

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

RE: **PUBLIC COMMENTS** (VIA EMAIL TO: secretary@puc.idaho.gov)
CASE NO. SWI-W-24-01
SYRINGA WATER COMPANY
Application for Certificate of Public Convenience & Necessity (CPCN)

INTRODUCTION:

These Comments are filed by the Boards of Directors for the Syringa Heights Homeowners' Association, Additions 5-9, and The Syringa Grove, both water customers of the Syringa Water Company. (Customers). An additional HOA, Syringa Heights Additions 1-4, have chosen not to participate in these Public Comments although they too are water customers of the Syringa Water Company.

All three HOA's comprise 77 lot owners in our respective 3 subdivisions, 54 current residential water connections, plus 4 water connections at the HOA entry gates, and 23 vacant lots with existing water meter connections that are guaranteed water service in the future by virtue of their lot ownership in Syringa Heights. All properties are in Kootenai County, Idaho and all are serviced by the Syringa Water Company. Bob Hamilton, owner of the Syringa Water Company, was also the developer of the Syringa Heights development and sold lots to customers with water, electrical and natural gas connections to each lot. Each property purchaser was also required to pay Bob Hamilton \$5,000 - \$7,000. as a connection fee to the Syringa Water Company system that uses treated CdA lake water for its customers.

On information and belief, Syringa Water Company services approximately 108 total water connections, 79 current plus 29 planned in the future. This information is to the best of our knowledge as the HOA's have never been able to get an accurate count of total water connections serviced by the Syringa Water Company. The significance of this information is our belief that for many years, dating back to the inception of all 3 developments, total water storage capacity of the Syringa Water Company, for designed daily water demand and, most importantly, required fire protection for all Syringa and Grove homeowners, has been deficient for the current 54 residential connections, and even worse when the remaining 23 vacant lots are eventually built upon. To complicate this situation further, when the additional 31 non-HOA water connections that Syringa Water Company also currently services, or will serve in the near future (making 108 total water connections), the total existing water deficiencies become significant and potentially very dangerous if a fire were to break out in any of these 3 developments.

Fortunately, no fires have occurred, but the risk to HOA homeowners has been present each year for many years nonetheless, raising fire insurance liability issues as well.

Customers contend the above facts reveal long-standing water system design deficiencies and development project priorities over the years. Adequate water storage capacity, especially for fire protection for all HOA rate-paying members, should have been provided since the inception of these developments. It was not, and now Syringa Water Company is engaged in an aggressive effort to substantially increase water rates to its existing customers in order to correct the long-standing deficiencies and also to improve and expand its water system infrastructure for new rate paying customers. Customers assert that correcting long-standing water system deficiencies should not be considered capital improvements. The deficiencies should have been corrected years ago, at the sole expense of Syringa Water Company, and not its current customers. Further, the proposed expansion of the Syringa water system to benefit new water customers should be financed by them, and not existing rate paying customers. These are NOT operating expenses of the company.

Customers contend that the **Presumption of Contributed Capital (IDAPA 31.36.01) Rule No. 103**, should apply to these issues and prevent Syringa Water Company from including these repair and development costs into their base water rates for Customers.

Customers further assert that funding for correcting these critical system deficiencies could have been paid by the \$5,000-\$7,000. water system connection fees collected by the Syringa Water Company from each property purchaser over the last 10-15 years of operation. For the 108 water connections it is estimated that Syringa Water Company currently services, these \$5-7,000 connection fees should have produced \$540,000. - \$756,000 in income to the Syringa Water Company, a substantial contribution to the costs to correct the long-standing infrastructure deficiencies. The fact that these choices were not made by Syringa Water Company years ago should not permit them to now raise water rates for all existing customers to finance these long overdue water system repairs.

ISSUES:

1. On information and belief, the Syringa Water Company has been an Idaho Domestic General Business Corporation since November 2, 2001 (date of Incorporation per the Idaho Secretary of State, control ID 0000430573). As an Idaho water utility, engaged in selling water to the public, it appears that the Syringa Water Company was required by Idaho law to be regulated by the IPUC years ago, (Idaho Code Title 61, Chapter 1, 61-104, 61-125, 61-129). Such regulation should have begun shortly after the Syringa Water Company's incorporation on November 2, 2001, and before

beginning the sale of water to rate paying customers. Twenty-two + years later, Syringa Water Company is only now applying for regulation by the IPUC.

- What is the consequence to the Syringa Water Company for failing to apply for IPUC regulation for the last 22+ years, as required by Idaho law, and operating unregulated since 2001?
 - Would IPUC regulation over the last 22+ years have ensured that the existing water storage and fire protection deficiencies by Syringa Water Company would not have been allowed to have occurred due to IPUC supervision?
 - Will the new IPUC regulation of Syringa Water Company address the propriety of the new 2024 water rate increases by Syringa Water to its existing customers in order to pay for the correction of long-standing system deficiencies and also improve and expand its water system infrastructure for new water rate customers?
2. For at least the last 10+ years, the monthly water bill from Syringa Water Company was \$50.00 per month that included up to 20,000 gallons of water per month. Higher water consumption resulted in incrementally higher water bills. In early 2023, the monthly water fee increased from \$50.00 to \$60.00 that also includes up to 20,000 gallons of water. Effective January 2024, Syringa Water Company rates have now increased to \$110.00 per month for 20,000 gallons of water.

BACKGROUND: In December 2023, HOA water customers were notified by Syringa Water Company of substantial water rate increases to begin in January 2024, reportedly to finance capital improvements of the Syringa Water system. These improvements are reportedly necessary to increase water storage for existing and proposed new water connections and to provide adequate fire protection water storage as well.

The new 2024 water rates proposed by Syringa Water Company, mailed to each Customer in their December 2023 water service invoice (**See Attachment # 1**), appear to have been created to cover new annual operating costs of the Syringa Water Company according to their draft 2024 Expense and Budget sheet. (**See Attachment # 2**).

Customers contend these new water rates, and the method of applying the new rates, appear to be a result of inaccurate calculations to determine the dollar amounts needed to be charged to existing users. The new rates appear to be based on total annual gallons used per customer and invoiced on a monthly basis using a sliding tiered scale, in order to cover annual costs of the Syringa Water Company and a reasonable profit.

Customers assert that, in addition to the arguments above that NO water rate increases should be justified to correct long-standing system deficiencies, regardless of water consumption tier, the new upper water consumption tiers 3,4 and 5 are punitive and discriminatory, without any factual data to backup any increase in cost to produce more water. The cost of the lake water itself is static regardless of consumption levels and only the proportionate additional water treatment costs should generate additional water costs to the higher water users. Thus, the new upper consumption tiers are solely for the purpose of punishing higher water consumers that Bob Hamilton refers to as “water hogs”. Since the raw product cost of lake water remains near zero each year, what then explains the need to drastically increase water prices for existing customers for 2024?

The answer is obvious – Syringa Water Company needs capital to correct the years of water system deficiencies in storage capacity and fire protection water storage. As argued above, these expenses should be borne by Syringa Water Company alone and not passed on to its existing water customers. These new expenses should be considered “contributed capital” and not allowed. Same with Syringa Water seeking capital to pay for an expansion of its entire water system to accommodate additional rate paying customers. The cost of these capital improvement expenses should be included as development expenses where the new water connections will be installed and amortized by Syringa Water Company for new water customers to pay with their own water bills, and not by existing customers in Syringa Heights and Syringa Grove.

On January 8, 2024, the Presidents of the Syringa Heights HOA, and The Grove HOA, sent Bob Hamilton a letter in response to the new proposed 2024 water rates. **(See Attachment # 3)**. This letter expressed dissatisfaction with the new rate increases and concerns over the rate structure calculations explained by Bob Hamilton. Also, mathematical errors were found as well creating even more confusion about these proposed rate increases.

In response to the above January 8th letter, Bob Hamilton requested a “face to face” meeting with the Presidents of the 3 HOA’s. This meeting was held on February 2, 2024 at Bob Hamilton’s residence. Bob handed out a 5 page undated document that he prepared in an attempt to explain his point of view that included inaccurate calculations with absolutely no backup data. **(See Attachment # 4)**. His letter was argumentative, condescending and threatening to the HOA customers who out of necessity, purchase his water every month and every year.

At this meeting, Bob Hamilton also advised that “this document was not to be made public and he would not provide any further information to the HOA’s from this point forward, only to the PUC”. This 5 page document did not explain to our satisfaction how the rates were determined nor justified. The document also provided a totally new method of calculation for the monthly invoices by applying the rates to the gallons used

in contradiction to the method used in previous years. This new method may appear to be fair and reasonable for tiers 1 and 2, but for tiers 3,4 and 5 it takes the punitive action to another level, when in reality it should be calculated using the same method as tiers 1 and 2.

3. **Attachment # 6** is an example of new 2024 rates and calculations that Syringa Water Company intends to charge as described on page 4 of the 5 page document that Bob Hamilton presented to the 3 HOA presidents at the February 2, 2024 meeting. (**Attachment # 4**). The proposed 2024 rates were never substantiated nor justification data provided, they are purely arbitrary. Also, the method of applying those rates to the gallons used has been and continues to be incorrectly performed for upper tier users.
4. Customers contend that the water rates charged for the each tier up, i.e., Tier 1 to Tier 2, Tier 2 to Tier 3, etc, should begin with one (1) gallon above the previous tier and not revert back to the very beginning of zero gallons used as is presently proposed by Syringa Water Company. (**See Attachment # 7**).
5. As previously indicated, total water storage capacity for daily water system operations, plus fire protection, is currently deficient. (**See Attachment #5**). This is true for current users and will continue to be true when vacant lots with water meter boxes in our subdivisions are built out, as they are guaranteed users. This attachment is page 35 of a Welch Comer engineering report, dated July 10, 2023. Customers encourage the IPUC to review the full Welch Comer report that consists of a complete evaluation of the Syringa Water Company including its present water system status and projections for proposed system upgrades for additional customers to be added to the current water system.
6. **Attachment #8** is a letter from Kootenai County Fire & Rescue, dated September 26, 2022, to Welch Comer Engineers which states in essence that any new residential lot connections for the Syringa Water Company will fall under the most current adopted fire code at the time of new lot creation. The nearby Camas Estates subdivision, also developed by Bob Hamilton, was approved by Kootenai County on November 11, 2018, which resulted in 4 new lots being connected to the Syringa Water Company system. Customers contend these 4 new water connections required Syringa Water Company to comply with the 2018 Fire Code for water storage capacity of 180,000 gallons. Their failure to comply renders the entire Syringa Water system to be grossly deficient by 175,542 gallons. (**See Attachment #5**) which is page 35 of the Welch Comer report dated July 10, 2023.
7. Welch Comer also performed a transfer pump analysis for the Syringa Water Company and this analysis is contained in their July 10, 2023 report. The analysis showed that the transfer pump capacity is currently deficient. This is true for current

users and will continue to be true when vacant lots in our subdivisions are built out as they are guaranteed users. **(See Attachment # 9).**

Customers have not been able to obtain from Syringa Water Company accurate and/or reliable data on the number of other connections outside of our subdivisions that have also been guaranteed water connections. All additional water user connections outside of our subdivisions without improvements to the current system will only make current deficiencies worse, especially and most importantly, adequate water storage for fire protection for our three HOA's.

Syringa Water Company has had 15+ years to correct these deficiencies and failed to do so. In many instances they have failed to even acknowledge any deficiencies exist or to what degree. As a private corporation, Syringa Water Company has been reluctant to provide us with requested information in the past. In the past two years, our HOA's have tried to get accurate and reliable data from Syringa Water Company to determine if our homes were in danger from inadequate supplies of water for consumption and fire protection. We have received a limited amount of conflicting data, to the point it is difficult to rely on information they provide either verbally or in writing, due to the lack of backup data. Syringa Water Company now refuses to provide any information to our HOA's as of February 2, 2024.

RELIEF SOUGHT:

1. For Syringa Water Company to be regulated by the IPUC from this point forward as required by Idaho law and, as interested parties, Customers be furnished copies of all documentation provided by Syringa Water Company to the IPUC, as allowed by IPUC Rules and Regulations.
2. For the IPUC to determine whether it is appropriate for the Syringa Water Company to raise water rates on current HOA customers to correct years of water system deficiencies for inadequate water and fire protection water storage or does the Presumption of Contributed Capital rule apply?
3. For the IPUC to determine whether it is appropriate to raise water rates on current HOA customers for water system upgrades to provide water service to new non-HOA customers in other developments or does the Presumption of Contributed Capital rule apply?
4. For Syringa Water Company to be regulated by IPUC from this point forward for the purposes of investigating and determining a rate schedule that accurately calculates the water rates to cover allowable costs and a reasonable profit on an annual basis without a windfall profit from the increased revenue collected from

high end users (tiers 3,4 and 5) over and above that collected from all other users – Idaho Code Title 61, Chapter 5, 61-502 and 61-503.

5. As a compromise for Syringa Water Company operating for 20 + years without regulation as required by law, we also request that IPUC immediately require Syringa Water Company to revise their method of applying the rates to the gallons used in a proper and correct manner until the tariffs are established and approved by the Commission, giving IPUC an opportunity to complete their investigation and audit to determine a rate schedule and method of calculation that is fair and reasonable for ALL parties.
6. For Syringa Water Company to increase their water storage capacity in compliance with 2018 Fire Code Regulations to eliminate any deficiencies at no cost to the lot owners of Syringa Heights and The Grove.
7. For Syringa Water Company to increase the transfer pump capacity to eliminate any deficiencies at no cost to the lot owners of Syringa Heights and The Grove.
8. For Syringa Water Company to correct any other deficiencies that may exist at this time, whether known to us or not in order to bring the system into compliance at no cost to the lot owners of Syringa Heights and The Grove.
9. For the IPUC to regulate Syringa Water Company from this point forward to insure that no additional water connections are made to the existing system (other than those guaranteed to the currently platted vacant lots in our respective subdivisions) without an engineering and compliance review for the necessary upgrades at no cost to our lot owners.
10. Syringa Water Company has recently signed an agreement with a Bennett Bay development project nearby to provide water to an apartment complex to be built and to a restaurant near this project. Ten new water connections are contemplated. Kootenai County public records indicate that a Water Connection and Service Agreement was filed with the County on October 4, 2023. The parties to this agreement are Sawmill Point Development, Inc. (Bob Hamilton) and WG Bennett Bay Apartments, LLC, et al. **(See Attachment 10).**


QUESTIONS:

- Does the Presumption of Contributed Capital (IDAPA 31.36.01) Rule No. 103, apply to this new water project by the Syringa Water Company, which is unrelated to our 3 HOA's and which expands their customer base? Syringa Customers contend that the total costs to Syringa Water Company for this new water project should be considered contributed capital and excluded from the base rate charged to customers in Syringa Heights and Syringa Grove HOA's.

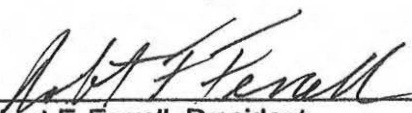
- Can the IPUC require that Syringa Water Company manage the supply of water to the new Bennett Bay connections separately from the Syringa Heights and Syringa Grove developments, including allocation of separate water supply costs that determine the water rates to be paid by these new customers?
- Which customers have priority for water from the Syringa Water Company – existing customers of the Syringa Heights and Grove HOA's or new customers being contemplated in the Bennett Bay Development?
- Bob Hamilton has stated if the Bennett Bay project does not proceed, he has no intention of increasing the current Syringa water storage capacity to bring the system into compliance for water supply and fire protection. This is a major concern for Customers and we believe this would be a violation of Idaho law.

Respectfully submitted on behalf of the membership of the Syringa Heights HOA, Additions 5-9, and the Syringa Grove HOA.

DATED: 4/2/2024



Pete Capano, President
Syringa Heights Homeowners' Association
2038 S. Panoramic Drive
Coeur d' Alene, ID 83814



Robert F. Ferrell, President
Syringa Grove Homeowners' Association
1913 Scharelant Lane
Coeur d' Alene, ID 83814

Attachments 1-10

ATTACHMENT 1



SYRINGA WATER COMPANY
PO BOX 3064
COEUR D'ALENE, ID 83816
208 - 704 - 2041 * syringawatercda@gmail.com

Please note the new phone number now available for customer service messages and the new rates for the 2024 year as stated in your recent mailer.

Tier	Gallons used	Rates/fees
	Standard fee	\$60.00
1st tier	1-20,000 gallons used	\$2.50/thousand gallons
2nd tier	20,001 - 40,000 gallons used	\$4.00/thousand gallons
3rd tier	40,001 - 80,000 gallons used	\$6.00/thousand gallons
4th tier	80,001 - 120,000 gallons used	\$12.00/thousand gallons
5th tier	120,001+ gallons used	\$14.00/thousand gallons

If you feel your contact information, billing address, or email information is not accurate in our system please email any corrections to:

syringawatercda@gmail.com.

ATTACHMENT 2

2024 SYRINGA WATER BUDGET....

Elda Asinelli <ciaoida@icloud.com>

Tue 10/17/2023 3:39 PM

Tobob hamilton <allstarbob@hotmail.com>

2024: SYRINGA WATER EXPENSES AND BUDGET

Current Residential Users: 78 -

ADMINISTRATIVE EXPENSES

	TOTAL COSTS	FREQUENCY	YEAR 2024	COST PER MONTH
INSURANCE	\$ 8,000.00	ANNUAL	\$ 8,000.00	\$ 666.67
BILLING & CLERICAL	\$ 4,800.00	ANNUAL	\$ 4,800.00	\$ 400.00
OFFICE SUPPLIES	\$ 1,200.00	ANNUAL	\$ 1,200.00	\$ 100.00
LEGAL & TAX ACCOUNTING	\$ 2,400.00	ANNUAL	\$ 2,400.00	\$ 200.00
PERMITS AND FEES	\$ -	ANNUAL	\$ -	\$ -
TOTAL ADMINISTRATIVE EXPENSES	\$ 16,400.00		\$ 16,400.00	\$ 1,366.67

OPERATING EXPENSES

POWER & UTILITIES	\$ 26,000.00	ANNUAL	\$ 26,000.00	\$ 2,166.67
ENGINEERING TECH	\$ 6,000.00	ANNUAL	\$ 6,000.00	\$ 500.00
DEQ - WATER MASTER CONSULTATION	\$ 4,800.00	ANNUAL	\$ 4,800.00	\$ 400.00
MATERIAL & TESTING SUPPLIES	\$ 3,600.00	ANNUAL	\$ 3,600.00	\$ 300.00
WATER MASTER (avg. 2 hrs per day per 31.5 days at \$30.00)	\$ 21,960.00	ANNUAL	\$ 21,960.00	\$ 1,830.00
METER READING (8 HRS per \$30.00 - May thru October)	\$ 1,200.00	ANNUAL	\$ 1,200.00	\$ 100.00
FILTER SCRAP (2men - 4hrs each at \$30.00 per hr)	\$ 480.00	2X PER YR	\$ 480.00	\$ 40.00
FILTER VACCUME (14 time per season - 2hr. Per 2 men at \$30.00)	\$ 1,680.00	14X PER YR	\$ 1,680.00	\$ 140.00
TOTAL OPERATING COSTS MAINTENANCE	\$ 65,720.00		\$ 65,720.00	\$ 5,376.67

RESERVE (Long Term Project Funds)

BUILDING REPAIR	\$ 6,000.00	ANNUAL	\$ 6,000.00	\$ 500.00
FILTER LINER REPLACEMENT (replacement approx. in 10 yrs)	\$ 30,000.00	EVERY 10 YRS-	\$ 3,000.00	\$ 250.00
FILTER SAND REPLACEMENT (replacement approx. in 6 yrs.)	\$ 50,000.00	EVERY 6 YRS	\$ 8,000.00	\$ 666.67
VEHICLES & EXCAVATORS	\$ 40,000.00	EVERY 5 YRS	\$ 8,000.00	\$ 666.67
PUMP REPLACEMENT	\$ 60,000.00	EVERY 20 YRS	\$ 3,000.00	\$ 250.00
TOTAL EMERGENCY RESERVE	\$ 186,000.00		\$ 28,000.00	\$ 2,333.33

COST →

PROFIT 12%			\$ 13,214.40	\$ 1,101.20
2024 ANNUAL BUDGET TOTAL			\$129,334.40	\$ 10,277.87

Line Items Never in Previous Budget

Items Not Charged or Paid by Syringa properties or Sawmill Point

ATTACHMENT 3

Syringa Heights Homeowners & Water Users

January 8, 2024

Bob Hamilton
President
Syringa Water Company
Coeur D'alene, ID 83816

Dear Bob,

We like to document at this time and inform you that the three HOA boards, on behalf of all your (homeowners) customers, are displeased with the 2024 water rates, compilation and graduated rate structure calculations. We concurred that with your explanation, (both verbal and written), the new fee structure has created more questions and confusion.

Below are examples:

Rates: we understand the price of doing business is increasing and just about every thing and commodity has been affected by inflation. You mentioned you had compiled these rates based upon your budget, divided by the number of users currently drawing water, stated at 78. You also based funding this budget using the new monthly base of \$110. Question: does this take into account for the revenue received during the higher consumption months? A quick calculation using the average monthly consumption for all the homeowners, based upon a spreadsheet you shared with the board in August of 2021, is nearing 60K. Using proposed new rates, this threshold amounts to approx \$400 of revenue per homeowner, far exceeding the budgetary base requirement of \$110 per month.

You also mentioned that your budget total would be divided by the number of users to calculate your monthly based rate. How does this base rate change as new additional users come on board? Can we assume that if the total budget expense (dividend) is being shared by a higher number of users (divisor), the monthly base rate will be driven lower?

Graduated Rate Structure: The fact that they are not linear but progressive, we feel they are punitive as well as forced conservation. In analyzing said structure, in the chart provided, you depict six separate consumption ranges and rates per 1000 gallons used.

We found several errors in your calculations and or we are confused as to the math or formula used to calculate said rates.

I believe we can concur that for 2024, the base rate of \$110 is figured at \$60 for access and \$50 for 20K gallons ($\$2.50/K$ or $20 \times \$2.50 = \50). At range 20-40K, you charge $\$4.00/K$, meaning if a customer used 40K gallons, we would assume the base \$110, then 20K gallons at $\$4.00/K$ adds another \$80 to the base \$110 for a total of \$190. You calculate \$240 at 36K, which by your math should actually be \$174 ... \$110 base plus 16K at $\$4.00$ adds another \$64!

Same for each and every chart range; at 40-80K, using your 63K example should be \$328 versus \$404 (base \$110, plus \$80 for 20-40K plus \$138 for 23K). For chart range 80-120K, using your 90K example should be \$550 versus your \$940, your chart range 120-160K, using your example 160K should be \$1470 versus your \$2340 and your final chart range 160-200K, using your example of 200K should be \$2030 versus your \$2900!

These are huge disparities that your customers need clarification on and if applicable, correction!

And finally, we do need more explanation on how you will calculate the six month wintertime usage without reading the meter. What we understand or assume is that you will read the meter in May after six months usage and calculate total gallons consumed and bill for any amounts above 120K, rebate if below. There's confusion since paying the base at \$110, \$50 is charged for 20K of water per month. We further assume if we consume less than 20K per month, invoices should reflect less than \$110, thereby making adjustments to the May invoice.

In closing: Bob, all three HOA's can agree that Syringa Water has provided great service and great water. We can also appreciate that you maintained adequate supply when other neighboring systems and that of CDA proper, had shortage issues or were asked to conserve. Additionally, we want to recognize and thank you for the pumping upgrades within the system to meet the 225 GPM engineering recommendation.

We believe the real issue since inception has been the reading of the meters, or lack of, billing irregularities and miscommunication.

We trust that you will review this letter in earnest and communicate accordingly. Thank you.

Respectfully submitted,

Syringa Grove HOA
Syringa Heights HOA 1-4 Additions & 5-9 Additions

ATTACHMENT 4

Bob handed out 2/2/2024

Regarding an unsigned letter dated 1/08/24.

First, I wish to emphasize that Syringa Water is in the process of applying for regulation by the Idaho Public Utilities Commission and expenses budgets and rates may be reviewed and regulated depending on the state's decision about regulating Syringa water.

Second, the information that I provided to the water users before the first of the year was a courtesy only. My goal was to let people know why I was no longer working towards annexation by North Kootenai Water. The rates they proposed were outrageous, but I mentioned that I would not oppose proceeding to annexation if 60% + of water users wanted to proceed.

It seems that the writer of the unsigned letter dated 1/08/24 either did not read the material I had provided, or was incapable of understanding it. I am going to attempt to address the contents of that letter point by point as clearly and simply as possible.

Under what appears to be a heading entitled, "rates", you make the false assertion that the budget provided and rates extrapolated were somehow associated with a base rate of \$110.00. Nowhere in any material I provided did I say that.

The budget that I built and provided for reference is a compilation of costs and reserves necessary to continue to provide safe and reliable water service. It was not based on a \$110.00 base times 78 users. The \$110.00 figure was used as an example of a user's cost when 20,000 gallons is consumed in one month. It represents a \$60.00 access charge plus \$2.50 per thousand gallons X 20. If a customer uses less than 20,000 gallons in a month, then their bill would be less.

For example, a user uses 10,000 gallons in a month.

The bill would be calculated as follows: \$60.00 plus \$2.50 X10 or \$85.00. Have I made this easy enough to follow?

On the spread sheet referenced, the paragraph entitled, "rates", is not representative of average monthly use as you falsely assert. It is in fact the meter reading sheet for the month of August 2021 -- which I recall providing to only two people in strict confidence.

I did so to illustrate the excessive water use of some users. It is the meter readings for the month of August -- usually the biggest water consumption month of the year. The average use of "60,000 gallons per user" which you state, is rendered inaccurate by the fact that there were 13 users at 100,000 gallons to 182,000 gallons each.

These are what I call "water hogs" or "special" users. The real average of normal users (48 of 61) is more like 40,000 gallons per month each. So that someone who actually uses an average amount of water (40,000) would pay \$190.00. In addition, your statement that a user of 60,000 gallons would pay around \$400.00 for the month is grossly inaccurate. Let us do the math.

\$60.00 plus 20X \$2.50 is \$110.00 plus \$4.00 X20 for the second 20,000 gallons or \$80.00.

Are you with me so far?

Lastly \$6.00 X20 for the last 20,000 or \$120.00. For a grand total of \$310.00.

The meter reading sheet you refer to above is titled "August 2021".

The first column is: previous meter read.

The second column is: present meter read and

The third column is: water consumed in gallons.

July, August, and September represent the biggest water use of the year every year. In the case of August 2021 61 users used 3,806, 780 gallons. By contrast, winter use is usually at or just under 1,000,000 per month -- substantially less.

Winter use accounts for seven months of the year. In order to illustrate for you, I copied the daily use at the water plant for 23 days in January of this year, which is the date of the first draft of this writing. In 23 days, the 78 users in the system used 719,000 gallons of water. If we divide that number by 23 days we should get average daily use for the system. or 31,260 gallons per day.

Please correct me if I am wrong, but if we take the daily use and multiply it by the number of days in the month, (31) we get a pretty accurate feel for the monthly use -- 969,090 gallons. When we divide that number by 78 users we get an excellent idea of average use per month per user for seven months of the year.

Apply the rate formula and the bill for most people would be $\$60.00 + \$2.50 \times 12.42 = 31.05$ for a total of \$91.05. I can only conclude that throwing around the \$400.00 amount as an average is intentionally misleading.

In the second paragraph under the title, "below are examples", you talk about calculation of the base rate and adjusting bills downward as new users come on the system. The short answer is "No.", and I will explain why in the next couple of paragraphs. When Avista adds a 100 home subdivision to the grid, do they adjust your bill downward? NO!

As I understand the IPUC process, a new budget is created by adjusting actual costs and reserves every year and rates are computed based on that data.

The budget for 2024 is \$123,334.40 (please see the budget I provided in the previous information package.) Anyone who thinks they can run a company of this size and complexity for that amount or less is welcome to do so. I feel certain that adjustments by the IPUC will increase this amount considerably. The annual budget divided by 12 months (the number of months in a year) is \$10,277.87 per month, divided by 78 users is \$131.77 not \$110. Since we have established that the average user may pay between \$85.00 and \$110.00 per month in the winter months, we have accounted for any additional income generated in the 3 months of summer. You should be aware that system expenses in the summer are also considerably higher.

The budget amount divided by 12 divided by the number of users only tells me the average amount I need per user to operate the system. While a new customer represents new income,

they also create additional costs, billing, administration, decreased pump life, decreased filter sand life, increased utility and regulatory costs, increased labor costs. Adding new users does not necessarily mean lower costs to existing users. In fact, and this is an important point, please pay attention!

A water company costs are based on the cost of gallons pumped, treated, and delivered. The result of which is that the "special users" drive the cost up for everyone! Of the three people I am told composed the unsigned letter, at least one of you is a "very special user".

The question posed regarding progressive, as opposed to linear rates, asks if they are intended to be punitive and force conservation. Absolutely! They are.

Almost every rate schedule I have seen from other private and community water companies are progressive. The rate increases with volume of individual use. Please refer to those proposed by NKW for our system as well as those for Gem Shores and Hayden Haven which I provided with the package of information presented before the first of the year which, apparently was also not read or again was beyond comprehension. Since you have chosen to make public the meter reading sheet for August 2021, which I asked to be kept in confidence so as not to embarrass people who were excessive users, I will use an example from those users to illustrate why.

Buddy Ferrell used 120,330 gallons of water in Aug. of 2021. Anyone who has seen the 100,000 gallon storage tank across the freeway knows that it is huge. It is 16 feet tall. If one took that tank and added three feet to it and filled it to the brim that would be 120,000 gallons. If all 78 users used as much water as Mr. Ferrell in the month of August, we would need to pump and treat 9,385,740 gallons in a month. The most we have pumped and treated per month to date is about 5,400,000.

In fairness to Mr. Ferrell I checked his 2023 use for August it was 70,090 gallons. I have to assume that is a testament to the effectiveness of progressive billing and rates that encourage conservation. The Syringa Grove Gate however used 112,000 gallons last August. Looking at I.P.U.C. regulations I could turn that off and lock it if that continues and I anticipate the possibility of shortage. Mr. Krum used 123,600 gallons in May of last year, I think that was a broken pipe in landscape system, however August use was 113,400 gallons. I am confident that will change in 2024.

Regarding the first two paragraphs of page two of the unsigned letter, I reviewed your numbers and concur: I did make calculation errors when converting the rates to examples of costs. Fortunately the bills are calculated by a computer using quick books, not me. I apologize for any confusion that may have caused. I think I must have used another rate schedule when doing the calculations, as I experimented with several to find one that worked. Good thing that actual dollar amounts used to represent various scenarios of cost are all lower by your calculations. Thus doing a better job of proving the point I was trying to make. That NKW rates were two and sometimes three times the new rates for Syringa water. Thanks for that.

To be as clear as I can, the following are Syringa water rates:

1. 0 to 20,000 gallons. — \$60.00 plus \$2.50 per thousand gallons used. A bill may be less than \$110.00 if fewer than 20,000 gallons are used; hence rendering ludicrous the idea that \$110.00 is some kind of base rate. At this level of use, Syringa's cost is 38% of NKW. That is just over one third.
2. 20,000 to 40,000 gallons is billed at \$4.00 per thousand over 20,000.
Our example based on 36,000 gallons is as follows: \$60.00 plus 20 X \$2.50 = \$110.00
Plus 40 X \$16.00 = \$64.00.

For a total of \$174.00. NKW's charge for the same volume would be \$520. Syringa's rate again one third of NKW. Please let me know which bill you would prefer getting.

3. 40,000 to 80,000 gallons is billed at \$6.00 per thousand for any use over 20,000.
4. 80,000 to 120,000 gallons is billed at \$12.00 per thousand for any use over 20,000.
5. 120,000 and above is billed at \$14.00 per thousand for any use over 20,000.

The following is how winter rates will be calculated: The last meter reading will occur on or around the 15th of October. We will assume an average use of 20,000 per month per user. If that ends up being high we will adjust downward in the following year in order to be close to actual use. The first reading of the new year will be on or about the 15th of May. Your assumption about adjustments is accurate. Any overage will be billed to the user and less use will appear as a credit and be deducted from a future bill.

In conclusion I would like to point out that the budget I provided prior to the first of the year in an attempt to be open honest and transparent, must have not been reviewed by the writers. It included thousands of dollars per year that go into the water system by other companies owned by the Hamilton Family. Wealthy person water welfare!

I will go over those items with the writers when we meet to review the unsigned letter and this response. In addition it included reserves for repair and replacement of necessary infrastructure, something not contemplated by Syringa water before. Emergency expenses in past years have been subsidized by Syringa Properties or Sawmill Point development.

I was attempting to make this point:

There are three options.

1. Syringa water has rates that pay the company bills and holds reserve funds for system improvement and repair, and we continue to provide abundant and safe water.
2. The system goes over to NKW and rates double and triple.
3. The system fails. I would like to point out that Kootenai #1 in Sunnyside has system failures two or three times a year. The latest was last week when the main electrical at the lake pumps exploded and caught fire, creating negative pressure and draining treated water back into the lake. They had to import water from the city just to keep the filters from going dry and killing the medium. Last summer they had 3 or 4 weeks where outside water use was prohibited altogether because intakes were not maintained and cleaned causing mud to flow into the filters and shut off water production.

I could go on and on but the point is this: Failure to budget for reserve and replacement costs you in problems. We could do the same and in a few years we would be just like them.

Post script. I will no longer communicate with the boards about the water system beyond billing for community water use, gates and entry landscape. There will be no more reports at HOA meetings. Once we are regulated I will provide in writing the minimum information required by the I.P.U.C to the individual users. I will no longer tolerate the abuse that seems to come my way every time I provide more information than the bare minimum. I don't need the pain associated with people I considered to be friends having secret meetings and sending unsigned letters.

Bob Hamilton

A large, stylized handwritten signature in black ink, appearing to be 'Bob Hamilton', written over the printed name.

ATTACHMENT 5

3.3.4 STORAGE

The future storage analysis was performed based on the same analysis criteria as presented in Section 2 and will evaluate the same storage components as the current storage analysis. Storage requirements for the system were evaluated based on the projected number of EDUs and associated demands as presented in Section 3.2. Table 3-9 below summarizes the future storage analysis for the existing 100,000-gallon reservoir. As shown below, the current storage is deficient.

As discussed previously in Section 3.2.1, once expanded beyond its current lots, Syringa Heights must provide the current required fire flow. Considering the current fire flow requirement (1,000 gpm for 2 hours), the fire flow requirement would stay the same through Growth A-2. Bennett Bay will require an increased fire flow storage amount (1,500 gpm for 2 hours or 180,000 gallons).

Table 3-9: Storage Capacity Analysis Based on Future Demand

Growth Phase	EDUs	Operating Storage (gal)	Dead Storage (gal)	Equalization Storage (gal)	Standby Storage (gal)	Fire Suppression Storage (gal)	Total Storage Required (gal)	Total Storage Available (gal)	Storage Surplus or Deficit (-) (gal)
Current	79	3,396	0	31,950	18,579	120,000	173,925	100,000	-73,925
Growth A	108	3,396	0	53,865	25,399	120,000	202,660	100,000	-102,660
Growth A-2	111	3,396	0	56,132	26,105	120,000	205,633	100,000	-105,633
Growth B	121	3,396	0	63,689	28,456	180,000	275,542	100,000	-175,542

3.3.5 DISTRIBUTION SYSTEM

The modeling scenarios presented in Section 2.9.5 were evaluated with respect to the future demands, Growth A and A-2. Growth B was modeled separately and will be discussed in Section 4 as it requires improvements and a water main extension to serve. A complete set of results can be found in Appendix F.

3.3.5.1 MODEL ANALYSIS BASED ON FUTURE DEMANDS

Scenario 1: (PHP, Maintain 40 psi Throughout the System)

The objective of this scenario is to maintain a minimum pressure of 40 psi during PHP under the condition where all equalizing storage has been depleted and the source (lake intake, Cliff House boosters, sand filtration, transfer pump) and boosters are operating as normal. The following is a summary of the operating conditions modeled in this scenario:

ATTACHMENT 6

Exhibit #6

Example of 2024 applied Rates & Calculation based on Syringa Water Company stated methods

2/22/2024

The usage figures per user and number of users in each tier are reasonable assumptions based on limited information obtained from Syringa Water

		Syringa Water 2024 rates per K gal Exhibit #1				
Standard Fee			\$60.00			
1st tier	1-20,000 gal used		\$2.50			
2nd tier	20,001-40,000 used		\$4.00	over 20k gal		
3rd tier	40,001-80,000 used		\$6.00	over 20k gal		
4th tier	80,001-120,000 used		\$12.00	over 20k gal		
5th tier	120,001 + gal used		\$14.00	over 20k gal		

	Number of users	Estimated Monthly Usage in K gal		Rate per K gal	Number of Months	Money Collected	Total Gal Used
Standard Fee	79	NA		\$60	12	\$ 56,880	NA
winter months	79	6		\$2.50	6	\$ 7,110	2,844,000
HOA entries summer only	4	30	20	\$2.50	6	\$ 1,200	480,000
			10	\$4.00	6	\$ 960	240,000
summer months	25	10		\$2.50	6	\$ 3,750	1,500,000
summer months	25	25	20	\$2.50	6	\$ 7,500	3,000,000
			5	\$4.00	6	\$ 3,000	750,000
summer months	20	50	20	\$2.50	6	\$ 6,000	2,400,000
			30	\$6.00	6	\$ 21,600	3,600,000
summer months	9	85	20	\$2.50	2	\$ 900	360,000
			65	\$12.00	2	\$ 14,040	1,170,000
summer months	9	100	20	\$2.50	2	\$ 900	360,000
			80	\$12.00	2	\$ 17,280	1,440,000
summer months	9	125	20	\$2.50	2	\$ 900	360,000
			105	\$14.00	2	\$ 26,460	1,890,000

As demonstrated here, the method of applying the rates to the gallons used has always been incorrectly performed by Syringa Water Company for upper tier users. The rate charged for the next tier up should begin with one gallon above the previous tier and not revert back to the very beginning of usage or any other arbitrary number (20k gal), as illustrated here. This method creates hidden profit.

Totals	\$ 142,020	20,394,000
Annual Budgeted Expense per Exhibit #4	\$ 110,120	
The Difference equal PROFIT	\$ 31,900	
This equates to a PROFIT of	29% ***	

*** This percentage of Profit would be over 2.1/2 times the amount Syringa Water proposes

ATTACHMENT 7

Exhibit #7

Example of 2024 applied Rates & Calculation based on a proper method of calculation

2/22/2024

The usage figures per user and number of users in each tier are reasonable assumptions based on limited information obtained from Syringa Water

		Syringa Water 2024 rates per K gal Exhibit #1				
Standard Fee			\$60.00			
1st tier	1-20,000 gal used		\$2.50			
2nd tier	20,001-40,000 used		\$4.00		over 20k gal	
3rd tier	40,001-80,000 used		\$6.00		over 40k gal	
4th tier	80,001-120,000 used		\$12.00		over 80k gal	
5th tier	120,001 + gal used		\$14.00		over 120k gal	

	Number of users	Estimated Monthly Usage in K gal	Rate per K gal	Number of Months	Money Collected	Total Gal Used	
Standard Fee	79	NA	\$60	12	\$ 56,880	NA	
winter months	79	6	\$2.50	6	\$ 7,110	2,844,000	
HOA entries summer only	4	30	20	\$2.50	6	\$ 1,200	480,000
			10	\$4.00	6	\$ 960	240,000
summer months	25	10	\$2.50	6	\$ 3,750	1,500,000	
summer months	25	25	20	\$2.50	6	\$ 7,500	3,000,000
			5	\$4.00	6	\$ 3,000	750,000
summer months	20	50	20	\$2.50	6	\$ 6,000	2,400,000
			20	\$4.00	6	\$ 9,600	2,400,000
			10	\$6.00	6	\$ 7,200	1,200,000
summer months	9	85	20	\$2.50	2	\$ 900	360,000
			20	\$4.00	2	\$ 1,440	360,000
			40	\$6.00	2	\$ 4,320	720,000
			5	\$12.00	2	\$ 1,080	90,000
summer months	9	100	20	\$2.50	2	\$ 900	360,000
			20	\$4.00	2	\$ 1,440	360,000
			40	\$6.00	2	\$ 4,320	720,000
			20	\$12.00	2	\$ 4,320	360,000
summer months	9	125	20	\$2.50	2	\$ 900	360,000
			20	\$4.00	2	\$ 1,440	360,000
			40	\$6.00	2	\$ 4,320	720,000
			40	\$12.00	2	\$ 8,640	720,000
			5	\$14.00	2	\$ 1,260	90,000
Totals					\$ 122,820	20,394,000	

As demostarted here, the method of applying the rates to the gallons used has been correctly performed for all tier users. The rate charged for the next tier up begins with one gallon above the previous tier and not revert back to the very beginning of usage or any other arbitrary number, such as 20k gal. This method creates a reasonable profit and corresponds to the % that Syringa Water Company desired.

ATTACHMENT #2
~~ATTACHMENT~~

Annual Budgeted Expense per Exhibit #1	\$	110,120
The Difference equal PROFIT	\$	12,700
This equates to a PROFIT of		12%

ATTACHMENT 8

Kootenai County Fire & Rescue

Fire Marshal's Office

1590 E. Seltice Way
Post Falls, ID 83854
Tel: 208-777-8500
Fax: 208-777-1569
www.kootenaifire.com

September 26, 2022

Steve Cordes
Principal Engineer
Welch Comer
208.664.9382
scordes@welchcomer.com

RE: Syringa Heights Water System

To Whom it May Concern,

I have been asked to evaluate the current water system and provide guidance for future development. All current residential lots will fall under the code in place at the time of original subdivision. I have reviewed the provided information and found the current status of the Syringa Heights is as listed below. This follows the original approval of the subdivision. Any new residential lots will fall under the most current adopted code at time of lot creation. This will also apply for any commercial construction projects. The current 2018 IFC requirements are listed for reference.

Current System:

Current storage capacity: 100,000 Gallons

Current available fire flow: UNK (no recent testing has been recorded.)

For residential development fire flow requirements should follow the IFC Table B105.1. with a minimum of the following:

2018 Fire Code required storage capacity: 180,000 gallons

2018 Fire Code required fire flow: 1,500 gpm @ 20psi

APPENDIX A:
PROJECT AREA MAP



APPENDIX B:
FIRE DATA
CLASSIFICATION



APPENDIX C:
PLAN SHEETS

ATTACHMENT 9

Source Capacity (gpm)	Growth Phase	EDUs	MDP (gpm)	Available Source Capacity with Largest Source Offline (gpm)	Source Capacity Surplus or Deficit (-) (gpm)
Filter Bays (300 gpm)	Current	79	135	225	90
	Growth A	108	184	225	41
	Growth A-2	111	189	225	36
	Growth B	121	206	225	19

Table 3-6: Transfer Pump Capacity Analysis-MDP with Largest Source Offline Based on Future Demand

Source Capacity (gpm)	Growth Phase	EDUs	MDP (gpm)	Available Source Capacity with Largest Source Offline (gpm)	Source Capacity Surplus or Deficit (-) (gpm)
Transfer Pump (180)	Current	79	135	0	-135
	Growth A	108	184	0	-184
	Growth A-2	111	189	0	-189
	Growth B	121	206	0	-206

The sand filtration system has a capacity of 225 gpm and will be sufficient for all growth projections. As shown in the tables above: the lake intake pumps will be deficient at Growth B, the Cliff House Booster is projected to be deficient at Growth A, and the transfer pump is currently deficient due to its lack in redundancy per IDAPA Rules. The addition of a secondary pump for the transfer pump will help mitigate current and future deficiencies.

In addition, the source capacity was analyzed based on simultaneously providing the MDP and fire flow to the entire system. Since the transfer pump capacity is the limiting capacity, it was analyzed for the growth scenarios in Table 3-7 (rather than showing all four sources).

ATTACHMENT 10

RECORDING FEE: \$73.00 AG



Recorded at the request of
And after Recording Return to:

Lukins & Annis, P.S.
601 E. Front Ave., Suite 303
Coeur d'Alene, Idaho 83814
Attn: Brady M. Peterson

WATER CONNECTION AND SERVICE AGREEMENT

This WATER CONNECTION AND SERVICE AGREEMENT ("Agreement"), is entered into effective as of the 3rd day of October, 2023 (the "Effective Date") between SYRINGA WATER COMPANY, INC., an Idaho corporation ("Company"), SAWMILL POINT DEVELOPMENT, INC., an Idaho corporation ("Sawmill"), WG BENNETT BAY APARTMENTS, LLC, an Idaho limited liability company ("WG") and JEANETTE'S HOUSE, LLC, an Idaho limited liability company ("House", and together with WG, "Customer"). Company, Sawmill, and Customer are sometimes individually referred to herein as a "Party" and collectively as the "Parties."

WG owns certain real property generally located at 6889 E. Coeur d'Alene Lake Drive, Coeur d'Alene, Idaho 83814 with a parcel identification number of 50N03W-29-7250, which real property is legally described on Exhibit A (the "WG Property"). House owns certain real property adjacent to the WG Property and generally located at 6823 East Coeur d'Alene Lake Drive, Coeur d'Alene, Idaho 83814 with a parcel identification number of 50N03W-29-7300, which real property is legally described as on Exhibit A (the "House Property"). The WG Property and the House Property, together with any adjacent real property designated by Customer in accordance with Section 10.6 below, may be collectively referred to herein as the "Customer Properties".

Company owns and operates a water system ("Water System") that provides domestic and fire suppression water service to certain properties within and adjacent to the Syringa Heights subdivision in Coeur d'Alene, Idaho that are located near the Customer Properties.

Sawmill owns certain real property located within the Syringa Heights subdivision in Coeur d'Alene, Idaho with parcel identification numbers of 0-K297-002-010-A, 0-K297-002-010-B, and 0-L522-000-UTL-0, which real property is legally described on Exhibit B (the "Sawmill Property"). Certain portions of the Water System, including the Company's existing water storage tank is located on the Sawmill Property.

Customer desires to obtain domestic water service from Company that provides for ten (10) equivalent dwelling units ("EDU") (the "Required Water Service") for its current and future uses. Company desires to permit Customer to make certain improvements to the Water System infrastructure in order for Company to provide the Customer Properties with the Required Water Service. Sawmill desires to provide Customer with the right and license to access the Sawmill Property for purposes of completing upgrades and improvements to portions of the Water System located on the Sawmill Property.

The Parties desire to enter into this Agreement in order to memorialize their agreements with respect to the foregoing matters.

In consideration of the mutual covenants and agreements set forth in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Parties hereby covenant and agree as follows:

1. Service Covenant. Company covenants and agrees that it will furnish the Required Water Service to the Customer Properties upon the terms, conditions, and covenants set forth herein. Company shall not be obligated to provide the Required Water Service in the event Customer fails to perform any of its obligations set forth herein, or any other condition to Company's performance hereunder is not satisfied.

2. Water Rights. Company represents and warrants to Customer that (i) Company has sufficient water rights to operate the Water System and to provide the Required Water Service, and (ii) all of the Company's facilities with respect to the Water System are located within (a) real property owned by the Company, (b) within dedicated easements across real property not owned by Company, including the Sawmill Property, or (c) within encroachments permitted by state or local jurisdictions.

3. Water System Study and Scope of Improvements.

3.1 Company Preliminary Engineering Report. Prior to the Effective Date, Company caused a preliminary engineering report (the "Company PER") to be prepared for the scope and level of improvements required to remedy existing deficiencies in the Water System, which improvements are described on Exhibit C (the "Company System Improvements"), and the Company PER has been approved by the Idaho Department of Environmental Quality ("IDEQ").

3.2 Facility Plan/Customer Preliminary Engineering Report. Prior to the Effective Date, Customer has caused (i) a facility plan to be prepared, and approved by IDEQ on August 3, 2023, that, among other things, demonstrates the Company's existing Water System (subject to the completion of the Company System Improvements and Customer System Improvements (as defined below)) has adequate capacity to provide the Required Water Service to the Customer Properties (the "Facility Plan"), and (ii) a preliminary engineering report (the "Customer PER") and together with the Company PER, the "PERs") to be prepared for the scope and level of improvements required to update the existing Water System such that Company will be able to provide the Required Water Service to the Customer Properties (the "Customer System Improvements"). As of the Effective Date, the Parties anticipate that the Customer System Improvements will consist of those items generally described on Exhibit D, but the final scope and level of the Customer System Improvements shall be determined based on the Customer PER that is approved by the IDEQ and any other required federal, state, county, city or local governmental or quasi-governmental authority, entity or body (or any department or agency thereof) with jurisdiction over the Company or Water System (collectively, "Governmental Authorities") in accordance with all applicable laws and other regulatory requirements. Customer shall cause the Customer PER to be reviewed and approved by IDEQ and any other Governmental Authorities in accordance with all applicable laws and other regulatory requirements. Company shall reasonably cooperate with Customer in the processing and submission of the Customer PER to IDEQ and any other Governmental Authorities, and take all actions reasonably necessary to assist Customer in Customer's efforts to obtain final approval of the Customer PER, including, without limitation, attending meetings with IDEQ and Governmental Authorities if requested by Customer and executing such applications and any other documents necessary or convenient with respect to the Customer PER that are required to be executed by the Company. Customer shall provide Company with courtesy copies of the Customer PER, any preliminary or initial drafts thereof, and supporting documentation relating thereto during the period in which the Customer PER are being completed, and shall keep Company reasonably apprised and provide informal status reports to Company regarding Customer's progress in completion of the Customer PER and the approval thereof by applicable Governmental Authorities. The submission, processing and approval of the Customer PER shall be conducted at Customer's sole cost and expense. For avoidance of doubt, the Customer System Improvements shall not include the Company System Improvements or any other improvements to the existing Water System that pertain to the Company's existing service area, all of which shall be made by the Company at the Company's sole cost and expense in accordance with the requirements of the Company PER and Governmental Authorities.

4. Required Land Dedications and Easements. As soon as practicable following the Effective Date, Company, Sawmill, and Customer shall make commercially reasonable, good faith efforts to negotiate and enter into certain licenses, easements, or other acceptable land dedications to: (i) permit the construction and placement of the Company System Improvements on the Sawmill Property; (ii) permit the construction and placement of the Customer System Improvements on the Sawmill Property and the Customer Properties; (iii) provide Company with perpetual non-exclusive easements for access over the Sawmill Property and the Customer Properties such that Company may install, repair, maintain, construct and replace any portions of the Water System located thereon, including any Customer System Improvements, and (iv) provide a non-exclusive easement to Company for a new raw waterline over the Customer Properties for the Company to be able to deliver additional water to its slow sand filter (collectively, the "Required Easements").

5. Completion of Company System Improvements. As soon as practicable following the Effective Date, Company shall commence construction of the Company System Improvements and thereafter cause the same to be completed not later than May 31, 2024 (the "Company Improvements Completion Date"). Company covenants and agrees that it shall complete the Company System Improvements in a good and workmanlike manner, lien free, and in compliance with all applicable laws, codes, and regulations, and other requirements of any applicable Governmental Authorities at the Company's sole cost and expense. Company shall provide Customer with courtesy copies of any plans or specifications for the Company System Improvements, and shall keep Customer reasonably apprised and provide informal status reports to Customer regarding Company's progress in completing the Company System Improvements.

6. Customer Takeover Right. If the Company fails to complete the Company System Improvements on or prior to the Company Improvements Completion Date, Customer will have the right, but not the obligation, to assume control of all or any designated portion of the Company System Improvements ("Take-Over Right") using, at Customer's sole option, either Company's contractor that is completing the Company System Improvements, or a general contractor selected by Customer. In the event that Customer exercises its Take-Over Right, Sawmill will grant to Customer, and Customer's contractors, agents, and employees, a temporary license to enter upon the Sawmill Property and any adjacent property owned by Sawmill and water utility easements for the purpose of performing all or any part of the Company System Improvements consistent with Section 4. Notwithstanding Customer's exercise of the Take-Over Right, Company will remain liable for any and all costs with respect to the completion of the Company System Improvements. Should Customer exercise the Take-Over Right, Customer may periodically submit invoices for the amount of any costs of completion of the Company System Improvements incurred, and Company shall pay to Customer the amount of each invoice received within twenty (20) days following receipt thereof. Customer's utilization of the Take-Over Right or any other right provided herein will not in any way limit any other claim Customer may have under this Agreement.

7. Improvement Notice; Election to Proceed. Upon (i) Customer's receipt of final approval of the Facility Plan and Customer PER from IDEQ and other applicable Governmental Authorities, (ii) Customer's determination of the scope and cost of the Customer System Improvements, (iii) Customer's determination that all Required Easements have been or will be provided, and (iv) Customer's determination that the Company has or will have completed the Company System Improvements on or prior to the Company Improvements Completion Date, Customer may provide written notice to Company whether it will agree to perform the Customer System Improvements at its sole cost and expense, (the "Improvement Notice"). In the event that Customer provides the Improvement Notice and thereafter completes the Customer System Improvements upon the remaining terms and conditions of this Agreement, Company shall be irrevocably bound to serve and provide the Required Water Service to the Customer Properties. If Customer elects to terminate this Agreement by written notice to Company prior to delivery

of the Improvement Notice, this Agreement shall terminate and neither party shall have any further obligation to the other hereunder.

8. Plans and Specifications for Customer System Improvements. As soon as practicable following Customer's delivery of the Improvement Notice, Customer shall cause plans and specifications for the Customer System Improvements (the "Plans and Specifications") to be prepared and approved by all applicable Governmental Authorities. Company shall reasonably cooperate with Customer in the processing and submission of the Plans and Specifications, and take all actions reasonably necessary to assist Customer in Customer's efforts to obtain approval of the Plans and Specifications and authorizations necessary to construct the Customer System Improvements, including, without limitation, attending meetings with Governmental Authorities if requested by Customer and executing such applications and any other documents necessary or convenient with respect to the development of the Customer System Improvements that are required to be executed by the Company. Customer shall provide Company with courtesy copies of the Plans and Specifications, any preliminary or initial drafts thereof, and supporting documentation relating thereto during the period in which the Plans and Specifications are being completed. Customer shall keep Company reasonably apprised and provide informal status reports to Company regarding Customer's progress in obtaining final approval of the Plans and Specifications from applicable Governmental Authorities. The submission, processing and approval of the Plans and Specifications shall be conducted at Customer's sole cost and expense.

9. Construction of Customer System Improvements.

9.1 Temporary Construction License. Company and Sawmill hereby grant to Customer (and its employees, contractors, consultants, and agents) a non-exclusive license to: (i) enter upon any real property owned, leased, or to which the Company or Sawmill otherwise have rights for the purpose of constructing and completing the Customer System Improvements, and (ii) modify, adjust, and alter the Water System, as necessary, to construct and complete the Customer System Improvements, and to integrate the same into the Water System.

9.2 Customer System Improvements Construction. As soon as practicable following receipt of final approval of the Plans and Specifications from applicable Governmental Authorities and any other required permits to construct the Customer System Improvements (collectively, the "System Construction Documents"), Customer shall commence and thereafter use its best efforts to construct and cause the Customer System Improvements to be completed substantially in accordance with the System Construction Documents. Customer shall cause the Customer System Improvements to be constructed and completed in a lien-free manner, substantially in compliance with all applicable laws, codes, and regulations, and the requirements of any applicable Governmental Authorities. Customer shall cause Company to be named as an additional insured on any policies of insurance obtained or maintained by Customer or its contractors that relate to the completion of the Customer System Improvements for the duration of the construction period. Customer shall obtain lien waivers from its contractors that construct the Customer System Improvements, and shall provide copies of the same to Company upon final completion of the Customer System Improvements.

9.3 Final Conveyance. Upon final completion of the Customer System Improvements, Customer shall dedicate, convey, and deliver the Customer System Improvements and any warranties relating thereto to the Company for no separate consideration, other than the right to receive the Required Water Service in accordance with Section 10 below.

10. Company Water Service.

10.1 Right to Water Service. From and after the date that Customer conveys the Customer System Improvements to Company (the "Conveyance Date"), Company shall provide the Customer Properties with the Required Water Service subject only to the Company's right to reimbursement for its regular and customary service charges as provided herein. Notwithstanding the foregoing, this Agreement does not constitute a vested property right or convey any interest in any adjudicated water rights of the Company or the Water System.

10.2 Regular Service Charges. In consideration of receipt of the Required Water Service from Company, Customer covenants and agrees to pay for all regular and customary service charges for such service that are imposed in common and proportionate with all other users of the Water System, as the same may be modified by Company from time to time in accordance with the Company's governing agreements, or other applicable laws or regulations.

10.3 Water System Capital Costs. In consideration of Customer's completion of the Customer System Improvements and conveyance to the Company, Customer shall not be subjected to or required to pay Company any connection, hook-up, set-up, or similar type of charge for the Required Water Service. In addition, neither Customer nor any future owner of all or any portion of the Customer Property shall be required to pay Company for any capital facilities charges, costs, assessments, or similar reimbursements for a period commencing on the Conveyance Date and continuing until the date that is fifty (50) years thereafter (the "Contribution Commencement Date"). Company and any existing customers thereof shall complete and be obligated to pay for any and all capital costs or improvements to the Water System (as it exists on the Effective Date) that may be required or identified by the Facility Plan and the Company PER, and Company covenants and agrees that it shall make all of such improvements in accordance with requirements promulgated by IDEQ or other applicable Governmental Authorities. Following the earlier of (i) the Contribution Commencement Date, or (ii) the date on which the Company assigns or transfers the Water System to a Qualified Successor as described in Section 12.2 below, Customer and any future owner of all or any portion of the Customer Property shall be liable for capital facilities charges, costs, assessments and similar reimbursements that are imposed in common and proportionate with all other users of the Water System.

10.4 Interruptions or Delays in Service. Company shall exercise reasonable diligence in providing an uninterrupted supply of water to Customer. Notwithstanding the foregoing, Company reserves the right to temporarily interrupt or reduce the delivery of water under this Agreement when Company determines that such interruption or reduction is necessary in case of system emergencies, for inspections, perform maintenance or repair work. Except in cases of emergency, Company shall give Customer reasonable notice of any planned interruption or reduction in water service.

10.5 Binding Effect. All rights conferred by this Section 10 benefit the Customer Properties and shall run with the land. It is understood that a copy of this Agreement will be recorded with the Kootenai County Recorder's Office. Any subsequent buyer, lessee, mortgage, or tenant of the Customer Properties shall contact Company to ascertain the status of any outstanding charges due from Customer hereunder.

10.6 Service Transfer. Company acknowledges and agrees that the Customer shall have the right to assign or transfer all or any portion of the EDU's provided to Customer as part of the Required Water Service to other real property that may be adjacent to the Customer Properties, or to any other real property that is directly adjacent to other real property within the Company's service area, in Customer's sole discretion. Notwithstanding the foregoing, any such transfer or assignment shall not obligate the Company to provide additional EDU's in excess of those provided as part of the Required Water Service.

10.6 Company Operations and Reserves. Company covenants and agrees that at all times during the pendency of this Agreement that it shall: (i) maintain and keep the Water System in good order and repair; (ii) maintain adequate liability, casualty, and other insurance with respect to the Water System; and (iii) maintain adequate cash reserves for maintenance and capital repairs or replacements of the Water System.

11. Failure to Complete Customer System Improvements. If Customer fails to complete the Customer System Improvements after delivering the Improvement Notice to Company, Company's sole and exclusive remedy therefor shall be to obtain an assignment by Customer of all take assignment (to the extent assignable) of all of Customer's entitlements and approvals related to the Customer System Improvements, and all related studies, documents and engineering work for the Customer System Improvements (collectively, "Work Product"), and to obtain copies of all such Work Product from Customer. Work Product shall not include: (i) materials proprietary to Customer, (ii) confidential information, (iii) any information subject to a legal privilege (including, without limitation, legal memoranda), or that in good faith is believed to be subject to such privilege, or (iv) that is the subject of any agreement or applicable laws prohibiting disclosure, reproduction or dissemination. Company understands and acknowledges that: (a) the assignment of the Work Product will be subject to the proprietary rights of any engineer or other consultant preparing the same and any disclaimers or limitations on reliance or use imposed by them and any third party consent, and (b) Customer will have made no warranties or representations of any kind, express or implied, as to the right to rely thereon or the completeness, adequacy, truth or accuracy of the Work Product.

12. General Provisions

12.1 Notices. All notices or other written communications required or permitted under this Agreement must be in writing and will be deemed to have been properly given (i) upon delivery, if delivered in person or by facsimile transmission with receipt of an electronic confirmation thereof, (ii) upon email transmission if such notice is given on a Business Day prior to 6:00 p.m. Pacific time (and if not it will be deemed given on the next Business Day) and provided a copy of any notice given by email transmission is also subsequently delivered to the receiving party via another method of delivery permitted by this Section, (iii) one Business Day after having been deposited for overnight delivery with any reputable overnight courier service, or (iv) three Business Days after having been deposited in any post office or mail depository regularly maintained by the U.S. Postal Service and sent by registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

If to Company:	Syringa Water Company, Inc. P.O. Box 1902 Coeur d'Alene, Idaho 83816 Attn: Bob Hamilton Email: allstarbob@hotmail.com
If to Sawmill:	Sawmill Point Development, Inc. P.O. Box 1902 Coeur d'Alene, Idaho 83816 Attn: Bob Hamilton Email: allstarbob@hotmail.com
If to Customer:	WG Bennett Bay Apartments, LLC Jeanette's House, LLC 717 W. Sprague Avenue, Ste 802 Spokane, WA 99201

Attn: Alvin J. Wolff, Jr.
Email: oldfritz@awolff.com

With Copy to:

Lukins & Annis, P.S.
717 W. Sprague Avenue, Ste 1600
Spokane, Washington 99201
Attn: Brady M. Peterson
Email: bpeterson@lukins.com

Notices from or signed by the legal counsel for any Party or an agent of such Party with apparent authority shall be equally effective as a notice from such Party itself.

12.2 Assignment and Transfer. Except as otherwise provided in this Section, Company may not assign or transfer this Agreement or any of its rights or obligations hereunder, or engage in any other transfer of the Company or Water System without the prior written consent of Customer, which may be withheld in Customer's sole discretion. The foregoing prohibition on transfer includes, without limitation, any asset sale by the Company, the Company's sale, transfer, or dedication of the Water System to any other party, or transfer or sale of shares or other equity interests in Company. Notwithstanding the foregoing, Customer's consent shall not be required in connection with any transfer of the Company or the Water System to the North Kootenai Water and Sewer District or other qualified and experienced public or private non-profit water system operator (a "Qualified Successor") so long as all of Company's covenants, obligations and agreements hereunder are expressly assumed by and binding upon such Qualified Successor, such that Customer will receive the Required Water Service from the Qualified Successor upon compliance with the terms and conditions of this Agreement. Any assignment or transfer made by the Company in violation of this Section shall be void.

12.3 Right of First Refusal. Company hereby grants to Customer a right of first refusal to purchase the Company or Water System (the "Right of First Refusal") if Company receives a Bona Fide Offer. A "Bona Fide Offer" means a written offer to purchase or transfer all or any portion of the Company or Water System (including, but not limited to, any asset sale of the Water System, or the transfer or sale of shares or other equity interests in the Company) on terms the Company desires and is prepared to accept from a person or a private for-profit entity who has the present apparent ability to perform. Company shall provide written notice and a copy of the Bona Fide Offer to Customer promptly following receipt thereof. Within thirty (30) days following Customer's receipt of the notice from Company, Customer may elect to purchase the portion of the Water System or Company as designated and on the terms stated in the Bona Fide Offer by delivering written notice to Company. In such event, Company and Customer shall use commercially reasonable efforts to negotiate and agree upon the terms of a purchase agreement that are consistent with those found in the Bona Fide Offer. Should Customer decline to exercise or elect to waive its Right of First Refusal, Customer shall provide written notice to Company and thereafter execute such documentation as may be reasonably required to evidence the same. Company shall thereafter be free to enter into an agreement with the private for-profit purchaser under the terms of the Bona Fide Offer. However, if a waiver of the Right of First Refusal occurs pursuant to the foregoing terms, and the terms of the Bona Fide Offer as it was presented to Buyer are thereafter modified to be materially less favorable to the Company prior to the close of escrow, then Customer's Right of First Refusal shall be reinstated and the parties shall comply with the terms of this Section 12.3 with respect to the Bona Fide Offer as modified. Customer may assign the Right of First Refusal to any parent, subsidiary or affiliate of Customer at any time without the Company's consent.

12.4 Relationship of Parties. Nothing contained in this Agreement shall be deemed or construed, either by the Parties hereto or by any third party, to create the relationship of principal and agent or to create any partnership, joint venture or other association between the Parties.

12.5 Captions; Construction. The captions of paragraphs within this Agreement are included for convenience only and shall have no effect on its interpretation. Words of any gender used in this Agreement will be construed to include any other gender, and words in the singular number will be construed to include the plural, unless the context requires otherwise.

12.6 Authorization; Binding Effect. Each Party represents to the other Parties hereto that its execution of this Agreement has been authorized by all necessary corporate action and that the individual who executes this Agreement on behalf of such Party is authorized to do so. This Agreement is binding upon and inures to the benefit of Company and Customer, and subject to Section 12.2, their respective successors and permitted assigns.

12.7 Consent to Modification. This Agreement and any provision, covenant, or license contained herein may be extended, modified, or amended only with the written and recorded consent of the Parties.

12.8 Governing Law; Consent to Jurisdiction. This Agreement and its interpretation and enforcement are governed by the laws of the state of Idaho. Each party agrees that venue for any dispute arising out of or in connection with this Agreement will be in Kootenai County, Idaho and each party waives any objections it may now or hereafter have regarding such venue.

12.9 Attorneys' Fees. If a party is in default under this Agreement, each other party will have the right, at the expense of the defaulting party, to retain an attorney to make demand, enforce remedies, or otherwise protect or enforce the rights of the non-defaulting party. A party in default shall pay all attorneys' fees and costs so incurred.

12.10 Entire Agreement. This Agreement sets forth the entire understanding of the Parties with respect to the subject matter of this Agreement and supersedes all prior agreements and understandings between the parties regarding the subject matter of this Agreement. All exhibits referenced in, and attached to, this Agreement are incorporated into, and constitute a part of, this Agreement.

12.11 Severability. If for any reason any provision of this Agreement is determined by a tribunal of competent jurisdiction to be legally invalid or unenforceable, the validity of the remainder of the Agreement will not be affected and such provision will be deemed modified to the minimum extent necessary to make such provision consistent with applicable law and, in its modified form, such provision will then be enforceable and enforced.

12.12 Counterpart Execution. This Agreement may be signed in several counterparts, and each such counterpart shall be deemed an original, and all such counterparts shall constitute one and the same instrument.

12.13 Disclaimer – Preparation of Agreement. This Agreement has been negotiated by the Parties. The Parties agree that no presumption shall apply in favor or against any Party in respect of the interpretation or enforcement of this Agreement. Each Party is advised to have this Agreement reviewed by independent legal and tax counsel prior to its execution. By executing this Agreement, each Party represents that: (i) it has read and understands this Agreement; (ii) it has had the opportunity to obtain independent legal and tax advice regarding this Agreement; and (iii) it has obtained such independent advice or has freely elected not to do so.

Unofficial Document

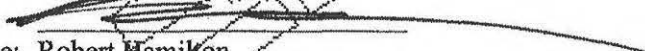
[Signatures and notary acknowledgements follow]


**SIGNATURE PAGE
TO
WATER CONNECTION AND SERVICES AGREEMENT**

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

COMPANY:

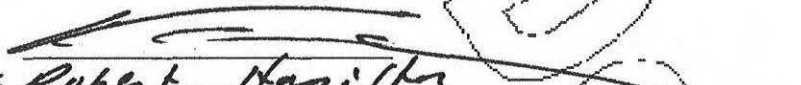
SYRINGA WATER COMPANY, INC.,
an Idaho corporation


By: 
Name: Robert Hamilton
Its: President

By: 
Name: George Hamilton
Its: _____

SAWMILL:

SAWMILL POINT DEVELOPMENT, INC.,
an Idaho corporation


By: 
Name: Robert Hamilton
Its: President

By: 
Name: George
Its: vice president


UNRECORDED
SALE DOCUMENT

CUSTOMER:

WG BENNETT BAY APARTMENTS, LLC,
an Idaho limited liability company

By: 
Name: Fritz H. Wolff
Its: Manager

JEANETTE'S HOUSE, LLC,
an Idaho limited liability company

By: 
Name: Fritz H. Wolff
Its: Manager

[Notary acknowledgments on following pages]

UNRECORDED Document

STATE OF IDAHO)
) ss.
County of Kootenai)

On this 3rd day of October, 2023, before me, the undersigned, a Notary Public in and for said State of Idaho, personally appeared ROBERT HAMILTON, known or identified to me to be the owner of SYRINGA WATER COMPANY, INC., an Idaho corporation, and acknowledged the said instrument to be the free and voluntary act of said corporation, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute the said instrument on behalf of said corporation.

GIVEN UNDER MY HAND AND OFFICIAL SEAL the day and year in this certificate first above written.

LINDSAY SPENCER
Notary Public - State of Idaho
Commission Number 20225951
My Commission Expires 01-04-2029

L. Spencer
Notary Public in and for the state of Idaho,
residing at Post Falls
Lindsay Spencer
(Print Name)
My commission expires: 01-04-29

(Seal or Stamp)

STATE OF IDAHO)
) ss.
County of Kootenai)

On this 3rd day of October, 2023, before me, the undersigned, a Notary Public in and for said State of Idaho, personally appeared GEORGE HAMILTON, known or identified to me to be the owner of SYRINGA WATER COMPANY, INC., an Idaho corporation, and acknowledged the said instrument to be the free and voluntary act of said corporation, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute the said instrument on behalf of said corporation.

GIVEN UNDER MY HAND AND OFFICIAL SEAL the day and year in this certificate first above written.

LINDSAY SPENCER
Notary Public - State of Idaho
Commission Number 20225951
My Commission Expires 01-04-2029

L. Spencer
Notary Public in and for the state of Idaho,
residing at Post Falls
Lindsay Spencer
(Print Name)
My commission expires: 01-04-29

(Seal or Stamp)

STATE OF IDAHO)
) ss.
County of Kootenai)

On this 3rd day of October, 2023, before me, the undersigned, a Notary Public in and for said State of Idaho, personally appeared Erin & Robert Hamilton known or identified to me to be the owners of SAWMILL POINT DEVELOPMENT, INC., an Idaho corporation, and acknowledged the said instrument to be the free and voluntary act of said corporation, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute the said instrument on behalf of said corporation.

GIVEN UNDER MY HAND AND OFFICIAL SEAL the day and year in this certificate first above written.

LINDSAY SPENCER
Notary Public - State of Idaho
Commission Number 20225951
My Commission Expires 01-04-2029

Lindsay Spencer
Notary Public in and for the state of Idaho,
residing at Post Falls
Lindsay Spencer
(Print Name)
My commission expires: 01-04-29

(Seal or Stamp)

UNRECORDED INSTRUMENT

IDAHO
STATE OF WASHINGTON)

County of Kootenai)
County of Spokane)

: ss

On this 3 day of October 2023, before me, the undersigned, a Notary Public in and for said State of Washington, personally appeared FRITZ H. WOLFF, known or identified to me to be the Manager of WG BENNETT BAY APARTMENTS, LLC and JEANETTE'S HOUSE, LLC, and acknowledged the said instrument to be the free and voluntary act of said limited liability companies, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute the said instrument on behalf of said limited liability companies.

GIVEN UNDER MY HAND AND OFFICIAL SEAL the day and year in this certificate first above written.

LINDSAY SPENCER
Notary Public - State of Idaho
Commission Number 20225951
My Commission Expires 01-04-2029

Lindsay Spencer
Notary Public in and for the state of IDAHO
residing at Post Falls
Lindsay Spencer
(Print Name)
My commission expires: 01-04-29

(Seal or Stamp)

UNRECORDED INSTRUMENT

**EXHIBIT A
TO
WATER CONNECTION AND SERVICES AGREEMENT**

LEGAL DESCRIPTION OF CUSTOMER PROPERTIES

House Property:

Parcel 1:

A portion of Government Lot 4, Section 29, Township 50 North, Range 3 West, Boise Meridian, Kootenai County, Idaho, more particularly described as follows:

COMMENCING at a point 550 feet West and 800 feet South of the Northeast corner of Lot 4, Section 29, Township 50 North, Range 3 West, Boise Meridian, Kootenai County, Idaho; thence

South a distance of 300 feet; thence

Southeast a distance of approximately 35 feet to the North boundary of the present U.S. No. 10 Highway; thence

Northeasterly and along the North boundary of said U.S. No. 10 Highway, a distance of Approximately 350 feet to a rocky point; thence

Northwesterly in a direct line to the PLACE OF BEGINNING.

EXCEPTING THEREFROM a portion of Government Lot 4, Section 29, Township 50 North, Range 3 West, Boise Meridian, Kootenai County, Idaho, described as follows:

COMMENCING at a point on the North line of said Government Lot 4, being the Northwest corner of Tax Number 1578 from which the East Quarter corner of said Section 29 bears South 87°31'28" East, 550 feet; thence

South 00°14'32" West, 800 feet along the West line of Tax Number 1578 to the most Northerly corner of Tax Number 2034 as described in Warranty Deed as Instrument No. 146405, records of Kootenai County, Idaho; thence

South 66°23'33" East, 215.45 feet along the Northeasterly line of said Tax No. 2034 to an iron rod, one-half inch diameter; thence

Continuing along said Northeasterly line, South 66°23'21" East, 29.98 feet to the Northwesterly line of that Tract described in the relinquishment of easement, Instrument No. 287432, records of Kootenai County, Idaho, the POINT OF BEGINNING; thence

Continuing along the extended Northeasterly line of said Tax No. 2034, South 66°23'21" East, 30.52 feet to the Northwesterly line of that Tract described in Quitclaim Deed, Instrument No. 1357285, records of Kootenai County, Idaho; thence

Continuing on said Northeasterly line extended South 66°23'21" East, 32.01 feet to a point on the Southwesterly right of way boundary of original U.S. Highway No. 10, as it existed prior to the construction

of Miscellaneous Project No. 761, according to the plans thereof on file in the office of the Idaho Transportation Department; thence

Southwesterly, 20.87 feet along the arc of a curve to the left, said curve having a radius of 648.00 feet, a central angle of $01^{\circ}50'42''$ and a chord that bears South $62^{\circ}13'01''$ West, 20.86; thence

Continuing along said Southeasterly line, South $58^{\circ}39'03''$ West, 67.94 feet; thence

Leaving said Southeasterly line, North $33^{\circ}48'00''$ West, 25.00 feet along the Southwesterly line of said Tract described in Quitclaim Deed, Instrument No. 1357285 to the Northwesterly corner thereof; thence

North $49^{\circ}23'00''$ West, 7.00 feet along the Southwesterly line of said Tract described in relinquishment of easement, Instrument No. 287432 to the most Westerly corner thereof; thence

North $40^{\circ}37'00''$ East, 59.00 along the Northwesterly line of said relinquishment of easement to the POINT OF BEGINNING.

Parcel 2:

A portion of Government Lot 4, Section 29, Township 50 North, Range 3 West, Boise Meridian, Kootenai County, Idaho, described as follows:

COMMENCING at a point on the North line of said Government Lot 4, being the Northwest corner of Tax No. 1578 from which the East Quarter corner of said Section 29 bears South $87^{\circ}31'28''$ East, 550 feet; thence

South $00^{\circ}14'32''$ West, 800 feet along the West line of Tax No. 1578 to the most Northerly corner of Tax No. 2034 as described in Warranty Deed as Instrument No. 146405, records of Kootenai County, Idaho; thence

South $66^{\circ}23'33''$ East, 215.45 feet along the Northeasterly line of said Tax No. 2034 to an iron rod, one-half inch diameter; thence

Continuing along said Northeasterly line, South $66^{\circ}23'21''$ East, 29.98 feet to the Northwesterly line of that Tract described in the relinquishment of easement, Instrument No. 287432, records of Kootenai County, Idaho, the POINT OF BEGINNING; thence

Continuing along the extended Northeasterly line of said Tax No. 2034, South $66^{\circ}23'21''$ East, 30.52 feet to the Northwesterly line of that Tract described in Quitclaim Deed, Instrument No. 1357285, records of Kootenai County, Idaho; thence

Continuing on said Northeasterly line extended South $66^{\circ}23'21''$ East, 32.01 feet to a point on the Southwesterly right of way boundary of original U.S. Highway No. 10 as it existed prior to the construction of Miscellaneous Project No. 761, according to the plans thereof on file in the office of the Idaho Transportation Department; thence

Southwesterly 20.87 feet along the arc of a curve to the left, said curve having a radius of 648.00 feet, a central angle of $01^{\circ}50'42''$, and a chord that bears South $62^{\circ}13'01''$ West, 20.86 feet; thence

Continuing along said Southeasterly line, South $58^{\circ}39'03''$ West, 67.94 feet; thence

Leaving said Southeasterly line, North 33°48'00" West, 25.00 feet along the Southwesterly line of said Tract described in Quitclaim Deed, Instrument No. 1357285 to the Northwesterly corner thereof; thence

North 49°23'00" West, 7.00 feet along the Southwesterly line of said Tract described in relinquishment of easement, Instrument No. 287432 to the most Westerly corner thereof; thence

North 40°37'00" East, 59.00 feet along the Northwesterly line of said relinquishment of easement to the POINT OF BEGINNING.

LESS any portion within the right of ways for Road and or Trail.

Parcel Identification Number: 50N03W-29-7300

WG Property:

Parcel 1:

That part of Lot 4, Section 29, Township 50 North Range 3 West of the Boise Meridian, described as follows:

COMMENCING at the Southeast corner of Lot 4, Section 29, Township 50 North, Range 3 West of the Boise Meridian; thence

North to the Northeast corner of said lot; thence

West along the North Line, 550 feet; thence

South, 1100 feet; thence

Southeast 150 feet to Lake Coeur d' Alene; thence

Northeasterly following the lake shore of Lake Coeur d' Alene to the POINT OF BEGINNING.

EXCEPTING THEREFROM the following tract of land conveyed to Alice Griffith, a widow, by Warranty Deed recorded in Book 119 of Deeds at Page 413, described as follows:

COMMENCING AT A POINT 550 FEET West and 800 feet South of the Northeast corner of Lot 4, Section 29, Township 50 North, Range 3 West of the Boise Meridian; then

South, a distance of 300 feet; thence

Southeast a distance of approximately 35 feet to the North boundary of present U.S. Highway 10; thence

Northeasterly and along the North boundary of said U.S. Highway 10, a distance of approximately 350 feet to a rocky point; thence

Northwesterly in a direct line to the POINT OF BEGINNING.

ALSO EXCEPTING THEREFROM the highway right of way.

ALSO EXCEPTING THEREFROM a portion of Government Lot 4, Section 29, Township 50 North, Range 3 West, Boise Meridian, Kootenai County, Idaho, described as follows:

COMMENCING at a point on the North line of said Government Lot 4, being the Northwest corner of Tax Number 1578 from which the East Quarter corner of said Section 29 bears South 87°31'28" East, 550 feet; thence

South 0°14'32" West, 800 feet along the West line of Tax Number 1578 to the most Northerly corner of Tax Number 2034 as described in Warranty Deed as Instrument No. 146405, records of Kootenai County, Idaho; Thence

South 66°23'33" East, 215.45 feet along the Northeasterly line of said Tax Number 2034 to an iron rod, 1/2 inch diameter, thence

Continuing along said Northeasterly line, South 66°23'21" East, 29.98 feet to the Northwesterly line of that tract described in the Relinquishment of Easement, Instrument No. 287432, records of Kootenai County, Idaho, the POINT OF BEGINNING; thence

Continuing along the extended Northeasterly line of said Tax Number 2034, South 66°23'21" East, 30.52 feet to the Northwesterly line of that tract described in Quitclaim Deed, Instrument No. 1357285, records of Kootenai County, Idaho; thence

Continuing on said Northeasterly line extended South 66°23'21" East, 32.01 feet to a point on the Southwesterly right-of-way boundary of original U.S. Highway No. 10 as it existed prior to the construction of Miscellaneous Project No. 761, according to the plans thereof on file in the office of the Idaho Transportation Department; thence

Southwesterly, 20.87 feet along the arc of a curve to the left, said curve having a radius of 648.00 feet, a central angle of 1°50'42" and a chord that bears South 62°13'01" West, 20.86 feet, thence

Continuing along said Southeasterly line, South 58°39'03" West, 67.94 feet; thence

Leaving said Southeasterly line, North 33°48'00" West, 25.00 feet along the Southwesterly line of said tract described in Quitclaim Deed, Instrument No. 1357285 to the Northwesterly corner thereof; thence

North 49°23'00" West, 7.00 feet along the Southwesterly line of said tract described in Relinquishment of Easement, Instrument No. 287432, to the most Westerly corner thereof; thence

North 40°37'00" East, 59.00 feet along the Northwesterly line of said Relinquishment of Easement to the POINT OF BEGINNING.

ALSO EXCEPTING THEREFROM those littoral rights quieted to R&P, LLC by Final Judgment and Decree Quieting Title in Case CV-14-5345, District Court of the First Judicial District of Idaho, and recorded April 9, 2015 as Instrument No. 2493097000, records of Kootenai County, Idaho.

Parcel 2:

A parcel of land being on the Northwesterly side of the Northwesterly right-of-way boundary of U.S. Highway No. 10, Miscellaneous Project No. 761, Highway Survey as shown on the plans thereof now of

file in the office of the Idaho Transportation Department, and on the Southeasterly side of the Southeasterly boundary of the irregular tract of land as described in that certain Relinquishment of Easement dated August 31, 1954 recorded September 8, 1954 in Book 27 of Miscellaneous Records at Page 232, records of Kootenai County, Idaho, and being a portion of Government Lot 4 of Section 29 and the Northwest Quarter of the Southwest Quarter of Section 28, Township 50 North, Range 3 West of the Boise Meridian, more particularly described as follows:

BEGINNING at the most Southerly corner of the irregular tract of land as described in that certain Relinquishment of Easement dated August 31, 1954, recorded September 8, 1954, in Book 27 of Miscellaneous Records at Page 232, records of Kootenai County, Idaho, which is shown of record to be North 33°48'00" West, 100.00 feet from Station minus 11+20 of said U.S. Highway No 10, Miscellaneous Project No. 761 Highway Survey and approximately 925.0 feet South and 330.0 feet West from the East Quarter corner of Section 29, Township 50 North, Range 3 West of the Boise Meridian; thence

Northeasterly and Easterly along the Southeast Quarter of the above-mentioned irregular tract of land, 512.0 feet, more or less, to a point in the Northeasterly right-of-way boundary of construction of Miscellaneous Project No. 761; thence

South 68°19'00" East, along said original Northeasterly right-of-way boundary, 70.0 feet, more or less, to a point in a line parallel and/or concentric with and 75.0 feet Northerly from the centerline of said Miscellaneous Project No. 761, Highway Survey; thence

Along said parallel line as follows:

Westerly along 200.0 foot spiral curve left, having a central angle of 10°00'00", a distance of 182.0 feet, more or less, to a point opposite Station minus 8+44.4 of said Highway Survey, Southwesterly along a 648.0 foot radius curve left, 243.0 feet, more or less, to a point opposite Station minus 10+59.4 of said Highway Survey; thence

Southwesterly along a 200.0 foot radius curve left having a central angle of 10°00'00" a distance of 65.0 feet, more or less, to a point in the Southwesterly right-of-way boundary of original U.S. Highway No. 10, as it existed prior to the construction of said Miscellaneous Project No. 761 that bears North 33°48'00" West from Station minus 11+20 of said Highway Survey; thence

North 33°40'00" West, along said original right-of-way boundary 30.0 feet, more or less, to the POINT OF BEGINNING.

TOGETHER WITH all that portion of abandoned highway as described in Relinquishment of Easement recorded September 8, 1954 in Book 27 of Miscellaneous Records at Page 232.

Parcel Identification Number: 50N03W-29-7250

**EXHIBIT B
TO
WATER CONNECTION AND SERVICES AGREEMENT**

LEGAL DESCRIPTION OF SAWMILL PROPERTY

Parcel 1:

That portion of Lot 10, Block 2, Syringa Heights 7th Addition, according to the Plat recorded in the office of the County Recorder in Book K of Plats at Page(s) 297, records of Kootenai County, Idaho, lying Northerly of the following described line:

BEGINNING at the Northeast corner of Lot 9, Block 2 of said Syringa Heights 7th Addition, thence South 89°38'55" East a distance of 100.07 feet to and angle point on the East line of said Lot 10, and the END of said line.

Parcel Identification Number: 0-K297-002-010-A

Parcel 2:

That portion of Lot 10, Block 2, Syringa Heights 7th Addition, according to the Plat recorded in the office of the County Recorder in Book K of Plats, Page(s) 297, records of Kootenai County, Idaho, lying Southerly of the following described line:

BEGINNING at the Northeast corner of Lot 9, Block 2 of said Syringa Heights 7th Addition, thence South 89°38'55" East a distance of 100.07 feet to and angle point on the East line of said Lot 10, and the END of said line.

EXCEPT that portion of said Lot 10 as described in a Quitclaim Deed recorded as Instrument No. 2492970000, records of Kootenai County, Idaho.

Parcel Identification Number: 0-K297-002-010-B

Parcel 3:

Utility Tract, Camas Hill Estates, according to the plat thereof recorded in Book L of Plats at Page 522, records of Kootenai County, Idaho.

Parcel Identification Number: 0-L522-000-UTL-0

**EXHIBIT C
TO
COMPANY SYSTEM IMPROVEMENTS**

1. Whitetail Booster- upgrade station so it can pump 225 gpm w/ largest pump out of service.
2. Cliff House Booster-upgrade station so it can pump 225 gpm w/ largest pump out of service.
3. Slow Sand Filter Transfer- upgrade existing pump to duplex pumps each with a capacity of 225 gpm
4. Add a lake pump with a capacity of at least 25 gpm. The two existing lake pumps can pump approximately 200 gpm each. Adding the third pump would bring system capacity up to 225 gpm w/ largest pump out of service.

EXHIBIT D
TO
CUSTOMER SYSTEM IMPROVEMENTS

It is anticipated that the Customer System Improvements will include:

- A 180,000 gallon maximum reservoir to be built on the Sawmill Property;
- A potable water line across the Sawmill Property to the Customer Properties from South Helen Drive;
- Any necessary distribution system, fire hydrant, water meter, and other appurtenances within the Customer Properties

- D Kenneth Baumgarten Ken@dkennethbaumgarten.com
- Pete Capano pcap49@yahoo.com
- Robert F. Ferrell rdoublef@aol.com