



PublicService Commission <psc@utah.gov>

Formal Complaint against Wanship Water Company

1 message

Paige Guion <paigeguion@gmail.com>
To: "psc@utah.gov" <psc@utah.gov>

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Formal Complaint form

1. Joshua Craigle/ Paige Guion

2923 Cottonwood Dr. Wanship Utah 84017

801.499.6056 or 801.671.6591 craiglejosh@gmail.com

Kris Patten

2899 Cottonwood Dr. Wanship Utah 84017

801.661.5930 Kristerrapath@gmail.com

John Concannon

2685 Rockport Rd. Wanship Utah 84017

435.640.3396 jtcon945@gmail.com,

William A. Whitaker

2887 Cottonwood Dr. Wanship Utah 84017

801.268.6215 slcappraiser@hotmail.com,

Daniel Ross and Lynn Kelley

2650 So. Lakeside Dr. Wanship Utah 84017

435.729.0117 or 435.800.7001 danielgossross@gmail.com or dlynnkelleyphd@gmail.com

Jeffrey and Julie Arrington

2877 Cottonwood Dr. Wanship Utah 84017

801.599.3858 jeffarrington@me.com

Susan Booth

2660 So. Lakeside Dr. Wanship Utah 84017

801.243.8964 sbooth103@gmail.com

Kristine Weston

2945 Cottonwood Dr. Lot 68 Wanship Utah 84017

801.599. 8537 kristineweston@gmail.com or craneclann1@gmail.com

Maria Solorio

2777 Cottonwood Dr. Wanship Utah 84017

801.518.7897 mariasolorio@infowest.com,

Dillon Morrison

2638 Lakeside Dr. Wanship Utah 84017

801.891.1517 dillion.morrison88@gmail.com

Rodney Gibb

2620 So. Lakeside Dr. Wanship Utah 84017

801.556.8198 kgibb@utah.gov

Preferred method of contact: email

2. Wanship Water Company

3. Complaint:

Communication between Wanship Water Company (WWC) and Wanship Cottages property owners regarding our recent rate increase has not been uniform or clear. It has been intermittent and inconsistent. Some community members received some emails while others didn't receive any.

Our silence, until now, should not be interpreted as agreement with the more than 700% increase in our monthly water rates but as a lack of knowledge secondary to WWC's inconsistent communication. Until we received our quarterly water bill on 7 February 2024 we were unclear of the magnitude of the increase. Our nearly \$160.00 month base, for culinary water only, is double

the most expensive nearby water system. The following communities are within 10 miles of Wanship Cottages: Coalville \$80.10/mo., Tollgate Water Company \$73.75/mo., Wanship Mutual \$61.60/mo., Oakley \$29.50/mo., Weber Basin Water District which is directly across the street from our property is \$30.00/mo. From my research it appears that our community has the highest monthly base rate for culinary water in the state. We are asking that our rates mirror fair market prices.

We have an economically diverse community. The weight of this increase needs to be distributed in a way that does not unduly burden the poor or elderly in our community. Currently the needs of WWC are reflected in this increase but not the needs of the people. There are no provisions for retired residents on fixed incomes or seasonal residents. If a single resident's quality of life is affected by this price increase for an essential utility then we have failed our community.

On 12 October 2023 a meeting was held at the pumphouse in our neighborhood. Eleven residents, who receive culinary water from WWC, attended. In the transcript from the Wanship Water Settlement hearing on YouTube Grady Kohler (GK) at 8:58 tells the presiding officer, John Delany, that 40 people attended the pumphouse meeting. He also stated in response to our informal complaint "This meeting was well attended for our little water system." I do not consider 7 households represented by 11 people well attended for a community of 34 properties. Participants at this meeting were led to believe that the rates had already been set by the state and that attending the Public Witness Hearing would be of no consequence to the outcome.

On 4 March 2024 I spoke to Mark Long of The Division of Public Utilities. When asked what made him think we agreed with the magnitude of this increase or that it was 'Just, reasonable, and adequate' He stated "Because no one intervened and no one came to the Public Witness Hearing." He also confirmed that had community members attended the Public Witness Hearing the Public Service Commission would have considered our feedback.

After speaking to Mark Long, we now understand that this hearing was primary in having our thoughts, concerns and opinions considered. This is an example of WWC's misleading communication.

We agree a rate increase was warranted but naively trusted that since "The state sets the rates," as WWC led us to believe, both verbally and in emails (26 May 2023, 27 September 2023, 13 October 2023), that surely regulations were in place to assure the increase would not be too large or sudden as to be unreasonable.

The principle of Gradualism is primary in utility ratemaking - making smaller increases over time to avoid dramatic rate increases all at once.

Oakley Utah, a rural community 10 miles from Wanship, is a good example of the concept of gradualism - increasing rates incrementally from \$25.00 a month in 2024 to \$40.16 a month by 2028

Questions for Formal Complaint Wanship Water Co.

- A community meeting was scheduled by Mr. Kohler in response to the informal complaints filed by the community, it was held on 21 March 2024.
- Several questions were asked of Mr. Kohler, but there were several that he did not answer.
- We don't feel that a resolution was reached at the 21 March 2024 meeting, our questions were not answered, and nothing has changed with regards to our water rates.
- When Mr. Kohler became aware that some of the community were planning to submit a formal complaint, he sent what were perceived to be intimidating emails to some members of the community stating that they were dividing the community and suggesting that if the formal complaint were pursued, it could result in additional increases to the rates to cover his attorney fees, accounting fees and other administrative costs. We have been told that there are people in the community that are afraid to pursue the formal complaint because they are afraid that Mr. Kohler will retaliate.

- We don't have an issue with paying a reasonable fee for water that would allow for improvements and repairs to be made, but feel that \$160.00 per month is excessive.
- There was a meeting held by Mr. Kohler at the pumphouse on 12 October 2023 at which time he informed us that he was increasing the water rates. Some community members had not received any communication from Mr. Kohler regarding the rate increase and had only received an annual 2023 water bill in January 2023.
- At the pumphouse meeting on 12 October 2023, Mr. Kohler indicated that the division had already approved the rates, that we could come to the next public hearing, but it would probably not make a difference since rates were already approved and done. Kim Gibb gave Mr. Kohler her email address at this meeting. At this point she was still not provided with any information regarding additional hearings, nor did she receive any other communication from him until receiving an email from Mr. Kohler on 9 February 2024, to inform her that her December bill was past due (\$140.75 prorated amount), and the new quarterly bill for January through March of 2023 was due (\$479.25).
- Mr. Kohler stated that he had notified everyone in the community regarding the progress of the water case as things moved forward according to several of the documents submitted in connection with this rate increase case. This is absolutely not the case, some residents only received a letter in January 2023.
- Mr. Kohler was asked during the Wanship Water Rate Case Hearing on 1 November 2023 if there were any other water companies nearby and he stated that there are not. There is in fact a water company with a well directly above the upper well now owned by Wanship Water Co. Members of the board for this water company attended our 21 March 2024 meeting and indicated that they charge a rate of \$62.00 per month and plan to increase the rate by \$20 in the near future. This rate would be \$78 per month lower than our current rate.

- When do you anticipate that the pump house will be moved to the upper well and off of the two building lots on Cottonwood Dr.? (asked at 21 March 2024 meeting and not answered)
- We understand that you anticipate the cost to move the pump house and use the upper well will be \$70,000, how was this total amount determined? Is there a quote from a company or something of substance that supports this number? Is this amount included in our rate increase, or do you plan to apply for a grant to cover these costs?
- What was the purchase price of the land parcels for the upper well and the 2 lots where the pump house is located? (asked at 21 March 2024 meeting and not answered)
- What was the purchase price of the water company? (asked at 21 March 2024 meeting and not answered)
- We understand that Mr. Kohler lent Ms. Geary approximately \$49,000 dollars for repairs and maintenance of the water system. Are there any records of these loan amounts that are not just a spreadsheet created by Mr. Kohler?
- It appears that Mr. Kohler purchased the water company from Ms. Geary for \$50,000 in a document that was submitted to the division, but did Mr. Kohler pay Ms. Geary for the water company, or did the transaction consist of Ms. Geary transferring the water company to Mr. Kohler in return for the \$49,000 in loans that she was unable to repay him? Documents filed by Rhonda Francis Summit County Recorder indicate a Revolving Credit Deed Of Trust recorded on 12 February 2021 between Mr. Kohler and Ms. Geary, he lends her a sum not to exceed \$75,000 with a stipulation that if she cannot pay, she sell the land and company to repay the loan; a Warranty Deed recorded 1 July 2021 that conveys and warrants the land and company to Mr. Kohler for the sum of \$10.00; and a Quit Claim deed recorded on 25 January 2023 the water company and properties to Mr. Kohler.
- It appears that Mr. Kohler not only acquired the water company in return for the unpaid loans in the amount of \$49,000 to Ms. Geary, but also the land at the upper well, and two building lots on

Cottonwood Dr.

- Mr. Kohler stated that he acquired the water company from Ms. Geary on 1 January 2023 during a community meeting held 21 March 2024 in response to the informal complaints filed by the community.
- There is a Loan Agreement dated 1 January 2023, that is between Mr. Kohler and Mr. Kohler (his signature on both signature lines) in the amount of \$49,112.65. Mark Long's testimony from the 27 September 2023 proceeding indicates that the loan was used for the purposes of offsetting annual losses suffered by the company, but he didn't own the company until 1-1-23. Further, it appears that he acquired the company and three land lots from Ms. Geary in repayment for the loans made to her, which are worth far more than the \$49,000 Mr. Kohler lent Ms. Geary.
- Is there any record of a deposit in the amount of the loan to an account held by the water company to indicate that the funds were actually transferred and held by the water company?
- Why is the \$49,000 loan included in the water rate increase when Mr. Kohler appears to have been compensated well above what the original loan amount was to Ms. Geary?
- The "anticipated" \$70,000 sum to move the pumphouse to the upper well is captured in the expense documents provided by Mr. Kohler, and is amortized over a period of 3 years, but there is not any indication that the rate would be reduced after the \$70,000 threshold is met. This equates to \$23,000 per year that Mr. Kohler would continue to collect from members of the community after the pumphouse is moved.
- How do the terms of the Loan Agreement dated 1 January 2023 impact the community if the payments are not made in a timely manner by Grady (the water company) to Mr. Kohler? It appears that he could receive payments in excess of \$62,000 during 2024 from Wanship Water Customers. The loan agreement allows for Mr. Kohler (the water company) to pay the loan in full including accrued interest at any time as long as he provides himself 45 days written notice.

- The loan agreement made between him and himself would also allow for him (the water company) to default on his payment and after 30 days, call the principal balance of the loan due, in addition to any accrued and unpaid interest, be paid in full. We have no control over this, and it could result in late fees and interest being paid as well.
 - What are the legal fees of \$18,000 that are included in the documents supporting the rate increase, what did that cover?
 - The term of the Land/Ground Lease Agreement is one year, from 1 January 2023 through 1 January 2024, and the agreement states that if the time frame passes without extension of the agreement, the tenant (water co) will pay 110% of the rent. Has this lease agreement been extended? What is the impact to the community if the terms of the agreement are not met?
 - When is the upper well expected to be operational? (asked at 21 March 2024 meeting and not answered)
 - What are the plans for the two lots at [2888 Cottonwood Dr.](#) after the pump house is moved?
 - 29 November 2023 DOCKET includes a statement that Wanship has 34 current customers with approximately 40 additional connections for the future. The DOCKET also states that Wanship is not requesting a service area expansion, what are the 40 additional connections for the future? Where are they located and what could they potentially be used for? How could this potentially affect our supply of water and our rates?4. As a community we were misled about who and how rates were determined. We now know that as early as 25 May 2023 that GK proposed the rates but he stated and wrote multiple times that “the state sets the rates.” Leading us to believe it was out of our hands and GK’s. We now know that our input was vital to the conversation.
5. This over 700% increase is not just, reasonable or in the best interest of the community. We are requesting the current rates be suspended. We would like a new hearing where the voices of our community can be heard and rates can be set that mirror our surrounding communities. Comps are \$700 - \$740 annual or \$60/month. This would represent a 300% increase.

6. Joshua Craigle and Paige Guion, Kris Patten, John Concannon, William A. Whitaker, Daniel Ross and Lynn Kelley, Jeffrey and Julie Arrington, Susan Booth, Kristine Weston, Maria Solorio, Dillon Morrison, Rodney Gibb

13 April 2024