

IPUC
PO Box 83720
Boise, Idaho 83720

Case No. SWS-W-24-01

March 14, 2024

Hello,

I am writing regarding a water rate increase proposed by CDS StoneRidge Utilities (PO Box 298, Blanchard, Idaho 83804). This is regarding Case number SWS-W-24-01.

This utility has proposed water rate increases of 261% to 543%. After reviewing the rationale for these increases, all of the reasons given are completely unwarranted.

I ask that you decline the entire rate request by CDS StoneRidge Utilities.

- 1) CDS StoneRidge claims to have "invested" more than \$900,000 since ownership transfer. This claim was made in the official notice to users. There is no documentation about what types of investment the utility has made. We suspect it is to try to recoup \$980,000 the utility owner transferred from Esprit Enterprises/JD's Resort, as found in Case number SWS-W-23-03 where it was declared this was to be treated as owner's equity. PLEASE verify this claim by the utility. We suspect that the claimed investment has not been in infrastructure or system improvements, such as the water system infrastructure...the wells, pumps, transfer pipe system, etc. are the same as when purchased by the utility operator. I suspect the owner has transferred his OWN money as capitalization, which should be regarded as owner's equity and not an expense to be recouped from utility customers, as noted in SWS-W-23-03. Additionally, this current rate increase request includes infrastructure expenditures, which we note are questionable, and are detailed below.
- 2) I believe that when CDS StoneRidge purchased the utility, Chan Karupiah, the owner, claimed to have enough cash and assets to fund improvements and capitalization. He should live up to this agreement without impacting users of the utility. Please refer to Case number SWS-W-18-01 when Karupiah purchased the utility. That action declared that "JD Resort (applicant) must demonstrate his financial ability to operate on its own accord. The notarized personal guarantee of Chan Karupiah to use his personal finances to support the financial needs of the company is of uncertain value. If Mr. Karupiah were to file bankruptcy or otherwise being unable to meet all of his financial obligations, a signed personal guarantee to financially support a legally separate company is dubious value compared to more standard cash capital or debt instruments likely held by other creditors. Therefore, we require assurances that JD Resort has the financial ability to operate the system in the public service, not JD Resort by and through Chan Karupiah. JD Resort must be able to make and pay for ongoing repairs and have access to capital for major repairs, including pump or well failures...JD Resort must file balance sheets and income statements with the commission quarterly...JD Resort must file its balance sheet and income statement for the quarter ended 30 June, 2019, within 60 days of this Order. Subsequent quarterly financial statements must be filed within 45 days of the quarter end. JD Resort must file monthly bank statements showing at least a \$50,000 balance until JD Resort establishes a bank line of credit of at least \$250,000."

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- 3) The operating expenses absolutely do not justify a rate increase. We believe this proposal is about greed. The owner of CDS StoneRidge also owns a golf course....StoneRidge. The golf course used to get its water from the utility, about 50,000,000 gallons annually...we have heard the golf course did NOT pay its water bill at times, if at all. The golf course drilled its own water well recently and has separated from the utility for water supply. The utility is trying to recapture that lost income from current users. This is unconscionable.
- 4) The employee related expenses are minimal. One person to read meters for six months of the year, who also takes chlorine readings every few days...a part time employee at best. Another part time person to administer billings and receive payments. Chan Karupiah reportedly spends one day per week at StoneRidge...where he oversees the utility, the sewer system, the golf course, and the bar/grill. We suspect he has allocated too much overhead for expenses into the rate increase paperwork. **A complete forensic audit by IPUC would be appropriate in this instance to verify all financial documents and claims.**
- 5) We understand that, at times, if not currently, CDS StoneRidge, the utility, has been chronically late with filings and reports due to the IPUC since it was purchased by the current owner.

Now, let's review Attachment W in the current CDS StoneRidge Utilities rate increase application.

- 1) The owner claims to have financial harm from the reduction in water sales to the golf course. The golf course drilled its own well to avoid water charges from the utility. The same individual, Chan Karupiah owns the golf course and the utility. In essence, he was paying himself...the utility he owns was billing the golf course he owns for water. Now...as a result of the new golf course well, the golf course has a significantly lower cost for water, a huge savings to Karupiah. BUT...now he wants utility users to pay for what HE used to pay. That is simply unconscionable. This proposal actually doubles his gain...reduced water fees for the golf course AND replace that lost income at the expense of the utility users... nearly 50,000,000 gallons of water cost annually! This should not be allowed.
- 2) The utility wants to replace 3 pump motors. To my knowledge, there are currently two working wells for the utility. The application document cites attachment W-1, but it is not included in the available download paperwork. This expenditure is a responsibility of the utility, not the users. The owner should fund this and absorb the expense, per the agreements made when Karupiah purchased the utility (noted above).
- 3) The utility wants to install (replace?) "backup electrical generators" at water pump sites. The application document cites attachment W-2, but it is not included in the available download paperwork. This expenditure is the responsibility of the utility, not the users. The owner should fund this and absorb the expense, per the agreements made when Karupiah purchased the utility (noted above).
- 4) The utility wants to purchase a pickup and a 4 wheeler. The application document cites attachment W-3, but it is not included in the available download paperwork. The use of these vehicles would likely be shared by other entities owned by Karupiah, and the expense should be accurately allocated. The owner should fund these purchases and absorb the expense, per the agreements made when Kaupiah purchased the utility (noted above. HOWEVER, in the "Related Entity Narrative, Asset ownership and Existing Leases" document in the current request, it states that Esprit leases to the water company the following: vehicles and other light truck equipment. How can you have it both ways?

- 5) The utility wants the users to fund the connection costs for 20 vacant plotted lots. What Karupiah fails to mention in the application is that he owns the 20 lots. The cost for this is detailed in attachment W-4, which is not included in the available document download. This clearly is an expense of the utility and the lot owner(s)...not the utility users.
- 6) The utility wants to install approximately 360 meters to remotely read water usage. The application cites attachment W-5, but it is not included in the available document download. What is not noted or projected is the effective savings to the utility by not manually reading the meters. This should be an expense of the utility and certainly not the users.

Now let's take a look at some other concerns.

In Exhibit 1, schedule B, Accumulated Depreciation, there is a line item for "structures and improvements." Also included are things like supply mains, power pumping equipment, purification systems, meters, hydrants, etc. But the largest line item is "Structures and Improvements" at \$774,820...by far the largest amount on this schedule. What could this utility possibly have at more than 3/4 of a million dollars in this line item? In the documentation, it is reported that the utility leases facilities from other entities owned by Karupiah. In the "Related Narrative, Asset Ownership and Existing Leases" it states "There is no land included nor, water rights, or miscellaneous equipment included in the balance sheet for CDS StoneRidge Utilities" and "Esprit owns all buildings, and miscellaneous equipment not on the StoneRidge Water Company balance sheet as well as the remainder land parcels, and ROW rights." Esprit leases to the water company the following: office and shop space, vehicles and other light truck equipment, office equipment, and water rights and use of ROW. What is included in this "structures and improvements" line item that totals \$774,820? Also in this listing is a line item for "Services" at \$30,101. What services are depreciated?

Regarding Attachment L, Exhibit #2 Schedule B Expenses: Labor and Salaries total a whopping \$223,267. I would encourage the IPUC to review, forensically audit and validate this level of expense for a relatively small, simple water utility. Meters aren't read half the year. Chlorine levels are only sampled 2-3 times per week. Billing and payments are processed at a part time level at best. This number is highly suspicious.

Regarding Attachment N Exhibit 3 Cost of Capital: Long term debt is listed at \$104,005. Water utility users should not be repaying a loan for the owners capital/equity.

The application for a rate increase should not be considered or approved until an accurate, honest, complete and evidence based application is submitted.

Please deny this rate increase request in its entirety.

Thank you.

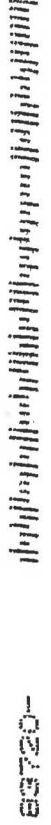
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The following comments were submitted via PUCWeb:

Name: Suzanne Kamp
Submission Time: Mar 21 2024 6:43AM
Email: suztk87@aol.com
Telephone: 949-289-3469
Address: 80 Eagle Way
Blanchard , ID 83804

Name of Utility Company: Stoneridge Utilities

Case ID: SWS-W-24-01

Comment: "To whom it may concern;

I wish to submit a request for a Public Hearing for the above concern to be held onsite in Blanchard, Idaho

Thank you!

Suzanne Kamp, Owner & Stoneridge Water Utility Customer
80 Eagle Way
Blanchard, Idaho 83804"

Name: Jay Waddell
Submission Time: Mar 21 2024 6:46AM
Email: Jayrwaddell@gmail.com
Telephone: 509-929-1209
Address: 17 Sandtrap Ln
Blanchard, ID 83804

Name of Utility Company: Stoneridge Utilities

Case ID: SWS-W-24-01

Comment: "To whom it may concern;

I wish to submit a request for a Public Hearing for the above concern to be held onsite in Blanchard, Idaho

Respectfully submitted.

Jay Waddell, Owner & Stoneridge Water Utility Customer
17 Sandtrap Ln
Blanchard, Idaho 83804"

Name: Jay Waddell
Submission Time: Mar 21 2024 6:47AM
Email: Jayrwaddell@gmail.com
Telephone: 509-929-1209
Address: 17 Sandtrap Ln
Blanchard, ID 83804

Name of Utility Company: Stoneridge Utilities

Case ID: SWS-W-24-01

Comment: "To whom it may concern;

I wish to submit a request for a Public Hearing for the above concern to be held onsite in Blanchard, Idaho

Respectfully submitted.

Jay Waddell, Owner & Stoneridge Water Utility Customer
17 Sandtrap Ln
Blanchard, Idaho 83804

The following comment was submitted via PUCWeb:

Name: Kathleen DeHaan
Submission Time: Mar 20 2024 5:17PM
Email: krdehaan1980@gmail.com
Telephone: 253-350-9382
Address: 99 Bellflower Ct.
Blanchard, ID 83804

Name of Utility Company: CDS StoneRidge Utilities

Case ID: SWS-W-23-03

Comment: "As a customer I believe the public involved need the opportunity for a public review of the facts, a meeting, to discuss what this request is doing to a Senior community of retirees. "
