

The following comment was submitted via PUCWeb:

Name: Stephan Rezac
Submission Time: Apr 6 2024 10:33AM
Email: stephanrezac@gmail.com
Telephone: 208-255-8243
Address: 28 Sans Souci Drive
Blanchard, ID 83804

Name of Utility Company: CDS StoneRidge

Case ID: SWS-W-24-01

Comment: "The water rate increase requested by CDS StoneRidge leaves many unanswered questions for the affected utility users.

Esprit Enterprises, for the most part a sewer utility, owns CDS StoneRidge, the water utility. Chan and Teresa Karupiah own both companies as well as JD Resort. There are less than arm's length financial and operational entanglements between all entities that are cause for concern.

First, why does the sewer utility own "all buildings and miscellaneous equipment not on the StoneRidge Water Company balance sheet as well as the remainder land parcels and ROW rights"? Esprit also owns the water rights of the StoneRidge water utility. In addition, Esprit provides contract labor services to the water utility. The water utility is not an independent company where actual expenses can be verified. This concern is explained later in this writing.

Next, what is the true cost of CDS StoneRidge's actual product: water? We don't know what the cost of water is for the water utility, water being its sole product. The Idaho Department of Water resources, through the Idaho Water Resource Board, has established that the price for water right rentals is \$23 per acre foot of water through 2024. There are 325,850.943 gallons in an acre foot. Let's say that the utility will pump 60,000,000 gallons of water for users in 2024. If the utility paid for water at the rate of \$23/af, the utility would pay just \$4,235.07 for 60,000,000 gallons of water. So the cost of the utility's product, water, is almost negligible...and certainly not a reason for such a substantial rate increase request. However, we can find no listing of true cost of the utility's water cost because the water rights are held by Esprit and leased to the water company. What if the water cost to Esprit is actually \$4200+, and Esprit chooses to mark up to lease cost to, let's say, \$50,000? Please verify the cost of water to Esprit/CDS StoneRidge as a part of your review.

The same theory holds true for other facilities, assets and services leased to CDS StoneRidge by Esprit. The infrastructure has been around long enough that major components would have been depreciated to \$0. There would be no expense to the water utility IF actually owned by the water utility. However, what if Esprit chose to lease facilities, assets and services at arbitrary price points? What if Esprit artificially increased expenses to the water utility by increasing or marking up actual expenses, creating an artificially higher expense for the water utility and increasing income for the sewer utility?

The allocation of shared expenses of the sewer utility and the water utility is stated to be 70% expense to the water company and just 30% to the sewer company. Shared expenses include rent, labor and equipment. In the application, the rationale for this split is questionable. It is based on number of users

and not the actual work or expense related to the operation of the utility. What if the actual work in operating and maintaining water and sewer systems showed a 50/50 split? Where is this verified?

The sewer company is leased by JD Resort from Esprit Enterprises, so there are really THREE companies worthy of examination and forensic audits to verify all financial claims. All of these companies are owned by Chan and Teresa Karupiah, and all have less than arms length entanglements.

In the "Operating Results (Schedule "B" Expenses) for CDS StoneRidge dated 12/31/2023, labor for operation and maintenance is listed at \$80,335. But these services are leased, according the rate increase filing. How do we know these are actual expenses and not marked up or allocated in a fashion that doesn't represent accurate work hours? Labor for customer accounts is listed at \$35,766. Again, these services are leased, and the same verification questions pertain. Labor for administrative and general is listed at \$67,863. These services are leased from Esprit and sound like charges for payment to Chan and Teresa Karupiah to "manage" the water utility operation. Then we have salaries for officers and directors of \$39,303. The directors/officers just happen to be Chan and Teresa Karupiah as far as I can tell from the filing documents. Let's not overlook \$35,488 for professional contract services. What requires professional contract services? Are there deficiencies, concerns or needs not being met by other leased staff? Power and fuel expenses are listed at \$50,521 (test year actual), but since equipment is leased, are these expenses actual or billed by Esprit to CDS StoneRidge and possibly uncharged? Property and equipment rentals are listed at \$79,456. What if the property and equipment have been depreciated to zero by Esprit and leased to CDS StoneRidge at an arbitrary amount? What if all assets, equipment and services were directly within CDS StoneRidge? Would the expenses be lower? Why all the entanglements between three less than arms length companies?

Please investigate in thorough detail. "

From: Stephan Rezac <stephanrezac@gmail.com>

Sent: Saturday, April 6, 2024 5:05 PM

To: secretary

Subject: Typo in comment

Hello,

I submitted a comment today, April 6, and it has a small but significant typo that changes the context of a sentence. This is for SWS-W-24-01.

At the end of my comment, the word uncharged should be upcharged. Please make that correction in my comment.

Thank you.

Steve Rezac

The following comment was submitted via PUCWeb:

Name: Stephan Rezac

Submission Time: Apr 7 2024 4:39PM

Email: stephanrezac@gmail.com

Telephone: 208-255-8243

Address: 28 Sans Souci Drive
Blanchard, ID 83804

Name of Utility Company: CDS StoneRidge

Case ID: SWS-W-24-01

Comment: "There is a filing by CDS StoneRidge dated March 20, 2024 which contains proposed commodity pricing much different than the notice sent to utility users on February 28, 2024.

On page 5 of the March 20, 2024 notice, "Marked Up Tariff #5," in note 2, is found tiered commodity pricing.

Commodity pricing in the February 28, 2024 notice is \$2.94/1,000 gallons.

However, in the March 20, 2024 filing, the tiered pricing takes commodity pricing to: 0-9,999 gallons at \$2.94/1,000 gallons; 10,000-19,999 gallons at \$3.75/1,000 gallons; and 20,000+ gallons at \$5.25/1,000 gallons.

The users deserve to know about this additional proposed increase. It is significant. The users deserve to know the comparative FINANCIAL IMPACT of this increase. It is unconscionable that the utility would try to sneak this change through without notifying all current users.

Please make sure users are accurately notified of all proposed water rate changes.

Thank you!"
