

# PATTISON WATER COMPANY, INC.

PO Box 3374 • Lacey, WA 98509-3374 • (360) 412-1252 • Fax (360) 412-0677

July 10, 2017

Mr. Steven King  
Washington Utilities and Transportation Commission  
1300 Evergreen Park Drive SW  
P. O. Box 47250  
Olympia WA 98504-7250

RE: Coleman Water Main Extension Contract

Dear Mr. King,

Pattison Water Company Inc. has entered into an agreement with eight individual home and lot owners to extend an eight inch PVC main 1,260 feet with two fire hydrants to serve their homes or vacant lots. We were approached about a year ago by a Mr. Michael Coleman inquiring about the cost and feasibility of running a main extension to him, as well as some of his neighbors. All of the existing homes are on individual private wells. One of the homes is getting water from a neighbor's well. All of the wells have significant amounts of iron and manganese in their water which is their primary incentive for hooking on to our system.

We sent letters to all the homeowners of record as far north as Rehklau Rd. SE. Once we determined who was interested, we measured the distance required to serve the homes and came up with an estimate of the cost to run the line to the farthest home. A summary of the anticipated cost is enclosed with this submittal along with a copy of the contract.

We have an older existing 3" PVC line that runs parallel to our proposed line as far north as Peninsula Drive SE. The old line then turns west on Peninsula Drive and goes across a bridge to serve 58 homes on the other side of the bridge. Ever since we ran our 8" line into the area, it has been our goal to supply a second feed to the older line near Peninsula Drive SE (with a pressure reducer vault). This project enables us to put the loop into the older line at the farthest most point, which is the most desirable location from a hydraulic standpoint. We have proposed to subsidize the portion of the main extension (630 feet) up to where we will cross to install the new feed to the older line since the primary beneficiaries are the 58 homes on the other side of the bridge as well as those homes on the older 3" line south of Peninsula Drive. Once the new 8" line crosses Lake Saint Clair Drive SE and heads north east on the other side of the road, we believe the primary beneficiaries are the signers of the enclosed contract.

We are also proposing to subtract three years of anticipated revenue from 9 homes, which we calculated to be an average of \$35.00 per month. ( $\$35.00 \times 36 \times 9 = \$11,340.00$ ). Our estimate of the total job cost is \$42,796.33. Subtracting the company's contribution of \$11,340.00 leaves an amount due of \$31,456.33. Adding excise tax at \$2,736.70 leaves

an amount due of \$34,193.03. As stated above, we propose to pay for the portion of the line that runs up to Peninsula Drive which is exactly one half of the length of the total project. One half of \$34,193.03 is \$17,096.51. We divided this number by 9(\$1,899.61) and rounded up to the nearest clean number (\$1,900.00). It is this amount that we have requested as a CIAC from each home.

A few times a year, we get calls from realtors and property owners that are inquiring about the feasibility of serving water to the peninsula north of the intersection of Lake Saint Clair Drive SE and Rehklau Rd SE. There are over 85 platted lots north of this intersection. Many of these lots are currently unbuildable due to their relative small size, and the need to have both a well and a septic on the same lot. I believe that some homes draw their domestic water from Lake Saint Clair. Moving our eight inch main 1,200 feet closer to this peninsula makes future service to this underserved area a bit more feasible.

In summary, this proposed line meets three objectives: It brings water to nine homes that are ready to upgrade their water quality and are willing to pay for a portion of the main extension. It enables us to upgrade service to an area of our system that has needed this improvement to help with peak pressure demands and to bring greater reliability to the area by looping a serpentine main. It brings water closer to an underserved area that may benefit in the future.

We had nine customers sign a non-binding letter of intent to enter into a contract so we could get a gage on who was serious about entering into an agreement. Working with so many parties could unravel easily once you begin asking for real money. We had nine people sign a letter of intent, so we based our contract on the basis of nine participants. One home just went on the market, and that owner has dropped out, and will not be signatory to the agreement. (The buyer of the home may wish to sign on once they see their water quality). Our contract had figured nine participants, so in lieu of re-writing the contract and risk a death spiral, we have added an addendum to the contract whereby Pattison will move forward with construction when we have received payment from five participants. The remaining four will be subject to interest charges of the current prime rate of 4.25%.

We are attaching the following items to this cover letter:

1. A letter sent to prospective customers in November 2016.
2. A letter sent to prospective customers in April 2017.
3. The Contract for the Commission's review
4. A cost analysis of the construction project
5. The addendum to the contract should payments delay construction
6. A drawing of the proposed project

Please contact me at the office at 360-412-1252 or by e-mail: [jcasebolt@comcast.net](mailto:jcasebolt@comcast.net)

James S. Casebolt  
President