

To: The Utilities Commission
160 W. 300 S.
Heber J. Wells Building
Salt Lake City, Utah

STATE PUBLIC
UTILITY COMMISSION

Regarding: The White Hills Water Company Rate Increase 36
Eagle Mountain, Utah

159195

RECEIVED

Dear Sirs:

I am writing this letter in regards to the proposed water rate increase that would raise the water prices of White Hills Subdivision residents to four times that of the surrounding towns and cities.

When we moved into this neighborhood 12 years ago the water rates were comparable to the town of Lehi, but much higher than the neighboring towns of Cedar Fort and Fairfield. We, did not realize at the time that this was a privately owned water company. Our water rates were raised 2 years ago to a rate that is currently higher than the surrounding area.

The water company has been run at a loss by the previous owner. It was built to be profitable with 500 residents. The current 120 residents falls far short of that number. That, evidently, was fine with the previous owners, for they had set their business up in such a way that the profits from the development were separate from the water co. As anyone knows, a major tax write off in the form of a failing corporation is great when you are independently wealthy and making great profits from various developments. As with any venture capitalist, as they made money on one hand, they could declare a loss on the other. When Utah county would not allow any additional building, except on 5 acre parcels, they came to the residents with a request that we incorporate. This was not feasible. Without any businesses or substantial tax income we would have gone bankrupt with the cost of road maintenance and fire protection.

The new investors bought this company knowing that it was operating at a loss for the same reason, to build a development. Todd McFarlane will tell you that the current investors, in the water company, are not the same as the investors in the development. However then, someone has misrepresented the circumstances to them or they too, were speculating that future returns would benefit them in some way. Perhaps they just needed, at that time, a tax write off. With this failing economy and the housing market drop, the developer and these investors are having to subsidize an overbuilt water system.

Recently at a meeting held by the development company, they announced that they would be presenting an annexation request to the City of Eagle Mountain, on November 20, 2008. The details of that annexation are not known to me at this time, however, the time frame of 90 days was presented at that meeting. With the new laws, 75% of the homeowners, not land owners, must approve that annexation. We are not sure that if these rates are approved, if we will be subject to much higher water rates than the rest of Eagle Mountain or if they will take over the water company. Many details are still unknown to us, the homeowners, who will be affected.

We feel that you, the commission, are the only ones who can cry "foul". We have been victims of a great "bait and switch" scheme. We were not given a Profit and Loss statement about the solvency of our water utility company when we purchased our homes. Now we find that they will rest, upon our backs, the cost of their unrealized investments. At the last water hearing, the commission refused to pay Mr. White for the opportunity cost of his extra water tank. As the new company raises our rates the commercial rate is still close to the same. Can you, request that they sell assets to offset their losses prior to making us service the company debt?

Surely if we are the main concern of this water company, they should do all they can to make sure our service is good. However, when they purchased it, they decided not to purchase some regulator that gave us pressure. Our pressure has gone down from the time they took over to the point that it interferes with lifestyle.(ie. running washing machines and sprinklers) They want to raise our rates, only bill us every other month, and have poor pressure. This is not fair.

If the commission is required to make sure that a company is profitable, you must require that they sell unnecessary assets to keep us, their customers, paying a fair price, and that they service their own debt and not rest it upon the back of 120 residents. They have greater aspirations that will need the water and so will try to convince you that the asset of water is not a negotiable item. But it is! So is the extra tank.

If the City of Eagle Mountain is to take us over in 90 days, we request that this commission also find that our rates be no different from the rest of the city residents on a public water line. Eagle Mountain would be crazy not to require the water rights prior to annexation but Todd McFarlane did indicate that they might work out a "deal" about the utilities. Eagle Mountain owns its own utilities and we currently are with Quest star Gas and Rocky Mountain Power in addition to White Hills Water Company.

Please at least table this discussion until we find out the outcome of the annexation and how it will effect us with Eagle Mountain City.

We formally request that you, the Commission, deny this water rate increase.

Sincerely,

Julie Barnum
Julie Barnum

If you would like to contact me, my
phone is #

My address is