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From: Bill and Carla Strane
Lot 60, Spirit Lake East Subdivision

IDAHO PUBLIC
UTILITIES COMMISSION

To: Idaho Public Utilities Commission

Re: Case No. SPL-W-06-1
Spirit Lake East Water Company request for increase

We are responding to the request for comments regarding the request for a 100% increase of water rates in the Spirit Lake East Subdivision by Spirit Lake East Water Company, a company under the umbrella of Hansen Industries.

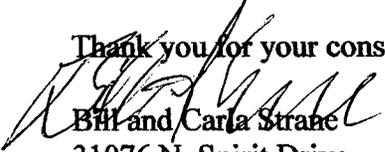
1. Spirit Lake East Water has owned this system for nearly thirty years. They have merely maintained their system with no money going to upgrades or major repairs. The number of homes the system is required to serve has increased tremendously in the past ten years with no upgrades to keep up with growth.
2. In October 2004, the SLE water system had a major break down which caused the homeowners a 10-day catastrophic ordeal without water, endangering the residents in our community. There was no back-up equipment for the SLE system and as a result a pump had to be ordered. After four or five days the community was advised the wrong pump had been ordered, returned and another pump re-ordered. The water reservoir had a leak in it, which allowed the tank to store less than half its capacity. In addition, there was no back up generator in case of power outages. As a result of our call to the Department of Environmental Quality during the outage, SLE Water was required to make the repairs and fix several other items, which did not meet DEQ standards.
3. DEQ requires self-reporting on all outages, which result in 20psi or less. This requirement is to protect consumers from an outbreak of e-coli bacteria. To the best of our knowledge, according to DEQ personnel, until October 2004 SLE Water had never reported any of the many outages that occurred due to power failure. In 1998 they had a three day outage, also not reported.
4. Spirit Lake East Water is requesting a 100% increase to recoup the costs required to meet standards set by DEQ. Please note this rate increase request has nothing to do about upgrades to their water system, but is designed to pay for repairs on the existing system. Had the system been maintained to standards over these past thirty years, their costs would not have been as great.
5. SLE Water has been reporting a loss in certain annual reports. We have requested PUC auditors look at these reports, which show employee costs for maintenance and clerical. We are concerned whether these employees are full or part time SLE Water.

We have lived in Spirit Lake East for 10 years and have been concerned about the maintenance of the water system. Now that there are many more homes on the SLE water system our concerns have grown even greater. For Spirit Lake East Water to ask

for a 100% increase in our rates when they have failed to provide proper upkeep to their system until forced to by the DEQ, seems exorbitant to us. Had they made appropriate upgrades a bit at a time and maintained the system to its highest standard, their costs would not have been so great when forced to meet standards. Now they are asking us as consumers to replace their lost revenue for repairs which should have been a part of maintaining the system these past 30 years.

Please look hard and long at Spirit Lake East Water's history of performance in their service to their consumers before granting any type of increase.

Thank you for your consideration.


Bill and Carla Strane
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