

**To: WUTC Commissioners
WUTC Staff, Attention: Jim Ward**

**From: Gunther Eschenbrenner, Resident of Vusario and member of the
Vusario Maintenance Association (VMA) Board**

**Subject: UW -070944 Rate Case Hearing on 12 September, 2007.
Payment of the Balance of the Loan from Olympus Partners
to Rosario Utilities LLC (RU), for the Aid in Construction of
the Water Treatment Plant.**

It is my understanding, that the remaining loan balance (\$279,552.- minus \$36.125.- see customer comments and staff respond 2.4.0) for financing the building of the Water Treatment System has been capitalized under the proposed sale and rate case, and therefore is subject to repayment by the customers of the RU company.

The 1999 loan of \$1,000,000-was scheduled to be repaid by 2007 through a user surcharge to the monthly payments, and by an approved fee for new permits of \$3,100.-for each new customers,

Since the cause of this current loan balance is solely the responsibility of RU and Olympus, they should be paying the loan balance from the profit of the sale of RU to Washington Water System (WWS).

After many delays and modifications, caused by RU and the supplier of the Hydroxyl water treatment plant, the plant briefly demonstrated, that it could produce the specified **220gpm** of treated water, which meant the possibility of adding 127 new connections. This would have been sufficient to repay the loan. . However after the added installation of an unsuitable flow meter in the line to the treatment plant, and restriction of the pipe to the treatment plant, caused the plant to be approved by the San Juan Health Department for only **200gpm**

During the last 7 years this shortfall did not permit to add more than 50 new customers, who would have to pay the permit fees (currently \$3100,- each) and the surcharge and this would have paid off the loan balance. How to correct this shortfall was known and is currently is being implemented through an **additional loan** from the Public Works Drinking Water State Revolving Fund (DWSRF)

The seven years delay by RU and Olympus Partners of failing to correct the plant shortfall is solely the responsibility of the RU and its owners and should be considered negligent and an imprudent action.

Not only did the users pay a major part of the treatment plant through our rates per the loan agreement, but now we are being asked to pay the remaining loan balance in the proposed rate increase.

Furthermore the new owners of RU would obtain additional connecting fees for 50 plus connections, once the current efforts of removing the bottlenecks have been implemented through the DWSRF loan, and more customers. have been added.

In other word the current customers would pay twice!

Previously, the current customers were promised, that any plant expansion would be chargeable to added new customers, with the possibility of increasing the permit fees as necessary .Olympus, WWS and RU asked for approval of the proposed sale (UW 071730) for \$948,132.47. In other words, the responsible parties, Olympus owner of RU, will receive a large payment, partially paid for by the current users, through financing the construction of the treatment plant.

Olympus, the beneficiary of the Sale, and the responsible party for not having received the full payment of the loan, as outlined above, should pay for the outstanding loan balance from the Sales of RU to WWS.

As a resident and retired professional engineer. I have been intimately involved with Rosario Utilities during their purchase and operation of the treatment plant. My qualifications have been previously submitted to the WUTC during the 1997 Rosario Utility rate increase.

Sincerely yours,

Signed

Gunther P. Eschenbrenner