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Jean Jewell

From: rvspirit@earthlink.net
Sent: Thursday, November 09, 2006 7:08 AM
To: Tonya Clark; Jean Jewell; Gene Fadness
Subject: PUC Comment/Inquiry Form

A Comment from Richard C. Hernandez follows:

Case Number: SPL-W-06-01
Name: Richard C. Hernandez
Address: 5525 W. Coeur d'Alene Dr.
City: Spirit Lake
State: ID
Zip: 83869
Home Telephone: 208--623-2823
Contact E-Mail: rvspirit@earthlink.net
Name of Utility Company: Spirit Lake East Water Co.
Add to Mailing List: yes

Please describe your question or comment briefly:

1. It appears based on the Accounting presentation to the property owners by IPUC, Hanson requested 'increase in revenue' through a reverse process. It seems he establish the amount he wants first, then developed the numbers to fit.
2. It also appears Hanson has been depreciating his facility for many years as 'Depreciating Expense,' as was explained the night of the workshop, yet we have not seen any improvements to our water system since day one, other than through repairs in a crisis situation.
3. The proposed cost increase to hook-up new water to a lot for \$2,500 is outrageous. IPUC may ask contractors to bid on new hook-ups and find that \$2,500 is not enough. That is because, they know the State is asking for a bid and will bid it up. However, you get a local contractor not looking for 'Davis Bacon' wages and he'll give you a more reasonable bid.
4. There are a number of retired folks on fixed incomes that live in this rural subdivision and are not very willing to pay 'reasonable price increase' for many things, but when some utilities request more money and some request near 100% increase, this does nothing more than strip more money than they get through COLA's. We find more older folks selling out in this area because taxes have increase soo much, they can't afford it any longer. Now they look forward to a water increase? IPUC needs to be fair to all people, not just the folks that are still working and to companies that constantly requesting increases.
5. I suggest that Hanson, or for that matter any company that operates Spirit Lake East Water Co. charge fees to costumers for actual water used. Not just a flat rate, because most costumers do not use the minimum of 9,000 gallons per month. The water system pumps are not on line as much, therefore, less wear and tear on the system. But it appears Hanson may not accept a pay for what you use system simply because he gets more money on a flat rate system. It seems like we are constantly screwing the old folks! Money seems to be the name of his game.

Would IPUC please consider the older retired folks on fixed income.

6. IPUC's public notice of this meeting (workshop) was almost a complete desaster. Out of 356 property owners in Spirit Lake East and Treeport that are served by Spirit Lake East Water Co., about 20 or less property owners were present. By most measures, public notice was a failure. When the State ITD submits a public notice, they pay the news media to ensure the public is notified. If your not going to pay the news media, then you should mail a letter of notice to each property owner to ensure proper coverage.

Because of a major lack of property owners present at this meeting, I recommend that

another workshop be scheduled, giving due delements to property owner notification. This should be a necessary next step before the IPUC Commissioners decide on this case or move on to a public hearing.

The form submitted on <http://www.puc.idaho.gov/forms/ipuc/ipuc.html>
IP address is 4.242.138.108

✓ Gen Ark
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✓ To AV.

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E H

Jean Jewell

From: TShrigley@aol.com
Sent: Thursday, November 09, 2006 5:27 AM
To: Tonya Clark; Jean Jewell; Gene Fadness
Subject: PUC Comment/Inquiry Form

A Comment from Ralph Shrigley follows:

Case Number: SPL-W-06-01
Name: Ralph Shrigley
Address: 32734 N. Hayden Drive
City: Spirit Lake
State: ID
Zip: 83869
Home Telephone: (208) 623-2671
Contact E-Mail: TShrigley@aol.com
Name of Utility Company: Spirit Lake East Water Co.
Add to Mailing List: yes

Please describe your question or comment briefly:

The following comments summarize remarks I made at a PUC-hosted Workshop held 11/9/06 in Spirit Lake on the referenced Rate Case. Some points were raised in an earlier written comment from me.

Some of the installed water mains in Spirit Lake East are approaching 30 years of age. Depending on the source of information, PVC water mains of the type used by Spirit Lake East Water Co. (SLEWCO) have a useful life of between 30 to 60 years. The higher lifespan is more likely if the line is bedded in fine gravel and/or sand. Anecdotal evidence indicates SLEWCO's water mains were merely bedded with pit run, leading me to believe the useful life may run more toward the shorter end of the range.

Over the course of the 23 years since SLEWCO was established the water mains have been fully depreciated. These depreciation expenses have provided valuable tax benefits to the company's parent corporation, Hanson Industries. During this same timeframe, SLEWCO has failed to establish a capital reserve account to provide for the eventual replacement of the water mains. While SLEWCO has received significant financial support over the past two years from its parent company, this has taken place only after years of warnings from the Idaho Department of Environmental Quality (DEQ) concerning underinvestment and a major system failure requiring nearly two weeks to repair. Even then systemic corrective actions were only undertaken at the insistence of DEQ following decertification of the system.

While the condition of the system's infrastructure is certainly better in November 2006 than it was in October 2004 (the time of the system failure), SLEWCO's application for rate increase makes no provision for correcting the most important factor leading to the system failure -- underinvestment. The application contains no recognition of a requirement to provide for future line or equipment replacement, and in fact states quite clearly that SLEWCO's parent company, Hanson Industries, will no longer financially support SLEWCO's operations.

The historical success of the Spirit Lake East and Treeport developments by Hanson Industries was only possible because of the existence of the water company that has become SLEWCO. While I well understand the legal, business and financial considerations that would prompt the establishment of SLEWCO as a separate company, one must also recognize the obvious -- Hanson Industries has benefitted significantly from the appreciation of land values and the tax benefits made possible by SLEWCO's operation.

I find the lack of any apparent consideration for future system repair/replacement in the application to be inappropriate and outside the bounds of what I consider prudent business practice. When coupled by a clear statement that SLEWCO's parent corporation (which has benefitted significantly from SLEWCO's operations), will no longer provide financial support, I become alarmed.

I urge the Commission to establish certain conditions that must be met by SLEWCO prior to approval of the Application.

1. SLEWCO must provide to the Commission an assessment of remaining useful life of system components. This should be based on an analysis by a properly licensed engineer.
2. Based on the above assessment, SLEWCO must prepare and submit a plan, approved by DEQ, that provides specific milestones (including financial) for system renewal.
3. After acceptance of the system renewal plan, SLEWCO must commit to funding a capital reserve account through a combination of capital infusion from its parent and sequestered funds from operations to fund the plan.

Meeting the above requirements would transform SLEWCO into a 'real' company, as though it was being operated with a goal of providing a safe, sustainable water supply to Spirit Lake East and Treeport. As currently organized SLEWCO is little more than a shell.

Given the above actions, I would be pleased to support the rate increase to a base of \$24 per month.

The form submitted on <http://www.puc.idaho.gov/forms/ipuc/ipuc.html>
IP address is 207.200.116.203

✓ Gen Ask sent 11/9/06
✓ To Comm. 3 H
Jean Jewell

From: ggj987@verizon.net
Sent: Thursday, November 09, 2006 4:09 AM
To: Tonya Clark; Jean Jewell; Gene Fadness
Subject: PUC Comment/Inquiry Form

A Comment from Gail Johnson follows:

Case Number: SPL-W-06-0I
Name: Gail Johnson
Address: 16354 W. Coeur d'Alene Dr.
City: Spirit Lake
State: ID
Zip: 83869
Home Telephone: 208-623-6517
Contact E-Mail: ggj987@verizon.net
Name of Utility Company: Spirit Lake East Water Company
Add to Mailing List: no

Please describe your question or comment briefly:

After attending the workshop last night, I have several comments.

1. As I said last night, I am not convinced that the company has done a good job of collecting the revenue due from customers. My husband and I moved here in October 2004. At that time, the previous owner, Brian Olson, told us that water was from a community well through the homeowners association and that there was no need to notify anyone. We did not contact SLE Water until the first quarter of 2005. At that time, the person we talked to seemed unsure what to do and decided to ignore the non-payment for Nov and Dec 2004 and bill us for the minimum for the first quarter since they hadn't read the meter. It would be interesting to know if there are many people who have never paid for water service. I understand that they were unable to provide the homeowner's association with a list of customers--perhaps this is why.
2. Our water pressure theoretically meets the minimum requirement of 20psi. However, that is really poor service. It makes a spray attachment on a kitchen sink useless much of the time. It often makes other water use slow. The company has shown no interest in the quality of service or product. They meet only the minimum standards. Perhaps they should not be in a business that deals with a commodity so important to the health and well being of their customers.
3. Please hold public hearings or another workshop. Many people in SLE and Treeport did not know about the meeting on November 8. While there was a very useful exchange of information, there were many who did not get to express their concerns or raise issues. A hearing would also allow the commission to see for themselves the level of frustration we have with this company. Also, many people in this area seem to be reluctant to write letters about their concerns. They will speak up in a meeting or sign a petition, but they do not write.
4. The company has stated that Hanson Industries will no longer subsidize the water company. First, I am not convinced that in the long term there has been a subsidy. Instead, Hanson Industries managed the water company for their own benefit, taking the water payments and putting as little as possible back into the company instead of managing the company to make it independent and viable in the long term. The subsidies were required because their negligence resulted in the company having no funds to replace the pump in October 2004 and make the mandated repairs when the DEQ discovered the dilapidated state of the equipment and reservoir.
5. Backflow preventers are not installed on new connections. They are installed only if the homeowner understands the requirement and contacts the company. This may meet state requirements, but it is not good management. It is all too easy for a homeowner who is ignorant of the need to compromise our water quality. Punishing them by cutting off their water if the problem is detected doesn't prevent the risk to customers now. Sixty nine dollars is not that big an investment.
6. They say that they monitor the chlorine daily, but there are still times when the water is not fit to drink. At least twice in the last month or two, I have started to drink water and found the taste intolerable. This was NOT when they were cleaning the reservoir.
7. There are many residents of SLE and Treeport who are new to the area. My husband and I

arrived just in time to be affected by the water problems (except the 10 day outage) and the constant hassles and meetings. We did not benefit from the low cost of water since 1994. I believe the company was negligent in not doing the repairs and maintenance that was needed over the years and asking for rate increases to cover them. Instead of seeing the long period since the last rate increase as a reason to grant the current request, I see it as evidence of poor management. Had they made the repairs when they were needed, the repairs would have cost less and new equipment, etc would have been depreciated by now. Had they asked for proper rates in the past and managed the company, there would be funds available now for needed repairs and upgrades. A 100% increase would not be necessary. Why should I have to pay higher rates now because the company was not properly managed. To be fair, Hanson industries should absorb the costs created by their poor management, put the company on a stable footing with a maintenance reserve fund and then come back and ask for a fair rate increase.

Thank you for your attention and for the most useful meeting on November 8.

The form submitted on <http://www.puc.idaho.gov/forms/ipuc/ipuc.html>
IP address is 71.161.13.126
