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IDAHO PUBLIC
UTILITIES COMMISSION

Attorneys for Teton Springs Water & Sewer Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

| | | |
|-------------------------------------|---|---------------------------------|
| IN THE MATTER OF THE APPLICATION OF |) | Case No. TTS-W-08-01 |
| TETON SPRINGS WATER AND SEWER |) | |
| COMPANY LLC, INC, FOR THE ISSUANCE |) | AFFIDAVIT OF JON PINARDI |
| OF A CERTIFICATE OF PUBLIC |) | |
| CONVENIENCE AND NECESSITY, FOR |) | |
| APPROVAL OF RATES AND CHARGES FOR |) | |
| WATER SERVICE, FOR APPROVAL OF |) | |
| RULES AND REGULATIONS GOVERNING |) | |
| THE RENDERING OF WATER SERVICE. |) | |

STATE OF IDAHO)
 :
County of Ada)

Jon Pinardi, being first duly sworn upon an oath, deposes and says:

1. I am the general manager of Teton Springs Water and Sewer Company ("Teton Springs" or the "Company") and make this Affidavit to respond to certain points contained in the Staff Comments, filed herein on September 5, 2008. I am over the age of 21 years and make this Affidavit of my own knowledge.
2. Staff Comments at page 12 recommend that the Company install meters for the approximately fifty (50) service lines previously installed without meters. Based on my

experience in the operation of Teton Springs, I estimate of the cost of complying with this recommendation would be approximately \$750 per unit for a total of \$37,500.

If the other Staff recommendations regarding the Company's allowed revenue requirement are accepted Teton Springs will not have adequate cash flow to fund such a project, and in my opinion, the financial condition of the Company would be so weakened borrowing of the funds from a commercial lender would be impossible.

3. Staff Comments at page 15 recommend that the Company undertake a more aggressive meter reading program than initially proposed by the Company. Based on historical experience I calculate the additional cost of complying with Staff's proposal is approximately \$9,310 per year (200 homes @ 10 minutes per home x 4 readings per year = 8,000 minutes = 133 Hours @ \$70 per hour = \$9,310).

4. As noted in Staff Comments, despite adequate public notice, no customers attended the Staff sponsored public workshop. The Commission has received only two written comments from customers. Staff Comments speculate this "may be due to the fact that Teton Springs is a resort where residences are not occupied year around. (Staff Comments, Pg. 20). In my experience, customers and lot owners within the development closely monitor matters relating to water service and are not hesitant to express disagreement when policies of the water system are thought to be objectionable. For, example, the earlier effort to create a water and sewer district was thwarted by adverse customer reaction. I believe a more likely explanation for the lack of customer comment in this case is that customers do not object to the Company's rate proposals.

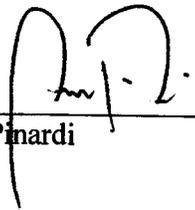
With respect to the two written comments received by customers, it should be noted both of the persons who submitted comments are plaintiffs in pending civil litigation. It is true that the Teton Springs development is not immune to the nation-wide deterioration in real estate

markets. Resort communities such as Teton Springs have been particularly hard-hit. In consequence, I anticipate very limited, if any, customer growth for the Company in the immediate future and Teton Springs may experience a decline in the number of active customers. I believe this circumstance makes the need for an availability charge even more compelling—it will avoid loading the fixed costs of the utility onto a potentially shrinking customer base.

5. Given these economic circumstances, it is likely the Company will be required to incur legal expenses to collect delinquent customer accounts and possibly represent its interests in foreclosure or bankruptcy proceedings. These activities, hopefully, will protect the Company's existing customers from increased bad debt expense that would have to be recovered in rates. In my experience, Teton Springs can expect to pay at least \$200 per hour for competent legal representation. The Staff recommended allowance for ongoing legal expense of \$1,332 would provide for less than 7 hours of legal services, which is far below the level of legal effort that will be required in the foreseeable future.

6. Further your affiant sayeth not.

Dated this 10 day of October, 2008.

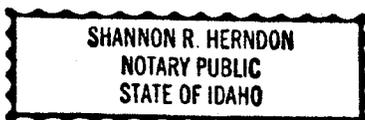


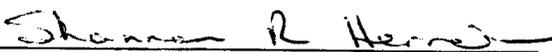
Jon Pinardi

State of Idaho)
 :SS
County of Ada Teton)

On this 10 day of October, 2008, before me, the undersigned, a Notary Public in and said State, personally appeared Jon Pinardi, known or identified to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same, and that the statements therein contained are true to the best of his knowledge and belief.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official Seal the day and year in this certificate first above written.





Notary Public for IDAHO
Residing at: Victor, ID
Commission Exp.: 11-06-09

CERTIFICATE OF SERVICE

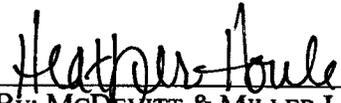
I hereby certify that on the 10th day of October, 2008, I caused to be served, via the method(s) indicated below, true and correct copies of the foregoing document, upon:

Jean Jewell, Secretary
Idaho Public Utilities Commission
472 West Washington Street
P.O. Box 83720
Boise, ID 83720-0074
jjewell@puc.state.id.us

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Hand Delivered
U.S. Mail
Fax
Fed. Express
Email


By: MCDEVITT & MILLER LLP