



PublicService Commission <psc@utah.gov>

Addendum to Docket 245-067-01

1 message

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Supplement to Formal Complaint. Docket No. 24-067-01

This narrative is a summary (but not detailed) of observations regarding the exhibit 2.3 and 2.4 Spreadsheet and financial information provided by G.Kohler, in the various attachments associated with the water rate increase recently approved and imposed upon 34 homeowners/users in the Wanship Cottonwood Subdivision. While all attachments have now been closely reviewed by the users, and each demands further attention and discussion - Mr. Grady Kohler/Wanship Water Co LLC provided these two specific items in an email sent to all users prior to his appearance to the Commission, so this is where we begin. The exhibits being referred to are already part of the submitted information previously enclosed with 10/16/2023 stipulation.

First the purpose of this summary is to provide more context as to why the 700%+ increase in our water monthly fee seems unreasonable and excessive.

As per the Stipulation that was approved Oct 17 2023, paragraph 16 refers to "fair and just" and "in the public interest". We submit to the Commission, that has not occurred, and now that we as the users/customers of Wanship Water Co LLC are aware of 1) more facts and details that were not clearly offered before, 2) understand our rights as property owners 3) have discovered that 34 users are paying the highest water rate in the state of Utah, and 4) based on financial data presented by the owner, the excessive rate appears to not just provide continuation to water, but to benefit the new owner in a way that does not necessarily meet historical and persistent use (CPCN #1925), of which the users of the resource have had for over 50 years.

Second, all users agree there is a cost to infrastructure and water access. We as a community are simply requesting a review of the same facts used by G Kohler to extort a monthly fee that should otherwise be imposed in a fair method. From \$19/month to over \$153 a month in one calendar year for undetermined amount of time is a problem.

There are several items on the two exhibits mentioned that seem excessive, redundant, unclear, and unusual for a normal water rate increase to be imposed. At a 3/21/24 meeting held with the users and Mr. Kohler, many of the questions and concerns went unanswered, and Mr. Kohler offered no solution or adjustment, therefore, a Formal Complaint has been filed.

A Loan Repayment:

It is unclear why the users of the water company need to be paying for a loan agreement made between two individuals – and not for the direct benefit of the users. Per the 2.3 exhibit page 3 of 6, a monthly loan payment has been imposed on the users to satisfy a debt that was a personal agreement between two other people and has been satisfied with collateral. This item would indeed overstate the “needed” monthly amount.

It seems Mr. Kohler loaned funds to D Geary. The loan was evidently documented and was a loan between two people – not two businesses. D. Geary evidently pledged her water company and two lots for that loan. The trust deeds and/or warranty deeds show this history. This was not necessarily a water company purchase between a seller and a buyer.

When the borrower defaulted on that loan agreement, the lender – G Kohler - took a water company and two lots in the Cottonwood subdivision. At that point, he was made whole. That is why collateral is pledged, and both parties agreed to it.

The balance sheet of the water company that was provided in one of the many attachments does not clearly reflect why that loan is now a debt on the books of the WWC LLC. The assets reflected in one version of the balance sheet have been fully depreciated, so there is no value to them. There is a balance sheet dated 2/2023 showing some kind of asset but no depreciation. If there have been new assets (not expenses), that information is not clearly delineated.

It seems at quick glance, whatever reason D Geary had for needing to borrow money from G. Kohler, her personal reasons may or may not be directly related to the current water users having access to water at a reasonable fee in the future. In either case, the loan appears to have been satisfied based on the collateral received by the lender which are not assets of the water company.

Miscellaneous Repairs – Pump House, Pump House Upper Well, Install Pump at upper Well

Page 1 of 6, on exhibit 2.3 currently reflects three various/miscellaneous categories for projected plans. The users have asked G Kohler why these items are necessary, who determined they needed to be immediately implemented, and what would be the long-term benefit to the users? No answer has been provided.

The current location of the pump house and approx. 90’ well, has been adequate and used for over 50 years. While we all agree, the previous owner was not proactive in proper management, did not understand or implement plans for usage and deterioration, and/or simply did not have the knowledge to

run a water company – yet the water somehow was still available and usually adequate for the same users that are now being told these changes must occur.

The Lower Well and Pump House does not need to be moved to provide the users with what they need and what they were willing to pay for.

According to Mr. Kohler, repairs and maintenance have been done to make the existing infrastructure effective and successful (his position states that is why he had to loan \$21k to the business once he owned it). Yet, no compelling reason to spend money on a new pump house for a well that is over 600' deep on the side of hill has been provided. (Other than Mr. Kohler has indicated he wants to use the lot where the lower well sits to build a short-term rental property in the community. A property that would demand more water use than people who live there year-round. He has made it clear that the lower pump is in his way and the users should pay for the cost of going up the hill so he can build and manage a revolving-door rental in a small community of homeowners – as stated in the 3/21/24 meeting).

In addition to the fact GK has stated he believes this change should happen immediately, he has mathematically indicated on the spreadsheet that it should be paid for in three (3) or seven (7) years. This determination of time is not understood by the users. According to GK, this kind of improvement should last more than 25+years (since we all know the old system is still working after 50+ years). Why do the users need to pay for unnecessary changes, that will not improve the results, over an undetermined amount of time, that will benefit all users over a very long period with regular ongoing maintenance – which has already been factored as part of the monthly maintenance fee? Owners may come and go, why do the current users need to pay for the next three – seven years for something all others will use and continue to use for many more years, if the water company does its job properly?

At present, the upper well is used for holding/flushing. There are no direct lines or delivery to any of the users. The upper well goes to the lower pump house as needed and from the lower pump house the water is delivered to the users. This system is working – when it is properly maintained. It's that maintenance the users pay for in fees.

System Repairs & Maintenance. Annual Capital Account Reserve

While ongoing yearly maintenance needs to be done, and the users agree to the assumption the costs will be re-occurring if not necessarily the same on a yearly basis – this line item reflected on page 1 of 6 of Exhibit 2.3 is mostly acceptable.

However, on page 3 of 6, there is another “Reserve Fund” imposed on the monthly fee calculation.

If this is being done each month/year and if we assume this too, is acceptable to all users - it suggests even more so, that the previously mentioned monthly/yearly costs for the upper well move are excessive and over demanding in their nature and timeline for payment.

Other building and lot rent:

This Expense item reflected on page 2 of 6 in exhibit 2.3 appears this could be just another source of funds for Mr. Kohler to get his lot paid for, and/or his loan supplemented.

This expense has never been incurred before (per attachments provided by GK). Why is there now a \$200 monthly rent charge for land usage? Based on the loan agreement and the collateral received by GK in the default of the loan with Geary, GK now owns the lot – the water company doesn't own the land. It appears GK charges the water company for land use and is also passing obligation of a personal debt onto the water users for the same lot acquisition. This repetitive demand for cash is being passed on to the users.

Several other line items in question:

Pages 1-3 appears to be an attempt to validate a cash flow demand and the exorbitant increase in fees. Mr. Kohler has used both historical data, some knowledge of water management, and his personal vision of what he wants to have others pay for his investments, to come up with a monthly rate for an undetermined amount of time. We all know, it will only increase from there.

Some expenses are new, manipulated or possibility duplicated in nature. This document does not need to take the time to identify each issue which would show a pattern of questionable data.

If further detail is requested, please contact the submitter of this addendum. Kris (and Neala) Patten at the above email. K 801-661-5930. N 801-358-8060

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