

Rim Country Water Plan is Flawed

Rim Country Water (RCW) recently released some details of their plan to purchase the Pine Water Company (PWCo) and Strawberry Water Company (SWCo) if they gain control of the PSWID board. The RCW plan is based upon **three faulty assumptions**:

- **The water companies can be purchased for a third less than they were valued at in 2003.** The RCW plan shows that they have allowed about \$2,600,000. The average valuation in 2003 was \$3,600,000. Updating the 2003 valuation with the 2006 numbers increases the average valuation to \$5,400,000. Star Valley recently offered \$1600 per connection to buy their water company. That would give PWCo/SWCo a value of \$4,900,000. None of these valuations take into account the 161 acre-feet of Central Arizona Project water that PWCo owns. That will add millions more.
- **Money borrowed at 4.1% can be invested to earn 5.5%.** To do this would require investments that contain a risk of losing principle.
- **The variable operating costs of the water companies can be reduced by 28%.** The RCW plan calls for increasing the amount of water obtained from private wells. This will increase operating costs because that water is more expensive than pumping water from company wells. Office space will need to be rented. They will be lucky to match the current operations costs, let alone reduce them.

A detailed analysis of the above items, along with other problems with the RCW plan, can be found at www.WaterForPineStrawberry.com.

The RCW plan is a prop in their efforts to get control of the PSWID board. RCW could not just oppose the K2 well without offering an alternative. That alternative needed to be less expensive than the K2 well, so RCW has crafted a plan that they could claim is "free" to the rate payers. To make it "free", they had to make the unreasonable assumptions.

Once RCW has control of the board, they will "discover" that Mr. Hardcastle won't sell the water companies for less than they are worth. RCW will blame Mr. Hardcastle for ruining their plan and the community will get stuck with the real cost.

It won't be the whole community that shoulders the burden. Strawberry Hollow, Solitude Trails, Pine Water Assoc., and Portals IV are all outside of the district. Mr. Pugel and others are trying to exit the district. That means most of the future growth will not help cover the district's costs.

Help prevent this mistake before it happens. Vote to retain the PSWID board members:

Gary Sherlock, Forrest McCoy, James Richey, and Wes Suhr.