	(03003) Carr Sales Co.	P-20076	339973	111.60	
10/27/2005	(09039) Inland Pacific Hose & Fittings	P-19926	493160	9.56	
10/6/2005	(14002) Napa Auto Parts	HI Allocation		1,204.00	
	2005 Labor Charges				14,810.74
					20 year depr
					Expense
					740.537
<hr/>					
10/18/2005	(03075) Central Pre-Mix Concrete Co	P-20026	643071	555.95	
10/12/2005	(23069) Western Wood Building Supplies	P-20015	24714	87.89	
10/19/2005	(23069) Western Wood Building Supplies	P-20016	24442	614.16	
10/18/2005	(01139) A to Z Rentals	P-19996	28817	49.63	
11/18/2004	(03030) Continental Contractors, Inc.	P-17515	7421	1,533.00	
10/12/2005	(03032) Country Homes Supply	P-20017	001-1067	609.64	
10/24/2005	(03032) Country Homes Supply	P-19962	1-108736	300.64	
10/25/2005	(03032) Country Homes Supply	P-19983	1-108997	22.50	
10/30/2005	(04030) Don's Custom Woodworking	P-20018	1246	1,660.00	
10/24/2005	(11011) Kruger	P-19871	Genesco/	46.99	
	2005 Labor Charges	HI Allocation		2,188.58	
					7,668.98
					20 year depr
					383.449
<hr/>					
7/25/2006	Citi Card - Auto Electric Products		72506	268.39	

8/1/2006 Citi Card - Auto Electric Products

10293

261.01

529.40 20 year depr

26.47

Distribution Pumps & Motors (Replacements)

Labor Charges - Kruger
Labor Charges - Bunting
6/1/2006 Dickerson Pump

10 year life
259.97
1,466.10

}

5665

1,726.07 10 year depr 172.607

Tank Repair & Cleaning

9/21/2005 (11011) Kruger
9/22/2005 Macon Supply
2005 Labor Charges

Rcpts 9-
139.38
124.23
1,084.48

P-19618
JE
HI Allocation

1,348.09 10 year depr 134.809

Labor Charges - Kruger
Labor Charges - Bunting
11/26/2005 (03032) Country Homes Supply
11/26/2005 (03032) Country Homes Supply
11/17/2005 (12026) LOWE'S
10/9/2006 A to Z Rentals
10/1/2006 Don's Custom Woodworking

145.25
457.43
(470.44)
305.19
64.68
1,296.55

}

1-114327
1-114326
111705
71873
1277

1,798.66 10 year depr 179.866

Misc Items on DEQ List

Labor Charges - Kruger
Labor Charges - Bunting

-172.08

}

-172.08 10 year depr -17.208

Sign - SLE Water Co.

7/17/2006 (03032) Country Homes Supply
7/17/2006 (03032) Country Homes Supply
7/26/2006 (03032) Country Homes Supply
7/27/2006 (03032) Country Homes Supply
8/1/2006 (03032) Country Homes Supply

18.97
45.09
243.94
67.86
19.97

1-151018
1-151022
1-152774
1-153031
1-153878

8/3/2006 (03032) Country Homes Supply	1-154366	6.01		
10/9/2006 (12026) LOWE'S	91706	45.47		
7/31/2006 Don's Custom Woodworking	1273	<u>1,380.00</u>	1,827.31	10 year depr
				182.731

Metal Detector

4/24/2006 (11011) Kruger - Sportsman Warehouse			<u>456.11</u>	10 year depr	45.611
TOTAL		\$	29,993.28		\$ 1,848.87



STATE OF IDAHO
DEPARTMENT OF
ENVIRONMENTAL QUALITY

2110 Ironwood Parkway • Coeur d'Alene, Idaho 83814-2648 • (208) 769-1422

Dirk Kempthorne, Governor
Toni Hardesty, Director

December 28, 2005

Robert J. Boyle, Vice President
Hanson Industries Inc
15807 E Indiana
Spokane, WA 99216

RE: Spirit Lake East Water Company Plan of Correction Review

Dear Mr. Boyle:

Thank you for your letter of December 21, 2005 in response to our survey report of November 5, 2005. It is our assumption that this letter was intended to serve as the required Plan of Correction for the survey deficiencies. We will respond in the order of our survey letter.

Administration

1. The operator did not possess a "Distribution 1" certification from the Idaho Bureau of Occupational Licenses.

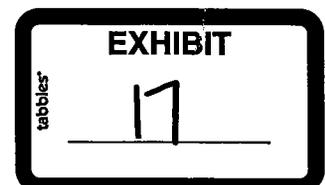
The operator, Mr. Jim Kreuger, is required to have a certification for "Distribution 1" This is different than "Treatment 1" and why we specifically mentioned "Distribution 1" in our November 5th, 2005 letter.

2. A Total Coliform Monitoring Plan was not on file with DEQ.

A Total Coliform Monitoring Plan is simply a map or document that lists where the monthly water samples will be taken on an annual basis. There should be a minimum of 6 different sites located at different points throughout the distribution system that are sampled sequentially.

Well

1. A smooth nosed sample tap is required on the discharge to the well. The existing sample tap was a plastic tube clamped to a galvanized pipe.



A smooth nosed sample tap is required on the discharge of the well and at any point within the pump house where water samples are to be taken. A Teflon tube is not adequate.

2. The well could not be pumped to waste prior to the first service connection.

We reexamined the pictures taken during the survey and could not identify a "pump to waste." This is a pipe that is capable of handling the entire discharge of the well located at some point prior to the entry to the distribution system. We identified a couple of points in the pump house that could be easily adapted to allow the well to pump to waste but there is a difference between have the potential to pump to waste and the actual ability to accomplish the activity on demand. You still need to construct the pump to waste valving and piping.

3. There is no well log on file with DEQ.

We received and filed the well log that you sent. This item is satisfied.

4. The vent screen on the well was connected with duct tape. It must be permanently clamped with a steel clamp.

The steel clamp on the vent screen will meet our requirements.

5. The flow meter should be read on at least a weekly basis.

Reading the flow meter with the chlorine tank refill will be considered adequate at this time.

Reservoir

1. The repairs to the cold joint on the side of the reservoir appeared to extend more than half of the way through the concrete. The impacts of removing this amount of concrete on the strength of the reservoir side walls are unknown. An evaluation performed by a professional engineer must be prepared that will certify that the tank will not fail.

We accept the certification of the reservoir wall strength by Mr. Wambeke P.E.

2. The reservoir cannot be isolated from the water system without depressurization of the distribution system. It appears that the piping that would allow the reservoir to be bypassed has been removed.

You may have misunderstood the requirement that the water system must have the ability to isolate the reservoir from the water system without depressurizing the

distribution system. You must be able to isolate the reservoir for maintenance and repairs while at the same time pressurizing the distribution system with the well pump. It appears that the valving and piping to do this was in place at some point in the past but it was removed. This capability must be restored.

3. The leaks in the reservoir wall had not been completely repaired at the time of inspection.

Please arrange for a joint inspection of the reservoir wall leak repair. The reservoir must be completely full at the time of inspection.

4. There did not appear to be a sill at the reservoir discharge to prevent sediments from flowing into the booster station. Prior surveys have identified a problem with pumping sand from the well.

This survey deficiency has not been adequately addressed.

5. The two overflows from the reservoir were not 24 mesh screens or a weighted flapper valve with expanded metal screens. The overflow was only protected by a screen with 1/2-inch openings. This could allow insects and small rodents to access the reservoir.

This deficiency appears to have been satisfied.

6. The overflows were not 12 to 24 inches above the ground surface.

This deficiency appears to have been satisfied.

7. The overflows do not discharge onto a splash plate.

This deficiency does not appear to have been satisfied. A Plan of Correction requires a specific date for repair to occur.

8. The reservoir did not appear to have a drain.

We did not notice a drain for the reservoir at the time of inspection. It would have been very evident. You may wish to add a valve after the larger booster pump in the vault with a constructed discharge to the surface to meet this requirement. The pump could then be used to drain the reservoir. This deficiency does not appear to have been satisfied at this time.

9. Water was impounded on the roof of the reservoir. A registered professional engineer must certify that the current roof is not leaking.

We did not find that your engineer, Mr. Wambeke, had certified that the roof was not leaking. This deficiency does not appear to have been satisfied at this time.

10. The reservoir needs cleaning.

The inspection on November 5th revealed deposits of sediment on the floor of the reservoir. Historic survey reports and notes in DEQ files indicate that the well produces sand and sediments. Sediment deposits in reservoirs are unsanitary in that they provide harborage for bacteria and shelter from chlorination for these bacteria. This deficiency does not appear to have been satisfied at this time.

Pump House

1. Three of the bladder tanks appeared to be waterlogged and in need of replacement.

If you feel that 17 bladder tanks will serve 250 or more residences please have your engineer certify this design modification. Maintenance of the bladder tanks is a routine item and, unless otherwise specified, you must maintain the physical facilities. This deficiency does not appear to have been satisfied at this time.

2. The well house needs cleaning and organization. All fuels, paints and solvents must be removed from the pump house.

This deficiency appears to have been remedied.

3. All threaded taps in the pump house must have backflow prevention devices.

This deficiency appears to have been remedied.

4. An electrical fan for fresh air ventilation must be installed in the pump house.

This deficiency appears to have been remedied.

5. Routine maintenance schedules should be established for servicing the pumps.

This deficiency appears to have been remedied.

Disinfection

1. The tap used to fill the hypochlorite tank was not protected by a backflow prevention device.

This deficiency appears to have been remedied.

2. Rubber gloves and eye protection should be provided to the operator for use during the hypochlorite tank filling.

This deficiency appears to have been remedied.

3. The chlorine test kit used by the water system was inadequate for measuring chlorine in the drinking water. It was designed to be used in swimming pool applications.

The chlorine test kit that we observed was only adequate for measuring chlorine levels in swimming pools. We will check the primary kit when the reservoir is inspected.

4. A smooth nosed monitoring tap is required after chlorine injection.

A smooth nosed monitoring tap is required before and after disinfection. We did not notice a monitoring tap after the chlorine injection point on the discharge of the well. This deficiency does not appear to have been satisfied at this time.

5. Free chlorine residuals should be measure daily.

Idaho's Rules for Public Drinking Water Systems require that free chlorine residuals be measured and recorded daily. The residual must also be recorded on the form that is submitted to the lab with the monthly Coliform test. This is necessary to insure that the chlorination equipment is working properly. This monitoring could be done at the tap of one of the residents of the water system. This deficiency does not appear to have been satisfied at this time.

Distribution System

1. A cross connection control program must be implemented.

The water system was found to be deficient in the requirement for a cross connection control program in the survey of the year 2000 and the item was not remedied. It was again found to be deficient in the survey of 2005. A buyer has not been identified, nor a time frame for change of ownership defined. This deficiency does not appear to have been satisfied at this time.

2. The valves in the distribution system should be exercised at least two times per year.

There appeared to be a misunderstanding about this item. The valves that should be exercised are the ones located in the street that can be used to isolate different segments of the distribution mains for maintenance and repair activity. This does not include the valve for the individual service connections.

3. A leak detection program must be implemented. The flow meter should be read frequently and compared to the meter readings to determine if water loss is less than 15%.

Water loss in the distribution system must be less than 15%. A comparison of the master meter and the collective usage at the individual home owners' meters is one way of determining loss. If the water loss is less than 15% this deficiency has been satisfied. The response did not indicate what the percentage of water loss was.

5. The water mains should be flushed annually.

The water system should not be shut down to be flushed. Water velocities of 2.5 feet per second in water mains are recommended to re-suspend sediments and discharge them to the surface. This is done using flushing hydrants. This deficiency does not appear to have been satisfied at this time.

6. The dead end water mains must be flushed two times per year.

This deficiency appears to have been remedied.

We hope that this response has been useful in clearing up confusion in the preparation of the Plan of Correction. Would you please modify your responses to attain compliance with Idaho rules for Public Drinking Water Systems? We will grant an extension for you to prepare an adequate plan of correction until January 15, 2006.

If you have any questions, please contact me at DEQ. We are located at 2110 Ironwood Parkway; phone, (208) 769-1422.

Sincerely,



Anthony P. Davis
Analyst

c: Steve Tanner / Gary Gaffney, DEQ/CDA
Idaho Public Utilities Commission. John Hammond

ID1280176 SPIRIT LAKE EAST WATER COMPANY

Schedules with Monitoring Periods that End During the Period of 1/1/2007 to 12/31/2007.

Jurisdiction	Source	Type	Population	Activity Date
COEUR D ALENE REGIONAL OFFICE	Ground Water	Community Public	655	1/8/1988

Total Coliform Sample Schedule

Sample Group	Schedule Begin Date	Seasonal Period	Sample Requirements
3100 Total Coliform	12/1/2000	1/1 to 12/31	1 per MN

Lead and Copper Sample Schedules

Analyte Group Name	Lead and Copper	Mon Prd Begin	1/1/2005	Due Before*	12/31/2007
--------------------	-----------------	---------------	----------	-------------	------------

**Systems on YR (once per year) or 3Y (once per three year) frequency for lead and copper must sample from locations in the distribution system between the months of June through September only.*

PBCU Analyte Name	Sample Requirement	Seasonal Period	State Year	Last Taken	Number Taken	Schedule Satisfied	Still Due This Year
COPPER	10 per 3Y				0	NO	<input checked="" type="checkbox"/>
LEAD	10 per 3Y				0	NO	<input checked="" type="checkbox"/>

Grouped Chemical Analyte Sample Schedules

FACILITY	E0005365	TYPE WL WELL 1	SAMPLE PT	EP1	TYPE EP
GROUP NAME	MON PRD BEGIN	SAMPLE RQMT	DUE BEFORE	SCHEDULE SATISFIED	Still Due This Period
VOCS	1/1/2002	1 per 6Y	12/31/2007	NO	<input checked="" type="checkbox"/>
NITRATE	1/1/2007	1 per YR	12/31/2007	NO	<input checked="" type="checkbox"/>
ARSENIC (1005)	1/1/2005	1 per 3Y	12/31/2007	YES	<input type="checkbox"/>

Disinfection By-Products Rule Sample Schedules

FACILITY	T1280176DS1	TYPE DS DISTRIBUTION SYSTEM	GROUP NAME	MON PRD BEGIN	SAMPLE RQMT	DUE BEFORE*	SCHEDULE SATISFIED	Still Due This Period
----------	-------------	-----------------------------	------------	---------------	-------------	-------------	--------------------	-----------------------

**Systems on YR (once per year) or 3Y (once per three year) frequency for disinfection by products must sample during period of warmest water temperature (July or August) at the point of longest retention time.*

TTHM AND HAA5	1/1/2005	1 per 3Y	12/31/2007	NO	<input checked="" type="checkbox"/>
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SOUND ANALYTICAL SERVICES, INC.

4813 Pacific Highway East • Tacoma, Washington 98424 • (253) 922-2310

INVOICE #: 656230

Hanson Industries, Inc.
P.O. Box 7310
Spokane, WA 99207

REFERENCE:
P.O. 844

PURCHASE ORDER:

ACCT #:	TERMS:	DATE	PAGE:
3095	Net 30	07/08/97	1

QUANTITY	DESCRIPTION	UNIT PRICE	EXTENDED PRICE
1	Semi-Vol. Organics GC/MS 8270	350.00	\$350.00
1	Sample Digestion Or Filtering	10.00	\$10.00
1	Prior. Poll. Metals By ICP	116.00	\$116.00
1	Volatile Organics By 8260 GCMS	200.00	\$200.00
1	TPH-D	80.00	\$80.00
1	PCB In Solid	55.00	\$55.00

DATE RECEIVED 7/10/97	
JOB NO.	
EXPENSE CODE:	
<u>ACCOUNT NO.</u>	<u>AMOUNT</u>
8450.02	811.00
APPROVAL	

SUBTOTAL: \$811.00
SALES TAX: \$0.00
TOTAL DUE: \$811.00

White - Original, Canary - Remittance, Pink - File, Goldenrod - Accounting

HANSON INDUSTRIES, INC. - P.O. Box 7310 - Spokane, WA 99207 USA

4787

VENDOR ID	VENDOR NAME	CHECK DATE			
SOUND	SOUND ANALYTICAL SERVICES, INC	7/23/97			
INVOICE NO	DATE	AMOUNT	APPLIED	DISC	NET AMOUNT
656230	7/8/97	\$811.00	\$811.00	\$0.00	\$811.00

\$811.00 \$811.00 \$0.00 \$811.00

SOUND ANALYTICAL SERVICES, INC.

ANALYTICAL & ENVIRONMENTAL CHEMISTS

4813 PACIFIC HIGHWAY EAST, TACOMA, WASHINGTON 98424 - TELEPHONE (206)922-2310 - FAX (206)922-5047

TRANSMITTAL MEMORANDUM

DATE: July 3, 1997

TO: Hanson Industries, Inc.

REPORT NUMBER: 65623

Enclosed are the test results for one sample received at Sound Analytical Services on June 23, 1997.

The report consists of this transmittal memo, analytical results, quality control reports, a copy of the chain-of-custody, a list of data qualifiers when applicable, and a copy of any requested raw data.

Should there be any questions regarding this report, please contact me at (206) 922-2310.

Sincerely,



Brent Hepner
Project Manager

BH:tm

SOUND ANALYTICAL SERVICES, INC.

Client Name	Hanson Industries, Inc.
Client ID:	SOLID SAMPLE
Lab ID:	65623-01
Date Received:	6/23/97
Date Prepared:	7/1/97
Date Analyzed:	7/1/97
% Solids	85.16

Volatile Organics by USEPA Method 8260

Surrogate	% Recovery	Flags	Recovery Limits	
			Low	High
Dibromofluoromethane	111		67	121
Toluene-d8	112		74	118
4-Bromofluorobenzene	118		81	132

Sample results are on a dry weight basis.

Analyte	Result (ug/kg)	PQL	Flags
Dichlorodifluoromethane	ND	12	
Chloromethane	ND	12	
Bromomethane	ND	12	
Vinyl Chloride	ND	12	
Chloroethane	ND	12	
Trichlorofluoromethane	ND	12	
1,1-Dichloroethene	ND	12	
Methylene Chloride	8.8	12	J
trans-1,2-Dichloroethene	ND	12	
1,1-Dichloroethane	ND	12	
2,2-Dichloropropane	ND	12	
cis-1,2-Dichloroethene	ND	12	
Bromochloromethane	ND	12	
Chloroform	ND	12	
1,1,1-Trichloroethane	ND	12	
Carbon Tetrachloride	ND	12	
1,1-Dichloropropene	ND	12	
Benzene	ND	12	
1,2-Dichloroethane	ND	12	
Trichloroethene	ND	12	
1,2-Dichloropropane	ND	12	
Dibromomethane	ND	12	
Bromodichloromethane	ND	12	
Toluene	ND	12	
1,1,2-Trichloroethane	ND	12	
Tetrachloroethene	ND	12	

SOUND ANALYTICAL SERVICES, INC.

Volatile Organics by USEPA Method 8260 data for 65623-01 continued...

Analyte	Result (ug/kg)	PQL	Flags
1,3-Dichloropropane	ND	12	
Dibromochloromethane	ND	12	
1,2-Dibromoethane	ND	12	
Chlorobenzene	ND	12	
1,1,1,2-Tetrachloroethane	ND	12	
Ethylbenzene	ND	12	
m,p-Xylene	ND	23	
o-Xylene	ND	12	
Styrene	ND	12	
Bromoform	ND	12	
Isopropylbenzene	ND	12	
Bromobenzene	ND	12	
1,1,2,2-Tetrachloroethane	ND	12	
1,2,3-Trichloropropane	ND	12	
n-Propylbenzene	ND	12	
2-Chlorotoluene	ND	12	
4-Chlorotoluene	ND	12	
1,3,5-Trimethylbenzene	ND	12	
t-Butylbenzene	ND	12	
1,2,4-Trimethylbenzene	ND	12	
sec-Butylbenzene	ND	12	
1,3-Dichlorobenzene	ND	12	
1,4-Dichlorobenzene	ND	12	
4-Isopropyltoluene	ND	12	
1,2-Dichlorobenzene	ND	12	
n-Butylbenzene	ND	12	
1,2-Dibromo-3-chloropropane	ND	12	
1,2,4-Trichlorobenzene	ND	12	
Hexachlorobutadiene	ND	12	
Naphthalene	ND	12	
1,2,3-Trichlorobenzene	ND	12	

SOUND ANALYTICAL SERVICES, INC.

Client Name	Hanson Industries, Inc.
Client ID:	SOLID SAMPLE
Lab ID:	65623-01
Date Received:	6/23/97
Date Prepared:	6/30/97
Date Analyzed:	6/30/97
% Solids	85.16

Semivolatile Organics by USEPA Method 8270

Surrogate	% Recovery	Flags	Recovery Limits	
			Low	High
Nitrobenzene - d5	90		23	120
2 - Fluorobiphenyl	77		30	115
p - Terphenyl - d14	69		18	137
Phenol - d5	70		24	113
2 - Fluorophenol	93		25	121
2,4,6 - Tribromophenol	91		19	122

Sample results are on a dry weight basis.

Analyte	Result (ug/kg)	PQL	Flags
Phenol	ND	200	
bis(2-Chloroethyl)ether	ND	270	
2-Chlorophenol	ND	160	
1,3-Dichlorobenzene	ND	130	
1,4-Dichlorobenzene	ND	180	
Benzyl Alcohol	ND	430	
1,2-Dichlorobenzene	ND	120	
2-Methylphenol	ND	150	
bis(2-Chloroisopropyl)ether	ND	230	
3- & 4-Methylphenol	ND	190	
N-nitroso-di-n-propylamine	ND	160	
Hexachloroethane	ND	250	
Nitrobenzene	ND	370	
Isophorone	ND	180	
2-Nitrophenol	ND	120	
2,4-Dimethylphenol	ND	170	
Benzoic Acid	ND	390	
bis(2-Chloroethoxy)methane	ND	720	
2,4-Dichlorophenol	ND	310	
1,2,4-Trichlorobenzene	ND	170	
Naphthalene	460	190	
4-Chloroaniline	ND	280	
Hexachlorobutadiene	ND	200	
4-Chloro-3-methylphenol	ND	270	
2-Methylnaphthalene	700	160	
Hexachlorocyclopentadiene	ND	120	

SOUND ANALYTICAL SERVICES, INC.

Semivolatile Organics by USEPA Method 8270 data for 65623-01 continued...

Analyte	Result (ug/kg)	PQL	Flags
2,4,6-Trichlorophenol	ND	150	
2,4,5-Trichlorophenol	ND	200	
2-Chloronaphthalene	ND	79	
2-Nitroaniline	ND	190	
Dimethylphthalate	ND	120	
Acenaphthylene	ND	84	
2,6-Dinitrotoluene	ND	140	
3-Nitroaniline	ND	370	
Acenaphthene	ND	100	
2,4-Dinitrophenol	ND	710	
4-Nitrophenol	ND	500	
Dibenzofuran	150	150	J
2,4-Dinitrotoluene	ND	130	
Diethylphthalate	ND	140	
4-Chlorophenylphenylether	ND	170	
Fluorene	ND	110	
4-Nitroaniline	ND	190	
4,6-Dinitro-2-methylphenol	ND	390	
N-Nitrosodiphenylamine	ND	180	
4-Bromophenylphenylether	ND	150	
Hexachlorobenzene	ND	150	
Pentachlorophenol	ND	300	
Phenanthrene	260	170	
Anthracene	270	150	
Di-n-butylphthalate	130	290	J
Fluoranthene	ND	120	
Pyrene	ND	160	
Butylbenzylphthalate	ND	400	
3,3'-dichlorobenzidine	ND	200	
Benzo(a)anthracene	91	110	J
Chrysene	98	92	
bis(2-Ethylhexyl)phthalate	ND	120	
Di-n-octylphthalate	ND	100	
Benzo(b)fluoranthene	52	260	J
Benzo(k)fluoranthene	ND	210	
Benzo(a)pyrene	ND	120	
Indeno(1,2,3-cd)pyrene	ND	77	
Dibenz(a,h)anthracene	ND	130	
Benzo(g,h,i)perylene	ND	180	

SOUND ANALYTICAL SERVICES, INC.

Client Name	Hanson Industries, Inc.
Client ID:	SOLID SAMPLE
Lab ID:	65623-01
Date Received:	6/23/97
Date Prepared:	6/26/97
Date Analyzed:	6/26/97
% Solids	85.16

PCBs by USEPA Method 8080

Surrogate	% Recovery	Flags	Recovery Limits	
			Low	High
TCMX	98		50	150
Decachlorobiphenyl	98		50	150

Sample results are on a dry weight basis.

Analyte	Result (mg/kg)	PQL	Flags
Aroclor 1016	ND	0.11	
Aroclor 1221	ND	0.11	
Aroclor 1232	ND	0.11	
Aroclor 1242	ND	0.11	
Aroclor 1248	ND	0.11	
Aroclor 1254	ND	0.11	
Aroclor 1260	ND	0.11	
Aroclor 1262	ND	0.11	
Aroclor 1268	ND	0.11	

SOUND ANALYTICAL SERVICES, INC.

Client Name	Hanson Industries, Inc.
Client ID:	SOLID SAMPLE
Lab ID:	65623-01
Date Received:	6/23/97
Date Prepared:	6/25/97
Date Analyzed:	6/26/97
% Solids	85.16

Diesel by WTPH-D

Surrogate	% Recovery	Flags	Recovery Limits	
			Low	High
o-Terphenyl	99		50	150

Sample results are on a dry weight basis.

Analyte	Result (mg/kg)	PQL	Flags
Diesel (>nC12-nC24)	ND	29	

SOUND ANALYTICAL SERVICES, INC.

Client Name	Hanson Industries, Inc.
Client ID:	SOLID SAMPLE
Lab ID:	65623-01
Date Received:	6/23/97
Date Prepared:	6/25/97
Date Analyzed:	6/25/97
Dilution Factor	1
% Solids	85.16

Metals by ICP - USEPA Method 6010

Sample results are on a dry weight basis.

Analyte	Result (mg/kg)	PQL	Flags
Arsenic	ND	55	
Antimony	ND	55	
Beryllium	ND	0.55	
Cadmium	ND	5.5	
Chromium	7.4	1.1	
Copper	18	2.2	
Lead	17	5.5	
Nickel	6.1	4.4	
Selenium	ND	22	
Silver	ND	1.1	
Thallium	ND	22	
Zinc	27	2.2	

SPIRIT LAKE EAST WATER COMPANY
 SPL-W-06-1
 Water Testing Adjustment for Waivers

Type of Test	Frequency	Cost Per Test	Annualized/Normalized Cost Included Within Company's Application	Remove Cost of Tests Waived and Not Performed
Total Coliform Bacteria	Monthly / Water Source	\$ 12.00	\$ 144.00	
Nitrate	Annual / Water Source	16.00	16.00	
Nitrite	9 yrs / Water Source	15.00	1.67	
Sodium	3 Yrs / Water Source	9.00	3.00	
Arsenic	3 Yrs / Water Source	19.00	6.33	
Radionuclides	4 Yrs / Water Source	25.00	6.25	
IOC's (Asbestos)	3 Yrs / Water Source	250.00	83.33	
IOC's (Cyanide)	3 Yrs / Water Source	45.00	15.00	
SOC's	3 Yrs / Water Source	1,100.00	366.67	(366.67)
SOC Dioxin	3 Years	550.00	183.33	(183.33)
VOC's	6 Years	160.00	26.67	(26.67)
Lead & Copper	5 samples/3 years	20.00	33.33	
Total			\$ 885.58	\$ (576.67)

SOUND ANALYTICAL SERVICES, INC.

Client Name	Hanson Industries, Inc.
Client ID:	SOLID SAMPLE
Lab ID:	65623-01
Date Received:	6/23/97
Date Prepared:	6/25/97
Date Analyzed:	6/25/97
Dilution Factor	1
% Solids	85.16

Mercury by CVAA - USEPA Method 7471

Sample results are on a dry weight basis.

Analyte	Result (mg/kg)	PQL	Flags
Mercury	ND	0.11	

SOUND ANALYTICAL SERVICES, INC.

Lab ID:	Method Blank - VOL311
Date Received:	-
Date Prepared:	7/1/97
Date Analyzed:	7/1/97
% Solids	

Volatile Organics by USEPA Method 8260

Surrogate	% Recovery	Flags	Recovery Limits	
			Low	High
Dibromofluoromethane	102		67	121
Toluene-d8	103		74	118
4-Bromofluorobenzene	110		81	132

Sample results are on an as received basis.

Analyte	Result (ug/kg)	PQL	Flags
Dichlorodifluoromethane	ND	10	
Chloromethane	ND	10	
Bromomethane	ND	10	
Vinyl Chloride	ND	10	
Chloroethane	ND	10	
Trichlorofluoromethane	ND	10	
1,1-Dichloroethene	ND	10	
Methylene Chloride	ND	10	
trans-1,2-Dichloroethene	ND	10	
1,1-Dichloroethane	ND	10	
2,2-Dichloropropane	ND	10	
cis-1,2-Dichloroethene	ND	10	
Bromochloromethane	ND	10	
Chloroform	ND	10	
1,1,1-Trichloroethane	ND	10	
Carbon Tetrachloride	ND	10	
1,1-Dichloropropene	ND	10	
Benzene	ND	10	
1,2-Dichloroethane	ND	10	
Trichloroethene	ND	10	
1,2-Dichloropropane	ND	10	
Dibromomethane	ND	10	
Bromodichloromethane	ND	10	
Toluene	ND	10	
1,1,2-Trichloroethane	ND	10	
Tetrachloroethene	ND	10	

SOUND ANALYTICAL SERVICES, INC.

Volatile Organics by USEPA Method 8260 data for VOL311 continued...

Analyte	Result (ug/kg)	PQL	Flags
1,3-Dichloropropane	ND	10	
Dibromochloromethane	ND	10	
1,2-Dibromoethane	ND	10	
Chlorobenzene	ND	10	
1,1,1,2-Tetrachloroethane	ND	10	
Ethylbenzene	ND	10	
m,p-Xylene	ND	20	
o-Xylene	ND	10	
Styrene	ND	10	
Bromoform	ND	10	
Isopropylbenzene	ND	10	
Bromobenzene	ND	10	
1,1,1,2-Tetrachloroethane	ND	10	
1,2,3-Trichloropropane	ND	10	
n-Propylbenzene	ND	10	
2-Chlorotoluene	ND	10	
4-Chlorotoluene	ND	10	
1,3,5-Trimethylbenzene	ND	10	
t-Butylbenzene	ND	10	
1,2,4-Trimethylbenzene	ND	10	
sec-Butylbenzene	ND	10	
1,3-Dichlorobenzene	ND	10	
1,4-Dichlorobenzene	ND	10	
4-Isopropyltoluene	ND	10	
1,2-Dichlorobenzene	ND	10	
n-Butylbenzene	ND	10	
1,2-Dibromo-3-chloropropane	ND	10	
1,2,4-Trichlorobenzene	ND	10	
Hexachlorobutadiene	ND	10	
Naphthalene	ND	10	
1,2,3-Trichlorobenzene	ND	10	

SOUND ANALYTICAL SERVICES, INC.

Blank Spike/Blank Spike Duplicate Report

Lab ID: VOL311
Date Prepared: 7/1/97
Date Analyzed: 7/1/97
QC Batch ID: VOL311

Volatile Organics by USEPA Method 8260

Compound Name	Blank Result (ug/kg)	Spike Amount (ug/kg)	BS Result (ug/kg)	BS % Rec.	BSD Result (ug/kg)	BSD % Rec.	RPD	Flag
1,1-Dichloroethene	0	50	35.6	71.3	40.2	80.5	12	
Benzene	0	50	42.4	84.8	46.9	93.7	10	
Trichloroethene	0	50	44.5	89.1	52.2	104	15	
Toluene	0	50	46.5	93	52.7	105	12	
Chlorobenzene	0	50	45.5	90.9	51.2	102	12	

SOUND ANALYTICAL SERVICES, INC.

Lab ID:	Method Blank - SV1584
Date Received:	-
Date Prepared:	6/30/97
Date Analyzed:	6/30/97
% Solids	

Semivolatile Organics by USEPA Method 8270

Surrogate	% Recovery	Flags	Recovery Limits	
			Low	High
Nitrobenzene - d5	86		23	120
2 - Fluorobiphenyl	73		30	115
p - Terphenyl - d14	67		18	137
Phenol - d5	74		24	113
2 - Fluorophenol	99		25	121
2,4,6 - Tribromophenol	77		19	122

Sample results are on an as received basis.

Analyte	Result (ug/kg)	PQL	Flags
Phenol	ND	170	
bis(2-Chloroethyl)ether	ND	230	
2-Chlorophenol	ND	140	
1,3-Dichlorobenzene	ND	110	
1,4-Dichlorobenzene	ND	150	
Benzyl Alcohol	ND	360	
1,2-Dichlorobenzene	ND	100	
2-Methylphenol	ND	120	
bis(2-Chloroisopropyl)ether	ND	190	
3- & 4-Methylphenol	ND	160	
N-nitroso-di-n-propylamine	ND	130	
Hexachloroethane	ND	210	
Nitrobenzene	ND	310	
Isophorone	ND	150	
2-Nitrophenol	ND	100	
2,4-Dimethylphenol	ND	140	
Benzoic Acid	ND	330	
bis(2-Chloroethoxy)methane	ND	600	
2,4-Dichlorophenol	ND	260	
1,2,4-Trichlorobenzene	ND	140	
Naphthalene	ND	160	
4-Chloroaniline	ND	230	
Hexachlorobutadiene	ND	170	
4-Chloro-3-methylphenol	ND	230	
2-Methylnaphthalene	ND	130	
Hexachlorocyclopentadiene	ND	100	

SOUND ANALYTICAL SERVICES, INC.

Semivolatile Organics by USEPA Method 8270 data for SV1584 continued...

Analyte	Result (ug/kg)	PQL	Flags
2,4,6-Trichlorophenol	ND	120	
2,4,5-Trichlorophenol	ND	170	
2-Chloronaphthalene	ND	67	
2-Nitroaniline	ND	160	
Dimethylphthalate	ND	97	
Acenaphthylene	ND	71	
2,6-Dinitrotoluene	ND	120	
3-Nitroaniline	ND	310	
Acenaphthene	ND	85	
2,4-Dinitrophenol	ND	600	
4-Nitrophenol	ND	420	
Dibenzofuran	ND	130	
2,4-Dinitrotoluene	ND	110	
Diethylphthalate	ND	120	
4-Chlorophenylphenylether	ND	140	
Fluorene	ND	96	
4-Nitroaniline	ND	160	
4,6-Dinitro-2-methylphenol	ND	330	
N-Nitrosodiphenylamine	ND	150	
4-Bromophenylphenylether	ND	130	
Hexachlorobenzene	ND	120	
Pentachlorophenol	ND	260	
Phenanthrene	ND	140	
Anthracene	ND	130	
Di-n-butylphthalate	ND	250	
Fluoranthene	ND	97	
Pyrene	ND	130	
Butylbenzylphthalate	ND	340	
3,3'-dichlorobenzidine	ND	170	
Benzo(a)anthracene	ND	96	
Chrysene	ND	78	
bis(2-Ethylhexyl)phthalate	ND	100	
Di-n-octylphthalate	ND	87	
Benzo(b)fluoranthene	ND	220	
Benzo(k)fluoranthene	ND	170	
Benzo(a)pyrene	ND	100	
Indeno(1,2,3-cd)pyrene	ND	65	
Dibenz(a,h)anthracene	ND	110	
Benzo(g,h,i)perylene	ND	150	

SOUND ANALYTICAL SERVICES, INC.

Blank Spike Report

Lab ID: SV1584
Date Prepared: 6/30/97
Date Analyzed: 6/30/97
QC Batch ID: SV1584

Semivolatile Organics by USEPA Method 8270

Parameter Name	Blank Result (ug/kg)	Spike Amount (ug/kg)	BS Result (ug/kg)	BS % Rec.	Flag
Phenol	0	9900	8200	83	
2-Chlorophenol	0	9900	7700	78	
1,4-Dichlorobenzene	0	9900	9200	93	
N-nitroso-di-n-propylamine	0	9900	8600	87	
1,2,4-Trichlorobenzene	0	9900	8900	90	
4-Chloro-3-methylphenol	0	9900	10000	103	
Acenaphthene	0	9900	7600	77	
4-Nitrophenol	0	9900	8300	84	
2,4-Dinitrotoluene	0	9900	8300	84	
Pentachlorophenol	0	9900	7800	79	
Pyrene	0	9900	8500	86	

SOUND ANALYTICAL SERVICES, INC.

Matrix Spike/Matrix Spike Duplicate Report

Client Sample ID:	SOLID SAMPLE
Lab ID:	65623-01
Date Prepared:	6/30/97
Date Analyzed:	6/30/97
QC Batch ID:	SV1584

Semivolatile Organics by USEPA Method 8270

Compound Name	Sample Result (ug/kg)	Spike Amount (ug/kg)	MS Result (ug/kg)	MS % Rec.	MSD Result (ug/kg)	MSD % Rec.	RPD	Flag
Phenol	0	10700	8080	75.3	9610	83.2	10	
2-Chlorophenol	0	10700	7330	68.4	7970	69	0.87	
1,4-Dichlorobenzene	0	10700	8730	81.4	9740	84.4	3.6	
N-nitroso-di-n-propylamine	0	10700	8380	78.1	10200	88.5	12	
1,2,4-Trichlorobenzene	0	10700	8320	77.6	10700	92.5	18	
4-Chloro-3-methylphenol	0	10700	8730	81.4	9700	84	3.1	
Acenaphthene	0	10700	8870	82.7	8490	73.5	12	
4-Nitrophenol	0	10700	7330	68.3	7260	62.9	8.2	
2,4-Dinitrotoluene	0	10700	9710	90.6	9610	83.2	8.5	
Pentachlorophenol	0	10700	6250	58.3	7430	64.3	9.8	
Pyrene	0	10700	7980	74.4	9210	79.7	6.9	

SOUND ANALYTICAL SERVICES, INC.

Lab ID:	Method Blank - PCB947
Date Received:	-
Date Prepared:	6/26/97
Date Analyzed:	6/26/97
% Solids	100

PCBs by USEPA Method 8080

Surrogate	% Recovery	Flags	Recovery Limits	
			Low	High
TCMX	107		50	150
Decachlorobiphenyl	101		50	150

Sample results are on a dry weight basis.

Analyte	Result (mg/kg)	PQL	Flags
Aroclor 1016	ND	0.096	
Aroclor 1221	ND	0.096	
Aroclor 1232	ND	0.096	
Aroclor 1242	ND	0.096	
Aroclor 1248	ND	0.096	
Aroclor 1254	ND	0.096	
Aroclor 1260	ND	0.096	
Aroclor 1262	ND	0.096	
Aroclor 1268	ND	0.096	

SOUND ANALYTICAL SERVICES, INC.

Matrix Spike/Matrix Spike Duplicate Report

Client Sample ID:	SOLID SAMPLE
Lab ID:	65623-01
Date Prepared:	6/26/97
Date Analyzed:	6/26/97
QC Batch ID:	PCB947

PCBs by USEPA Method 8080

Compound Name	Sample Result (mg/kg)	Spike Amount (mg/kg)	MS Result (mg/kg)	MS % Rec.	MSD Result (mg/kg)	MSD % Rec.	RPD	Flag
Aroclor 1260	0	1.15	1.18	102	1.15	101	0.99	

SOUND ANALYTICAL SERVICES, INC.

Blank Spike/Blank Spike Duplicate Report

Lab ID: PCB947
Date Prepared: 6/26/97
Date Analyzed: 6/26/97
QC Batch ID: PCB947

PCBs by USEPA Method 8080

Compound Name	Blank Result (mg/kg)	Spike Amount (mg/kg)	BS Result (mg/kg)	BS % Rec.	BSD Result (mg/kg)	BSD % Rec.	RPD	Flag
Aroclor 1260	0	0.999	1.05	105	1	106	0.95	

SOUND ANALYTICAL SERVICES, INC.

Lab ID: Method Blank - D11242
Date Received: -
Date Prepared: 6/25/97
Date Analyzed: 6/27/97
% Solids

Diesel by WTPH-D

Surrogate	% Recovery	Flags	Recovery Limits	
			Low	High
o-Terphenyl	107		50	150

Sample results are on an as received basis.

Analyte	Result (mg/kg)	PQL	Flags
Diesel (>nC12-nC24)	ND	25	

SOUND ANALYTICAL SERVICES, INC.

Blank Spike Report

Lab ID: DI1242
Date Prepared: 6/25/97
Date Analyzed: 6/26/97
QC Batch ID: DI1242

Diesel by WTPH-D

Parameter Name	Blank Result (mg/kg)	Spike Amount (mg/kg)	BS Result (mg/kg)	BS % Rec.	Flag
Diesel (>nC12-nC24)	0	250	280	113	

SOUND ANALYTICAL SERVICES, INC.

Duplicate Report

Client Sample ID:	LOT #2
Lab ID:	65624-02
Date Prepared:	6/25/97
Date Analyzed:	6/26/97
QC Batch ID:	DI1242

Diesel by WTPH-D

Parameter Name	Sample Result (mg/kg)	Duplicate Result (mg/kg)	RPD %	Flag
Diesel (>nC12-nC24)	0	0	0.0	

SOUND ANALYTICAL SERVICES, INC.

Matrix Spike/Matrix Spike Duplicate Report

Client Sample ID:	LOT #2
Lab ID:	65624-02
Date Prepared:	6/25/97
Date Analyzed:	6/26/97
QC Batch ID:	D11242

Diesel by WTPH-D

Compound Name	Sample Result (mg/kg)	Spike Amount (mg/kg)	MS Result (mg/kg)	MS % Rec.	MSD Result (mg/kg)	MSD % Rec.	RPD	Flag
Diesel (>nC12-nC24)	0	291	222	76.2	244	81.2	6.4	

SOUND ANALYTICAL SERVICES, INC.

Lab ID:	Method Blank - S643
Date Received:	-
Date Prepared:	6/25/97
Date Analyzed:	6/25/97
Dilution Factor:	1

Metals by ICP - USEPA Method 6010

Sample results are on an as received basis.

Analyte	Result (mg/kg)	PQL	Flags
Arsenic	ND	20	
Antimony	ND	30	
Beryllium	ND	0.5	
Cadmium	ND	5	
Chromium	ND	1	
Copper	ND	2	
Lead	ND	5	
Nickel	ND	4	
Selenium	ND	20	
Silver	ND	1	
Thallium	ND	20	
Zinc	ND	2	

SOUND ANALYTICAL SERVICES, INC.

Duplicate Report

Client Sample ID:	SOLID SAMPLE
Lab ID:	65623-01
Date Prepared:	6/25/97
Date Analyzed:	6/25/97
QC Batch ID:	S643

Metals by ICP - USEPA Method 6010

Parameter Name	Sample Result (mg/kg)	Duplicate Result (mg/kg)	RPD %	Flag
Arsenic	0	0	0.0	
Antimony	0	0	0.0	
Beryllium	0	0	0.0	
Cadmium	0	0	0.0	
Chromium	7.4	6.6	11.0	
Copper	18	15	18.0	
Lead	17	14	19.0	
Nickel	6.1	4.7	26.0	
Selenium	0	0	0.0	
Silver	0	0	0.0	
Thallium	0	0	0.0	
Zinc	27	25	7.7	

SOUND ANALYTICAL SERVICES, INC.

Matrix Spike Report

Client Sample ID:	SOLID SAMPLE
Lab ID:	65623-01
Date Prepared:	6/25/97
Date Analyzed:	6/25/97
QC Batch ID:	S643

Metals by ICP - USEPA Method 6010

Parameter Name	Sample Result (mg/kg)	Spike Amount (mg/kg)	MS Result (mg/kg)	MS % Rec.	Flag
Arsenic	0	430	431	100	
Antimony	0	107	89.7	84	
Beryllium	0	10.7	10.4	97	
Cadmium	0	10.7	10.4	97	
Chromium	7.4	43	47.9	94	
Copper	18	53.7	66.9	91	
Lead	17	107	113	90	
Nickel	6.1	107	107	94	
Selenium	0	430	386	90	
Silver	0	10.7	7.52	70	X7
Thallium	0	430	351	82	
Zinc	27	107	127	94	

SOUND ANALYTICAL SERVICES, INC.

Blank Spike Report

Lab ID:	S643
Date Prepared:	6/25/97
Date Analyzed:	6/25/97
QC Batch ID:	S643

Metals by ICP - USEPA Method 6010

Parameter Name	Blank Result (mg/kg)	Spike Amount (mg/kg)	BS Result (mg/kg)	BS % Rec.	Flag
Silver	0	10	8.31	83	

SOUND ANALYTICAL SERVICES, INC.

Lab ID:	Method Blank - S498
Date Received:	-
Date Prepared:	6/25/97
Date Analyzed:	6/25/97
Dilution Factor	1

Mercury by CVAA - USEPA Method 7471

Sample results are on an as received basis.

Analyte	Result (mg/kg)	PQL	Flags
Mercury	ND	0.1	

SOUND ANALYTICAL SERVICES, INC.

Duplicate Report

Client Sample ID: B-12A
Lab ID: 65563-01
Date Prepared: 6/25/97
Date Analyzed: 6/25/97
QC Batch ID: S498

Mercury by CVAA - USEPA Method 7471

Parameter Name	Sample Result (mg/kg)	Duplicate Result (mg/kg)	RPD %	Flag
Mercury	0	0	0.0	

SOUND ANALYTICAL SERVICES, INC.

Matrix Spike Report

Client Sample ID: B-12A
Lab ID: 65563-01
Date Prepared: 6/25/97
Date Analyzed: 6/25/97
QC Batch ID: S498

Mercury by CVAA - USEPA Method 7471

Parameter Name	Sample Result (mg/kg)	Spike Amount (mg/kg)	MS Result (mg/kg)	MS % Rec.	Flag
Mercury	0	0.754	0.76	101	

COST

IOC - ASBESTOS	250.00 No monitoring 2002-2010 Waiver renewal due 2011
IOC - CYANIDE Accurate Testing Lab said this is normally waived for this area	45.00 No monitoring 2002-2010 Waiver renewal due 2011
VOC	160.00 Every 6 years Waiver renewal due 2008
SOC 9 levels of testing: price is up to 1095 depending on level they determine we need to test to	1,095.00 No monitoring 2005-2007 Waiver renewal due 2007
SOC - DIOXIN Accurate Testing Lab said this is normally waived for this area	550.00 No monitoring due 2005-2007 Waiver renewal due 2007

Spirit Lake East Water Company - Testing Summary

Test	Frequency	Last Performed	Cost	Next Required
Coliform	Monthly	Current	14.00	
Nitrate	Yearly	3/7/2006	15.00	2006
Inorganics	9 year period	10/29/2001	270.00	2002-2010
Arsenic	3 year period	2/10/2005	20.00	2005-2007
Fluoride	9 year period	Unknown	15.00	2002-2010
Uranium	6 year period	Unknown	55.00	2008-2013
Radium 228	3 year period	7/15/2003	82.20	2008-2010
Radium 226	3 year period	3/19/2002	151.00	2008-2010
Gross Alpha	6 year period	3/19/2002		2008-2013
Lead and Copper	3 year period	9/28/2004	100.00	2005-2007
TTHN/HAA5	3 year period	8/14/2004	250.00	2005-2007

We have a waiver for 2005-2007 for some of the more expensive tests. The represent a savings of approx \$1600. I'm not sure if we can get another waiver after 2007 or not. 1,600.00

PROPOSAL

PROPOSAL SUBMITTED TO:	DESCRIPTION OF JOB:
Ydansen Industries Inc.	JOB: Meter Set
15807 E. Indiana Ave.	ADDRESS: Spirit Lake East Water Assoc.
Spokane Wash	CITY: Spirit Lake ST. Ad ZIP: 838
99216	PHONE: 509-838-5929
	DATE: 2-7-07

BOMAR CONSTRUCTION & LOGGING HEREBY SUBMITS SPECIFICATIONS AND ESTIMATES FOR Meter Set hot top.

1) Back-hoe Mobilization Fee \$100. ⁰⁰ 2) Back-hoe 8 hrs \$600. ⁰⁰ 3) Roller Mobilization \$100. ⁰⁰ 4) Roller 8 hrs \$600. ⁰⁰ 5) Solara 8 hrs \$160. ⁰⁰	6) Service truck \$65. ⁰⁰ 7) Boxes, meter loop, Meter pipe + Fittings etc \$750. ⁰⁰ 8) Delivery from consolidated Supply \$125. ⁰⁰
--	---

EXCLUDES:
 Tree Removal, Stumps, permit, Dumptruck, Bedding Sand, Asphalt patch.

BOMAR CONSTRUCTION & LOGGING HEREBY PROPOSES TO FURNISH LABOR AND MATERIALS COMPLETE IN ACCORDANCE WITH THE ABOVE SPECIFICATIONS, FOR THE SUM OF \$ 2500.⁰⁰ WITH PAYMENT TO BE MADE AS FOLLOWS: PROGRESS PAYMENTS + BALANCE ON COMPLETION.

ALL MATERIAL IS GUARANTEED TO BE AS SPECIFIED. ALL WORK IS TO BE COMPLETED IN A WORKMANLIKE MANNER ACCORDING TO STANDARD PRACTICES. ANY ALTERATION OR DEVIATION FROM ABOVE SPECIFICATIONS INVOLVING EXTRA COSTS WILL BE EXECUTED ONLY UPON WRITTEN ORDERS, AND WILL BECOME AN EXTRA CHARGE OVER AND ABOVE THE ESTIMATE. ALL AGREEMENTS CONTINGENT UPON STRIKES, ACCIDENTS OR DELAYS BEYOND OUR CONTROL. OWNER TO CARRY FIRE, TORNADO AND OTHER NECESSARY INSURANCE.	AUTHORIZED SIGNATURE: <u>Rick J. Bomar</u> NOTE: THIS PROPOSAL MAY BE WITHDRAWN BY US IF NOT ACCEPTED WITHIN 30 DAYS.
---	---

ACCEPTANCE OF PROPOSAL : THE ABOVE PRICES, SPECIFICATIONS AND CONDITIONS ARE SATISFACTORY AND ARE HEREBY ACCEPTED. YOU ARE AUTHORIZED TO DO THE WORK AS SPECIFIED. PAYMENT WILL BE MADE AS OUTLINED ABOVE.

SIGNATURE Bomar Const + Logg Inc DATE 2-7-07
 SIGNATURE _____ DATE _____

EXHIBIT
19

INVOICE

Consolidated Supply Co.
 P.O. Box 5788
 Portland, OR 97228

INVOICE DATE	INVOICE NUMBER
09/01/06	S3972663.001
PLEASE REMIT PAYMENT TO:	
CONSOLIDATED SUPPLY PO BOX 5788 PORTLAND OR 97228-5788	

QUESTIONS ON THIS INVOICE
 208-762-2568

1451 1 MB 0.326 E0287 10552 D24350301 P133052 0002:0002

SHIP TO:



HANSON INDUSTRIES
 15807 E INDIANA AVE
 SPOKANE VALLEY WA 99216-1864

HANSON INDUSTRIES
 15807 E INDIANA AVE
 SPOKANE WA 99216

CUSTOMER NUMBER	CUSTOMER ORDER NUMBER	ORDERED BY	SALESPERSON		HOME BRANCH
116876	spirit lake		Steve Jordan - CDA		14
ORDER WRITER	SHIP VIA	SHIP DATE	ORDER DATE	SHIP BRANCH	
Steve Jordan - CDA	WCN WC NOW	09/01/06	09/01/06	14	
DESCRIPTION	ITEM NUMBER	QTY SHIP	U/M	NET UNIT PRC	NET AMOUNT
1"X36" GAL. STEEL NIPPLE	8007	2	ea	7.125	14.25
1" 4644B FIPT X METER SWIVEL NUT ANGLE METER BALL VALVE AY MCDONALD	269905	1	ea	50.86	50.86
1" 02-4HE-54 MTR SWIVEL NUT W/ SUPPORT X FIPT SINGLE CHECK ANGLE VALVE AY MCDONALD	243133	1	ea	27.64	27.64
BADGER 1" M70 ENVIRO-BRASS, SP-BM70ENVIRO, CU FT ** This is a special order item **	846730	1	ea	175.773	175.77
AY 18-G4 1" METER WASHER	160042	2	ea	0.294	0.59
MID-STATES 13"X24"X12" POLYE METER BOX BODY MSBCF1324-12XL	210106	1	ea	46.838	46.84
MID-STATES 13"X24"X18" POLYE METER BOX BODY MSBCF1324-18XL	204864	2	ea	59.496	118.99
MID-STATES 13"X24" DI METER BOX COVER W/DI READER LID MSCBC-1324-R	210112	1	ea	53.591	53.59
OATEY 31233 32 OZ GREAT WHITE PIPE DOPE W/TEFLON	238274	1	ea	18.173	18.17
1"X100' IPS 200 PSI POLYE PIPE	12601	100	ft	0.526	52.60
EXPENSE CODE _____ APPROVAL <i>JRR</i>					
Invoice is due by 10/31/06.					
SUBTOTAL					777.58
FREIGHT					
SALES TAX					38.88
AMOUNT DUE					816.46

APPROVAL *Rick Norman*

INVOICE

INVOICE DATE	INVOICE NUMBER
09/01/06	S3972663.001
PLEASE REMIT PAYMENT TO:	
CONSOLIDATED SUPPLY PO BOX 5788 PORTLAND OR 97228-5788	



Consolidated Supply Co.
 P.O. Box 5788
 Portland, OR 97228

QUESTIONS ON THIS INVOICE
 208-762-2568

14511MB 0.376 EQ2B7X 10551 D24350300 P133052 0001.0002

SHIP TO:



HANSON INDUSTRIES
 15807 E INDIANA AVE
 SPOKANE VALLEY WA 99216-1864

HANSON INDUSTRIES
 15807 E INDIANA AVE
 SPOKANE WA 99216

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116876	spirit lake		Steve Jordan - CDA		14
ORDER WRITER	SHIP VIA	SHIP DATE	ORDER DATE	SHIP BRANCH	
Steve Jordan - CDA	WCN WC NOW	09/01/06	09/01/06	14	
DESCRIPTION	ITEM NUMBER	QTY SHIP	U/M	NET UNIT PRG	NET AMOUNT
1"IPS X 1-1/2" & 2"IPS HOT TAP SADDLE ** This is a special order item **	159773	1	ea	86.625	86.63
1-1/2"X1" S40 PVC SPCXF BUSHING	255	1	ea	0.736	0.74
1"X3" GAL STEEL NIPPLE	10450	1	ea	1.247	1.25
1" 6101 FIP X FIP BALL CURB VALVE AY MCDONALD	160058	1	ea	62.103	62.10
1" 4753-30 IPS COMP X MIPT ADAPTER CPLGS AY MCDONALD	236000	1	ea	19.338	19.34
1" IPS 6136 STIFFENER AY MCDONALD (SAME AS 6133T 1-1/4" CTS)	160917	1	ea	2.022	2.02
1" 4754-30 IPS COMP X FIPT ADAPTER CPLG AY MCDONALD	236033	1	ea	16.647	16.65
1" IPS 6136 STIFFENER AY MCDONALD (SAME AS 6133T 1-1/4" CTS)	160917	1	ea	2.022	2.02
1"X24" GAL STEEL NIPPLE	2241	2	ea	9.974	19.95
1" GAL MI CAP DOMESTIC	22311	1	ea	2.236	2.24
1" GAL MI 90 DOMESTIC	14495	2	ea	2.671	5.34

Invoice is due by 10/31/06.

REC'D
 Rick-Boomer
 REC

SUBTOTAL	
FREIGHT	
SALES TAX	
AMOUNT DUE	

Hanson Industries Inc
 ACCOUNT NUMBER: 1309191
 STATEMENT DATE: 01/16/07

PREVIOUS BALANCE
 PAYMENT(S) - THANK YOU
 ELECTRIC CHARGES
 AMOUNT DUE

1,518.32CR
 1,445.66
 1,445.66

Visit Kootenai Electric Co-op on the World Wide Web at: www.kec.com

DESCRIPTION	PREVIOUS READING	CURRENT READING	MULTIPLIER	DAYS/CHARGE	AMOUNT
METER # 6224889	12/08/06	01/08/07	3 PUMPS	31 DAYS	
REG COMM KWH	18306	18877	40.00	22840	1,119.16
KW DEMAND		2.4	40.00	96	126.50
FACILITY CHARGE					200.00
TOTAL FOR SERVICE: Coeur d'Alene Dr 901022					1,445.66
YOUR OPERATION ROUNDUP CONTRIBUTION 2006 WAS \$4.48 . THANK YOU!					

AVERAGE TEMPERATURE PER DAY
 METER # 6224889
 CURRENT 31F
 1 YEAR AGO 30F
 737 KWH
 1012 KWH

151 W. Dakota Ave. • P.O. Box 278 • Hayden, Idaho 83835-0278 • (208) 765-1200 • Fax: (208) 772-9674 • (800) 240-0459  Kootenai Electric
 102 - 8535 - 8571

EXHIBIT
 20

Spirit Lake East Electric Costs

Billed Per Electric Bills

Electricity - Spirit Lake East Water Company	2003			2004			2005			? Does Col F Equal Col N?
	KW Demand	Demand Charges	Kwh Consumption	Kwh Charges	Taxes	Other Charges	Bill Total			
4-Nov (11010) Kootenai Electric Corp.	110.00	350.00	20440	858.48	0.52	1,208.48	TRUE			
4-Dec (11010) Kootenai Electric Corp.	91.60	304.00	20680	868.56	0.92	1,174.00	TRUE			
5-Jan (11010) Kootenai Electric Corp.	91.60	304.00	21280	893.76	0.24	1,198.00	TRUE			
5-Feb (11010) Kootenai Electric Corp.	91.60	304.00	21680	910.56	0.44	1,215.00	TRUE			
5-Mar (11010) Kootenai Electric Corp.	91.60	304.00	23120	971.04	12.96	1,288.00	TRUE			
5-Apr (11010) Kootenai Electric Corp.	91.60	304.00	26040	1093.68	0.32	1,398.00	TRUE			
5-May (11010) Kootenai Electric Corp.	92.00	305.00	22360	939.12	0.88	1,245.00	TRUE			
5-Jun (11010) Kootenai Electric Corp.	92.40	306.00	24960	1048.32	0.68	1,355.00	TRUE			
5-Jul (11010) Kootenai Electric Corp.	92.80	307.00	28640	1202.88	0.12	1,509.88	TRUE			
5-Aug (11010) Kootenai Electric Corp.	97.20	318.00	37280	1565.76	0.84	1,726.00	TRUE			
5-Sep (11010) Kootenai Electric Corp.	97.60	319.00	33480	1406.16	0.84	1,726.00	TRUE			
5-Oct (11010) Kootenai Electric Corp.	92.80	307.00	25280	1,061.76	0.24	1,369.00	TRUE			
				3,732.00		12820.08	18.16	16,570.24		

Spirit Lake East Water Co.
 Recalculated Electric Expense Per Staff Adjustmet
 With Rate Increase Effective September 2006
 Test Year 2005

2005 Old Demand Charges	KW Demand	first 50 KW	Excess	Excess @ 2.50	Total Demand	2006 New Demand	Excess @2.75	Total Demand	Increased Cost
4-Nov	110.00	\$ 200.00	60.00	\$ 150	\$ 350.00	\$ 200.00	\$ 165.00	\$ 365.00	\$ 15.00
4-Dec	91.60	\$ 200.00	41.60	\$ 104	\$ 304.00	\$ 200.00	\$ 114.40	\$ 314.40	\$ 10.40
5-Jan	91.60	\$ 200.00	41.60	\$ 104	\$ 304.00	\$ 200.00	\$ 114.40	\$ 314.40	\$ 10.40
5-Feb	91.60	\$ 200.00	41.60	\$ 104	\$ 304.00	\$ 200.00	\$ 114.40	\$ 314.40	\$ 10.40
5-Mar	91.60	\$ 200.00	41.60	\$ 104	\$ 304.00	\$ 200.00	\$ 114.40	\$ 314.40	\$ 10.40
5-Apr	91.60	\$ 200.00	41.60	\$ 104	\$ 304.00	\$ 200.00	\$ 114.40	\$ 314.40	\$ 10.40
5-May	92.00	\$ 200.00	42.00	\$ 105	\$ 305.00	\$ 200.00	\$ 115.50	\$ 315.50	\$ 10.50
5-Jun	92.40	\$ 200.00	42.40	\$ 106	\$ 306.00	\$ 200.00	\$ 116.60	\$ 316.60	\$ 10.60
5-Jul	92.80	\$ 200.00	42.80	\$ 107	\$ 307.00	\$ 200.00	\$ 117.70	\$ 317.70	\$ 10.70
5-Aug	97.20	\$ 200.00	47.20	\$ 118	\$ 318.00	\$ 200.00	\$ 129.80	\$ 329.80	\$ 11.80
5-Sep	97.60	\$ 200.00	47.60	\$ 119	\$ 319.00	\$ 200.00	\$ 130.90	\$ 330.90	\$ 11.90
5-Oct	92.80	\$ 200.00	42.80	\$ 107	\$ 307.00	\$ 200.00	\$ 117.70	\$ 317.70	\$ 10.70

Increased Demand Charges \$ 133.20

\$ 1,332 \$ 3,732.00

\$ 2,400.00

Increased Energy Charges
 \$ 64.39
 \$ 65.14
 \$ 67.03
 \$ 68.29
 \$ 72.83
 \$ 82.03
 \$ 70.43
 \$ 78.62
 \$ 90.22
 \$ 117.43
 \$ 105.46
 \$ 79.63

New Rate Kwh @ 45% Cost @
 9198 \$0.049
 9306 450.702
 9576 455.994
 9756 469.224
 10404 478.044
 11718 509.796
 12888 574.182
 16776 493.038
 15066 550.368
 11376 631.512
 11376 822.024
 11376 738.234
 11376 557.424

Cost @ \$0.042/Kwh
 9198 386.316
 9306 390.852
 9576 402.192
 9756 409.752
 10404 436.968
 11718 492.156
 12888 422.604
 16776 471.744
 15066 541.296
 11376 704.592
 11376 632.772
 11376 477.792

27-Jun Old Energy Charges
 4-Nov
 4-Dec
 5-Jan
 5-Feb
 5-Mar
 5-Apr
 5-May
 5-Jun
 5-Jul
 5-Aug
 5-Sep
 5-Oct

Per Staff Kwh @ 45%

Increased Energy Charges
 Increased Demand Charges
 Total Increased Electric Cost W/Staff Adjustment

Increased Energy Charges
 Increased Demand Charges
 Total Increased Electric Cost W/Staff Adjustment

Add Adjustment to Staff calculation of "Adjustment "F" to input revenues and expense for customers added
 Staff Adj 158
 KEC Inc 16%
 Adj to Staff 25.28

Total Adj to Staff Exhibit

Total Adj to Staff Exhibit

\$ 1,119.99