

Wyse, Lisa (UTC)

From: Moen, Nancy (UTC) on behalf of Sidran, Mark (UTC)
Sent: Thursday, September 27, 2007 4:46 PM
To: UTC DL Records Center
Cc: Danner, Dave (UTC)
Subject: FW: FW Eastsound Water Users response to Attorney Finnigan
Attachments: 1657340061-UTC Eastsound Water Users Reply to Finnigan.doc

*Nancy Day Moen, Executive Assistant to
Mark Sidran, Chairman
1300 S Evergreen Pk Dr SW
PO Box 47250
Olympia, WA 98504-7250
360-664-1172
Fax 360-664-3604*

From: Rosario Property [mailto:rpoa.board@yahoo.com]
Sent: Thursday, September 27, 2007 3:57 PM
To: Sidran, Mark (UTC); Jones, Philip (UTC); Oshie, Patrick (UTC); Trotter, Don (UTC); Herta Fairbanks; Ward, Jim (UTC)
Subject: FW Eastsound Water Users response to Attorney Finnigan

Please find the attached response from Paul Kamin of Eastsound Water Users Association.

Got a little couch potato?
Check out fun [summer activities for kids](#).



Eastsound Water Users Association

Physical Location: 286 Enchanted Forest Road, Suite B102
Mailing and Billing Address: PO Box 115 Eastsound, WA 98245
Phone: (360) 376-2127 Fax: (360) 376-3650 www.eastsoundwater.org

Sept 27, 2007

Jobin Suthergreen
Rosario Property Owners
Eastsound, WA 98245

It is EWUA's position that the RH2 study exploring the value of the RU water rights was significantly flawed. The CDM study that it was based on explored multiple options for developing new source capacity. RH2 used only the single most expensive option as a source for its valuation, and ignored the other more cost effective alternatives. While the studied (most expensive) option was estimated to cost \$13,616 per MG developed, other options were detailed and presented at costs as low as \$2,382 per MG. The substantial variation between potential options should have been factored into the RH2 study but was not.

RH2's avoided cost methodology was poorly applied, and EWUA believes politically motivated to support Rosario's desired outcome. RH2 had indeed done previous work jointly for EWUA and RU. However the RH2 cost estimate was not a joint project and there was no contract or written agreement between RH2 and either RU or EWUA for this scope of work. The original joint EWUA and RU contract with RH2 that dealt with the capacity of the Cascade Lake basin specifically required a written agreement for any alteration or addition to the scope of RH2's work. EWUA did not approve any additional scope of work and therefore was unwilling to pay for it.

Westwater Research's water rights valuation was much more comprehensive. It explores not only a more inclusive study of avoided costs options, but also utilized a comparative cost review. Nowhere in the state of WA or in the northwest region have a sizeable volume of water rights been valued at \$10,000 per acre ft. There is no evidence to support RU's premium price valuation of their water rights.

While Westwater Research can demonstrate extensive expertise in the field of water valuation, RH2's expertise is not in this field, and their "draft" report clearly stated that it was NOT an authoritative valuation, and numerous assumptions were made in their study that significantly affected the outcome. They made no justification for why their valuation was ten fold higher than highest rates to be found on any other significant water rights deals in Washington.

Sincerely,

Paul Kamin
EWUA General Manager