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September 24, 2008

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Idaho Public Utilities Commission

IDAHO PUBLIC
UTILITIES COMMISSION

Dear Sirs/Madame,

I am writing this letter because of my deep concern over the sustainability and long-term viability of Teton Springs Water and Sewer Company, LLC. I am an owner in the Teton Springs Development and my property is at 21 Mountain Meadows Lane, Victor, Idaho. The water bills have been astronomical--\$350.00—even when the water is turned off and there is no usage. I have also been notified that the current rates may go up further to untenable levels. It is my concern that the rates will go much higher because of the large number of foreclosures in the development, hence causing an overwhelming cost burden to homeowners and a huge challenge to the sustainability of Teton Springs Water and Sewer Company, LLC.

I am aware that they have filed an Application with the Idaho Public Utilities Commission requesting a Certificate of Convenience and Necessity to provide domestic, culinary water service in Teton County, Idaho to customers within the Teton Springs Golf and Casting Club planned unit development. I believe that there are major challenges within the Teton Springs development to warrant grave concern and further investigation on the part of the Idaho PUC.

Some of the challenges are:

- A lawsuit files against the Teton Springs Golf and Casting Group (and others—46 defendants named) which has been filed in US District Court, case number 4:2008cv00099.
- A class action lawsuit file against the mortgage broker and the lender, case number 1:2008cv00352.
- Two other lawsuits, case numbers I do not have
- A formal complaint has been filed with HUD against Teton Springs for violation of the Interstate Land Sales Act
- Being the former owner of Teton Springs, Teton Springs Golf and Casting Club as the developer of Teton Springs has detailed knowledge of this development and the current and future challenges. They also owned Teton Springs Realty who was the exclusive real estate sales agent for Teton Springs when many of the home and lot purchases were made. As key stakeholders in the development, they are well aware of the market conditions and how the future of Teton Springs Water and Sewer will be adversely impacted.
- The Teton Springs development seems to be “imploding” on itself. Every home was significantly overvalued on the appraisals and significantly underwater. A large number of homes have gone into default and none have been re-sold at the numerous auctions that have been held in the town of Victor, Idaho. These

foreclosures are not paying their water bills, their HOA fees, etc. Eighteen more homes will be foreclosed upon in January by First Horizon Bank and many more will follow. Twenty five homes and parcels were up for auction on Saturday September 19 and none sold.

- Craig Smith of Rivers Edge Appraisals is under probation with disciplinary action with the Board of Real Estate Appraisers in Idaho due to misrepresenting appraisals and in the case of Teton Springs, grossly misrepresenting the price of the homes and his appraisal methods in the development. He did a significant number of the appraisals.

The PUC should be aware that Teton Springs Water and Sever is very aware of the escalating number of foreclosed homes and has a policy of quickly discontinuing service on the many never occupied properties and the ones in short sale status.

It is my belief that the Idaho PUC must review and carefully consider these facts before rendering a final decision in this matter.

Very Sincerely Yours,

A handwritten signature in cursive script that reads "Susan Norton". The signature is written in black ink and includes a horizontal line at the end.

Susan Norton