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33588 North West Kelso Drive
Spirit Lake Idaho 83869

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2007 FEB 14 AM 8:18

Tel.(208) 623-3244

February 12, 2007

IDAHO PUBLIC
UTILITIES COMMISSION

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

RE: CASE NO. SPL-W-06-01

Dear Sir or Madam:

I believe the attached enclosure will reaffirm my opinion regarding the Notice of Public Hearing on the above application of the Spirit Lake East Water Company on February 28, 2007 at the Spirit Lake Elementary School at 1800 hours.

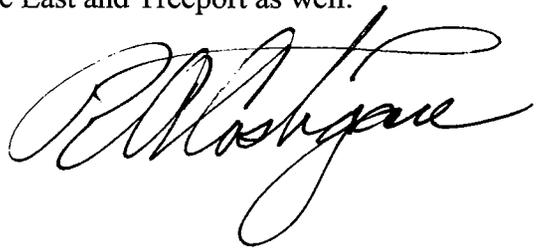
Following years of benign neglect on the part of County, State and Federal agencies to gently guide a company into the path of compliance, we are now met with a crisis situation in which said agencies may now impose conditions which impel said Company to remove itself from the management position it now occupies.

Possibly in the higher plane in which said agencies move the Company's request is only a minor consideration. After witnessing the benign neglect of said agencies for the past 29 years, the contemplation that Spirit Lake East Water Company (R.A.Hanson, Hanson Industries Et Al) may feel compelled to abandon said water Company to the tender mercy of said agencies and devote their efforts to future improvements in the Spokane Area. Not a pretty picture for a resident without any water rights.

We are not simply addressing the topic of Water Rates, we are involved with the future of a Company servicing a fragile twenty-six mile water line, in an area of relatively small service. Simply expressed; Big Line:Few Clients.

Looking to the future, I am concerned that should such a possibility come to pass, the successor will be a company adequately financed and with the means; equipment and talent to undertake such an endeavor at minimal expense to the few. I know that at present, with the backing of R. A. Hanson, and Hanson Industries, this backing exists. I can't say the same for some of the endeavors I have witnessed in Kootenai County.

I believe every effort should be made by the Attorney General, Department of Environmental Quality and the Public Utilities Commission to gently urge said Company to pursue a course which can not only be profitable to said Company, but one which promotes the general welfare of the residents of Spirit Lake East and Treepoint as well.



February 14, 2007

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2007 FEB 20 AM 8:34
IDAHO PUBLIC
UTILITIES COMMISSIC.

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

RE: CASE NO. SPL-W-06-01

Dear Ms Jewell:

I enclose the comments which were addressed to the Editors of the Idaho Spokesman-Review and the Spokesman-Review respectively. I don't believe they will have any impact on the Rate Hearing, but may serve as a background to the agencies concerned.

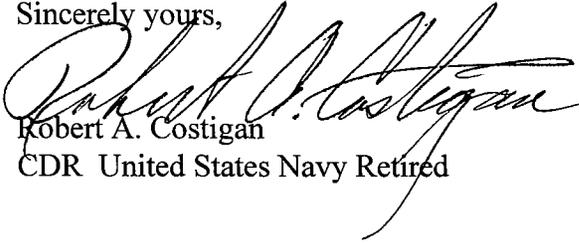
My main concentration as a former Registered Investment Advisor, is the capitalization of the Spirit Lake East Water Company. In the event the Company desires to relinquish its interest in the Spirit Lake East and Treeport Plats, for whatever reason, I would like to be reassured as a homeowner, that any successor will have the capitalization, equipment and talent to maintain a relatively lengthy service. I have seen too many companies fail as the result of well meaning intentions without the former requirements. The saleability of the firm should be based on the Company's capitalization and rate of return on investment, rather than any non-profit desire to do good. If the Company's capitalization is increased as a result of a substantial rate increase it makes it a more likely prospect for future purchase.

I am located in the First Phase of the SLPLAT development and my home was built in 1978. I took occupancy in the Summer of 1993. An increase from \$12 per month to \$24 a month represents about 2 1/2% on an annual basis. In comparison, Association dues in SLEPLAT were authorized an annual increase of 3% a year, but were never enforced until a few years ago.

I don't live on Monroe Street in Spokane, with a 2" service, an 18 inch, steel water main in the Street and 60 PSI at the tap. I haven't checked their bills lately, but Fred's Appliance and PBS weren't too happy when they got their bills in 1993. I was the Project Engineer on Monroe virtually from Montgomery to Francis. I live in Spirit Lake East by choice and accept the present conditions at what I consider to be an acceptable cost. By contrast, house and lot are now valued by the County Assessor at almost twice the amount of the purchase in 1993.

Working together, PUC, DEQ, and the Attorney General can make the whole procedure a much more palatable situation than it is at present. The Department of Veterans' Affairs is no longer concerned with conditions in SLEPLAT following the long lead of most commercial financial institutions. Having denigrated the capabilities of the Boise Office they are now content to continue their operation in Denver. Their Loan Officer, Joe Reno, once asked me if Spirit Lake East was part of the United States, prompting my inquiry to the Director, who reassured me that it was.

Sincerely yours,



Robert A. Costigan
CDR United States Navy Retired

Enclosure: Memorandum and Letter to Scott Maben I S-R

MEMORANDUM

From: Robert A. Costigan, Spirit Lake East Resident

To: Steven A. Smith, Editor, Spokesman-Review

Subj: Idaho Spokesman-Review article on Spirit Lake East Water Company

Ref: Northwest Idaho Edition, Friday February 9, 2007

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2007 FEB 20 AM 8:34

IDAHO PUBLIC UTILITIES COMMISSION

1. When I wrote my cell phone use article for inclusion in the Opinion Page, I didn't expect to contact the S-R again for several months, except to renew my subscription.
2. Subsequent to this article, I believe that R. A. Hanson, the man, deserves recognition and appreciation for the vision and foresight he had in creating the Spirit Lake East Plat. The relationship between the Community, Mr. Hanson, Hanson Properties, and SLEWATERCO, hasn't always been an easy one, but lets face it. Mr. Hanson took on a substantial undertaking at a time when no one else had the vision, stamina or means to take on the development of a burned over six square miles and turn it into a viable development.
3. Corners were cut in the review, but that was primarily the failure of the agencies, County, State and Federal to involve themselves in the project. Spirit Lake East is an enforced Plat. I never encountered one, until I did the research in 1994, and that only when I found my title company failed to include 26 pages of documents in their search. They saved me \$26. Commercial lending institutions go through the motions and PUD resolutions are a routine enclosure to loan documents. The VA/Department of Veteran Affairs handling of the PUD from 1977 on would make a movie paralleling that of the "Keystone Cops." Veterans were routinely denied the Loan Guaranty process until the Spring of 2001. Two projects, geographically abutting one another and two different results.
4. No reviewing authorities other than the Commissioners, the Tax Assessor and the Recorder were involved in the SLEPLAT. No Public Minutes exist. In the Tax Assessors file there is only one letter, other than one I composed for a neighbor. Summarily the Agent stated he thought the properties were appraised to highly, since most of the Owners were from Out of State.
5. To me and many others, R.A. Hanson and Hanson is the Spirit Lake East Water Company. I for one would hate to see R. A. Hanson abandon his creation. I looked at the plant and the system before I moved in here. Yes, there were deficiencies even then, but they were tolerable and over the years problems developed, but they were relatively minor inconveniences when compared to the benefits. Compared to my rowboat excursion in the underground reservoir on the Spokane South Hill it was an uncontested crap shoot. I commuted to Spokane for almost a year before retiring here.
6. This is a fragile 26 mile water system with the possible demand for 378 five or ten acre properties when fully developed, Treeport and Spirit Lake East. Spirit Lake East deserves better than this article.

Scott Maben, Editor
Idaho-Spokesman Review
608 NW Boulevard, Suite 200
Coeur d'Alene, Idaho 83813

My dear Mr. Maben:

When a neighbor contacted me concerning your recent article on Spirit Lake East Water Company, I felt compelled to share my thoughts regarding your article with you.

In 1993, I attempted to purchase my present home using my Veterans Administration Loan Guaranty to acquire a lower interest rate. I was informed by the VA Representative in Boise, Chief, Construction and Valuation Officer, Roy Sims, now deceased, the VA had not guaranteed any loans in the Spirit Lake East Plat since first requested to do so in 1977. There were serious concerns about the plat, one of which involved water. Inquiring further, with Department of Environmental Quality, in Couer D'ALENE, I was informed the VA was mistaken, the VA had confused the SLEPLAT with Sheep Springs, a smaller development, located to the Northeast. I went commercial with Washington Mutual, which requires a Planned Unit Development rider in the loan agreement.

I maintained contact with the VA, namely CC&V Officer Jerry Outlaw until the present. In the Spring of 2001, the responsibility for VA Loans was transferred to the Denver Regional Office and the position of Mr. Outlaw was downgraded to that of Management Analyst, despite stringent protests to Messrs. Otter and Craig, my lawful representatives to the House and Senate. As a consequence of the transfer, all records pertaining to the Spirit Lake East Plat and the VA's long-standing position on this PUD, disappeared. Possibly the same group that handled our President's attendance records. No records concerning the period from the VA Loan Circular in 1977, only a copy of a Memorandum from the VA Loan Guaranty Attorney's lengthy involvement with Hanson Properties exist, SWABO, ZILCHE, ZERO, although for years the VA declared they would not guaranty loans in SLEPLAT until the "rights of all residents, not just Veterans are protected." I have the original of that one.

In 1977, R.A. Hanson undertook the development of two plats; One in Bonner County and one in Kootenai County. The Treeport Plat consisting of 65 -5 acre tracts went through all of the Hoops with the signatures of all of the various approving authorities; the one in Kootenai County, recorded in August 1978, shortly before the new zoning ordinance in Kootenai County would go into effect (with its September 1st publication in the Press), ZIP. Check the plat map in the County Recorder's Office in Couer d'Alene for yourself.

Subsequently R.A. Hanson twice deeded the 20 miles of graveled roadway in the Plat, retaining utility rights, to the Spirit Lake East Homeowners' Association Incorporated, a Non-Profit Corporation initiated by himself and Other associates in April 1978. The articles included a provision that all properties subsequently added would become Members of the said Association, subject to such designation by Hanson Properties. In 1990 for reasons known only to Mr. Hanson and Others, 13 of the Lots platted in Spirit Lake East were covenanted to the Public Treeport Plat in Bonner County although they are and remain without any public road access.

After much wrangling over monies for accessing the Private Roads in SLEPLAT, and a closing by cable of the access, subsequently destroyed by Frank Burns, a resident of Treeport, Mr. Hanson wrote a check to SLEHOAINC, along with a statement, "that it would damage the relationship between the two communities." Subsequently, Hanson Properties commissioned the firm of Frame & Smetana, in Couer d'Alene to survey four properties, Lots 271, 313, 301 and 301 to obtain easements for the sole purpose of accessing the Private Roads in SLEPLAT. Members of Treeport et al were given access to the described private roads in perpetuity to run with the land. The privilege of access was not extended to 299, Members of SLEHOAINC.

In 2004 after my presentation to the Bonner County Commissioners, notification of the end of the Public Road access to Private Property in Kootenai County, the above described lots, was posted to limit Bonner County liability. Maintenance of the private roads by Bonner County public works in the easement was discontinued. In November 2004 one access on extended St Joe Drive was blocked with median barrier.

In 1977, R.A. Hanson undertook the vast task of aggregating approximately six square miles of burned over forest land. He did a remarkable job at a time no one else would take on the responsibility despite a lot of lip service to the contrary by various agencies, not only Kootenai County, but the State of Idaho, and the Veterans' Administration as well. Compare SLEPLAT to the vast area of cookie cutter homes you now see clustered on tiny lots on the Rathdrum Prairie.

I support Spirit Lake East Water Company's application for a rate increase. Have I encountered water outages, during my almost thirteen years of residency? As a project engineer for the City of Spokane, I had occasion to shut down water service for adjacent properties during construction as well. Were the outages my family and I endured catastrophic? Ask some of the residents of West Plains for comparison. Not in the least. Loss of electric power was the major factor, so I bought a generator to tide us over the infrequent and short lived occurrences until Kootenai Electric remedied the situation.

R.A. Hanson and Hanson Industries, to me and many of the older residents here, essentially represent Spirit Lake East Water Company. My greatest concern is that the Attorney General, the Public Utilities Commission, and the Department of Environmental Quality, and a small group of others will cause an aging Mr. Hanson to throw up his hands and say to Hell with it, leaving us to the tender mercy of any undercapitalized and ill equipped company to assume the responsibility for maintaining a 26 mile water system serving a limited membership. The Secretary of State, once told me Bob, we make the laws we don't enforce them. Without water rights to pursue our own well or combine with neighbors, the loss of SLEWC at would be a catastrophe. One reason I purchased here despite the VA, and WM's high interest rate, was I liked the Four Circles and the privacy, R.A. Hanson incorporated in the Plat. The Circles remind me of England and my schooling at the JSSC in Latimer. Neither I or members of my family have ever been sick one day as a result of using the yard hydrant or household water and scorn ex-Californians with ten zone sprinklers and their use of bottled water. I challenge DEQ to substantiate poor water quality for me or my neighbors in their dismal oversight of the system.

Over the years, I made several contributions to the Spokesman-Review, one as recently as yesterday on cell phone usage while driving. During that time I have only one regret. I cringe every time I see the use of the phrase, "I am appalled." in the Letters to the Editor or Opinion page. That is the most overused word and phrase in the English language.

I wish the I-SR well, but when you do an article with a big photo shoot, for us little people, do a little digging. There is a story here, but you muffed it. I am sending a copy of this letter to Steve Smith, maybe he will commission Oliveria to do a follow up on Hanson. Oliveria the infamous author of the "Ducks in the Swale" at I-SR.

Robert A. Costigan

CC: Steven A. Smith, Editor, Spokesman-Review