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Spirit Lake, Idaho 83869

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July 5, 2013

IDAHO PUBLIC
UTILITIES COMMISSION

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

RE: CASE NO. SPL-W-13-01

ADDENDUM TO MY LETTER OF JULY 3, 2013

REGULARITY OF READINGS

One of the points overlooked at the presentation, which should be addressed at the Public Hearing, is the **regularity** with which Water Meter Readings are taken. It is common knowledge in the Community, that Meter Reading is difficult under normal Summer conditions, but virtually impossible during Winter conditions in this Enforced Plat.

MONTHLY BILLING

I recommended to the Commission that one possibility would be for the Company to set up a Monthly Billing formula based on Statistical Inference. This proposition requires that a Unit Data Base for water usage actually exists. Present billings are January, April, July and October with a 30-day grace period for payment.

I believe the Commissioners will appreciate, that if this condition cannot be resolved in dealing with a relatively small sample size, Monthly Water Billings are more likely to become a major and contentious future issue for all concerned. There are several options out of this dilemma, mainly based on existing On Line Banking, or Advanced Payment for examples. Otherwise, twelve checks per year by U.S. Postal Service.

CONDITIONALLY FAVOR MONTHLY INCREASE SUBJECT TO INCREASED MONTHLY ALLOTMENT

In my Straw Polling of the Enforced Plat, (Fifteen Resident Owners to date and growing), I do not find a great deal of resistance to the Company's request for a Rate Increase, I believe this is a result of the improved service the Company has rendered over the past five years. I did find a General demand for an increase in the Monthly water allotment tied to any increase in the Monthly Charge. It was evident that my previous recommendation for an increase from **1200 CF** to **1500 CF** was inadequate in view of the requested **106%** proposed increase in the Monthly Charge to **\$24.75**.

PROPOSED MONTHLY INCREASE IN WATER ALLOTMENT

It is proposed that an increase to **1800** CF for the Monthly Allotment would be more appropriate to all concerned. Looking back to the late 1970's it was apparent the proposed Monthly Allotment was considerably greater than the present allocation based on the Developer's request for Water Rights.. This proposal when I spoke with some of the residency's going back to the 1980's, would offset Summer usage to Winter usage and allow for any Irregularity of Meter Readings during the year Overages would be accommodated by \$0.15 for each additional 15 Cubic Feet used. The computation of the Overage Expense is virtually the same as at present.

ADDENDUM TO CONDITIONS OF APPROVAL

I am in receipt of several comments indicating confusion over the changes to Water Rights during the period from 1994 to present when the exclusivity of Water Rights 96-07849 and 96-08830, were transferred and transformed in the IDWR LTR of February 4, 2009, IDWR 95-9865 from those granted to the R. A. Hanson Corporation in 1995, (Licensed Date 01/30/89). This is not a New Item, this change in exclusivity was brought before the Board in the February 2007 hearings, regarding Case No. SPL-W-06-01. I believe Leslie Abrams, President of the Spirit Lake East Water Company, may be in the best position to clarify the transfer of Water Right 95-9949 to include our Neighbors in the Treeport Plat should an explanation be desired. The 2009 Grant confirms the Location and Diversion to the Treeport Plat as well as eliminating Usage solely within Kootenai County spelled out in the previous Grant to the R. A. Hanson Corporation,

Those Rights when combined shall not exceed a total annual maximum diversion volume of 148.5 Acre Feet for irrigation of a total of 49.5 Acres and 219.6 Acre Feet for in-house use for a total of **316** homes. There are **313** Ten Acre plus Tracts in the Enforced Plat of Spirit Lake East. "Domestic use under this right does not include lawn, garden, landscape, or other types of irrigation." The **65** Five Acre Tracts in the Treeport Public Plat, approved by the Bonner County Commissioners in November 1980, are obviously included in the transition, although not included in the 1995 Grant. It is my experience, in attempting to resolve these items, that the rationale for transitions approved by IDWR are seldom if ever included or explained in the Grant. This transition is resolved in the Hearing process.

Information regarding the availability or lack of availability of water in the Enforced Spirit Lake East Plat was well documented by the Department of Veterans Affairs from 1976 to the Spring of 2001. This review occurred as the result of the Developer's failure to comply with VA Circular 25-80-34, regarding Planned Unit Developments. During the transfer of Loan Approval Authority and Records from the Boise Office to the Regional Center in Denver, in 2001, all records relating to the Enforced Spirit Lake East Plat were lost. This can be confirmed by contacting Director C. L. Smith, Department of Veteran Affairs, 155 Gordon Street, Denver, Colorado 80225. With the subsequent downgrading of the Office in Boise to Loan Guaranty, Veterans' Administration's interest declined and VA Loan Guaranty resumed in the Spring of 2001 without bias.

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In order to avoid future complications, I propose for the Commissioners' consideration, that in the exercise of their quasi-judicial powers, in this Case, the substance of these Grants be made a part of the Hearing in an orderly manner from inception to currency. The publication of the Granting or Transfer of Water Rights is generally limited to or between Ownerships. I believe their inclusion would serve to clarify the mystery surrounding said Grants, for all current and future Residents of both Communities, as well as the General Public and greatly assist in the resolution of any future inconsistencies.

It is apparent the present allocation of 1203 CF fails to take into account the diverse nature of the Enforced Plat of Spirit Lake East, which in its Corporate "Codes, Covenants and Restrictions" provides a uniform plan for the development of the property and for residential, recreational, or agricultural purposes and rural atmosphere and charm which is compatible with the natural environment and, further to provide every practical and legal means to safeguard and protect the interests of all Owners and the stability of development."

It isn't difficult doing the math, from the language of the Grant, that, R.A. Hanson Company Inc., the Developer of the Enforced Plat and Owner of the Water, Road and Utility Rights had the intent, as the original Owner and Developer, to provide a Monthly Allocation of slightly over 2500 CF of Water at a cost of approximately \$12.00 per month.. This is without any provision for irrigation as contained in the language of the above Grant..

REVISION OF PREVIOUS REQUEST TO INCLUDE 1800 CF ALLOCATION AT NO ADDITIONAL COST PROVIDED THE REQUESTED MONTHLY INCREASED IS APPROVED.

In view of the foregoing, it appears that an adjustment of the Monthly Allocation to Residents of the Enforced Plat of Spirit Lake East to 1800 CF per month is now recommended. I believe it is well within the Original intent and purpose of the Developer, and availability and capability of the system to provide an adequate supply of water, is justified and so requested..

Respectfully,

Robert A. Costigan

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