

MEMORANDUM

DATE: 9/9/2016
TO: File 63-10560, 63-34140
FROM: Ashley Newbry
RE: Meeting with Randy Fowers, Harold Johnson, Ray Ligenza of Paradise HOA

On Friday, September 9, 2016, Shelley Keen and I met with three representatives of the Paradise Homeowners Association: Randy Fowers, Harold Johnson, and Ray Ligenza. They arrived with one primary question in mind: Can our HOA use license 63-10560 to serve the Grouse Creek Cabins? They were able to point to the parcel on the subdivision plat which is allotted to the Grouse Creek Cabins development.

First, we reviewed the history of the iteratively amended license 63-10560. Based on the 1997 signed affidavits from Norm Garlington, Michael Koelsch, Brad Christiansen, and Wes Farris, preceding the final version of license 63-10560, we concluded that the license could be used to provide heating to the Grouse Creek Cabins. Shelley commented that the license did not necessarily create an obligation to serve, but an opportunity or permission.

The Paradise HOA representatives explained that the Grouse Creek Cabins have always had outdoor stubs (spigots) which provide hot water, cold drinking water, and sewer service off of the Paradise subdivision utility systems, but never a return hot water line. A hot water return line would be necessary to provide heating use to the Cabins. At present, hot water service and return lines have been installed to serve the 1.0-acre Paradise Pines lots south of Willis Carrie's Paradise Subdivision.

Next, we discussed the 1977 agreement between Paradise HOA and the Grouse Creek Cabins. The agreement stipulates that the HOA would provide hot water, cold water, and sewer service to the cabins. At a future time, the Paradise HOA would be obligated to also provide heat service to the Cabins. The HOA needed to determine how to interpret and react to the agreement. They thought that the existence of the 1977 agreement between the two parties was odd because the HOA didn't officially "get organized" until 1980. The HOA representatives were also concerned about their ability to balance an obligation to provide heating service to undeveloped lots in Paradise subdivision with the obligation to serve the Grouse Creek Cabins.

After this, we examined permit 63-34140 for heating use. Mr. Fowers explained that the HOA had filed on these springs (3 spring source POD's) on HOA property simply to prevent others from attempting to do so. Each of the springs is immediately adjacent to Grouse Creek. Two of the three are undeveloped (natural state), and the third has been developed into a soaking pool (POD overlap 63-31526 for recreation). At present, the hot spring water associated with 63-34140 is not tied to the heating system. Shelley explained that if the HOA desired to use it in such a manner, they may wish to amend the permit to add the two springs which are already used for heating; the heating system wastewater is recycled to the Trinity pool at the lodge. The permit 63-34140 can be used to provide heating to 18 cabins anywhere within the POU; it does not refer to specific lots.

In conclusion, Shelley reminded the HOA representatives that the license 63-10560 has been in place for nearly 20 years, it is final and can no longer be amended. Some other water right processes available for consideration include:

1. File an amendment of permit on 63-34140 to include the fully developed springs which currently provide heating and lodge pool water.
2. Paradise HOA or Grouse Creek Cabins could file a new application to increase the diversion rate needed for heating extra units.
3. Grouse Creek could file an ownership change on their portion of 63-10560, with consent from Paradise HOA to utilize their infrastructure.

Legend

- Heating Domestic Recreation 63-10560
- Heating 63-12316
- Recreation 63-31526
- Commercial Domestic 63-10559 GW
- Heating permit 63-34140
- Taxlots

