

FERNAN ESTATES CORPORATION
PO BOX 692
COEUR D'ALENE, ID 83816

April 11, 2014

RECEIVED

APR 14 2014

DEPARTMENT OF
WATER RESOURCES

Department of Water Resources
322 East Front Street
Boise, ID 83720

Re: 2013 Annual Report
License # 95-09323
Fernan Estates Corporation

Gentlemen:

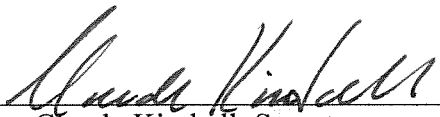
This is our annual report 2013 of water diversion as required by the above water license.

Attached is a spread sheet showing the water usage of each lot owner drawing water from this system. You'll note that the first reading of water usage occurred on February 22, 2013. The reason for this was explained in our letter to you dated September 5, 2013 a copy of which is enclosed. The September 5, 2013 letter was accepted by IDWR as satisfying the water diversion report for 2012.

If you have any questions or concerns, please contact the undersigned.

Very truly yours,

Fernan Estates Corporation

By: 
Claude Kimball, Secretary

FERNAN ESTATES CORPORATION
PO. BOX 692
COEUR D'ALENE, ID 83816

September 5, 2013

Department of Water Resources
322 East Front Street
Boise, ID 83720

Re: Permit to Appropriate Water dated 12/27/2005
No. 95-09323

Gentleman:

Fernan Estates Corporation (hereinafter the "HOA") respectfully requests that the Idaho Department of Water Resources ("IDWR") accept this letter as the report required by Condition # 11 of the Permit to Appropriate Water No. 95-09323.

While this report is not timely for reasons set forth later in this letter, we request the IDWR to find that the reasons set forth herein for this delay are reasonable; that the annual water usage is well below the limits set forth in Condition # 4 of the Permit to Appropriate Water and that circumstances are such that going forward, the reports will be timely.

The Permit to Appropriate Water was requested primarily to provide water to a development called "Fernan Lake Estates, First Addition" (hereinafter the "Development"). This Development contained 16 lots (hereinafter the "Lots" collectively and the "Lot" individually) as set forth in the map attached to this letter.

It is the understanding of the undersigned that the permit also contemplated the development of a Phase 2 located immediately south of the Development. Phase 2 was comprised of three parcels totaling approximately 66 acres. It is the understanding of the undersigned that Phase 2 has not been undertaken.

The initial permit was issued on December 27, 2005 and a five year extension was granted by IDWR on March 18, 2008. As of March 18, 2008, no Lots in the Development had been sold.

As to the Lots in the Development, there are two homes which have been constructed and which are occupied (Lot 14 and Lot 11). There are two homes (Lot 2 and Lot 16) being constructed but not yet occupied. Water has been hooked up to Lot 2. Water has not been hooked up to Lot 16. While water lines have been stubbed to each Lot in the Development, only Lots 14, 11 and 2 are currently receiving water.

There is also a water hook up inside the pump house. The pump house is located immediately east of the Water Tank.

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As of the date of this letter, to the best of the undersigned knowledge, there are no other hookups within the Development receiving water.

There is one hookup to Scott McKahan's home, located in Phase 2. See footnote 1 for more information on this hookup.

Lot 14 was hooked up to the water system on November 8, 2011. Lot 2 was hooked up to the water system on November 15, 2011. Lot 11 was hooked up to the water system on July 3, 2012.

Reports were due the IDWR on October 15, 2006 through October 15, 2012. No reports were filed. However, until November of 2011, there were no hookups to the Lots in the Development.

The following water usage is reported for each Lot to which a hookup has been provided:

<u>Lot</u>	<u>Date of Hookup</u>	<u>Total Usage from hookup to February 22, 2013</u>
14	11/8/11	90,630 gals (house occupied 1/15/2012)
11	7/2/12	25,760 gals (house occupied 9/6/2012)
2	11/15/11	5,899 gals (house still under construction)

*1

Based on the above, the average daily usage for each Lot is as follows:

Lot 14 - $90,630/472\text{days} = 192.01 \text{ gals/day}$

Lot 11 - $25,760/222 \text{ days} = 116.04 \text{ gals/day}$

¹ * There was one additional hookup to a home occupied by Scott McKahan. This home is located directly south of the Development in what has been referred to as Phase 2. This home was built by Scott McKahan's father in 1974. This hookup occurred on or about November 1, 2011. Until recently, no meter was attached to this hookup so we do not have exact information regarding water usage for this hookup. However, Scott McKahan has told us that he is the only person living in the home and he does not use water from Wells 4 or 6 to irrigate but only for his in house personal use. He irrigates with water pumped from Lake Fernan.

Fernan Estates Corporation only found out about the lack of a meter for this hookup on February 20, 2013 and a meter has now been installed.

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Lot 2 - $5,899/365 \text{ days} = 16.16 \text{ gpd}$

With respect to the Scott McKahan hookup, we will have to guess as to the amount of water usage. Since he does not irrigate with water from the system governed by the Permit, we estimate that the normal household usage for one person would not exceed 500 gals/day (182,000 gals. per year).

Mitigating Circumstances

We request that the failures of reporting be judged keeping in mind the following facts. Prior to November of 2011, there were no hookups to any homes in the Development or to Scott McKahans house. The McKahans mistakenly thought that since there were no hookups prior to 11/8/2011, there was no water usage to report and no report required.

After November of 2011, when hookups had occurred, the McKahans were facing severe economic problems. Due to the lack of lot sales to service their debt to Idaho Independent Bank (the "Bank"), the McKahans energies were devoted entirely to negotiations with the Bank in an attempt to avoid foreclosure and the loss of the entire Development. Unfortunately, their negotiations with the Bank were unsuccessful and in July of 2012, the Bank foreclosed on the remaining Lots owned by the McKahans.

As a result of the foreclosure in July of 2012, there was a vacuum created in the management of the HOA

In September of 2012, a meeting of the members of the HOA i.e. the lot owners was held to elect a new Board but legal issues arose at that meeting which prevented the election of a new Board. Hence as of the October 15, 2012 reporting date, Fernan Estates Corporation had no officers or board members to complete the reporting requirements.

The HOA was leaderless until January 15, 2013, when the new Board for the HOA was installed and the business of the HOA could be conducted.

Now that there is an HOA board, we can assure IDWR that there will be full compliance with the conditions of the Permit.

Based on these extenuating circumstances, we respectfully request IDWR to process this Statement of Completion.

FERNAN ESTATES CORPORATION
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September 5, 2013

Thank you for your consideration.

Fernan Estates Corporation

By: _____
Claude Kimball, Secretary of HOA

FERNAN ESTATES CORPORATION
2013 ANNUAL DIVERSION REPORT

<u>HOME OWNER</u>		<u>METER READINGS</u> <u>FOR 2013</u>	<u>TOTAL GALS. USED</u> <u>IN 2013</u>	<u>AVERAGE DAILY USE</u> <u>FOR 2013 **</u>
BRAASCH				
Date of Hookup	11/8/2011			
First Meter Reading	22-Feb-13	90630		
	8/6/2013	131740		
	10/4/2013	144980		
	11/12/2013	148510		
	12/31/2013	155060		
			64430	206.51
BRIDGE				
Date of Hookup	4/9/2013			
	8/6/2013	36320		
	10/4/2013	63610		
	11/12/2013	66280		
	12/31/2013	72170		
			72170	271.32
CODDING				
Date of Hookup	7/2/2012			
First Meter Reading	2/22/2013	25760		
	8/6/2013	69130		
	10/4/2013	90010		
	11/12/2013	93110		
	12/31/2013	98710		
			72950	233.81
BAUER/KIMBALL				
Date of Hookup	11/15/2011			
First Meter Reading	2/22/2013	5899		
	8/6/2013	61970		
	10/4/2013	155090		
	11/12/2013	170240		
	12/31/2013	175290		
			169391	542.92

**FERNAN ESTATES CORPORATION
2013 ANNUAL DIVERSION REPORT**

<u>HOME OWNER</u>		<u>METER READINGS</u>	<u>TOTAL 2013 USAGE</u>	<u>AVERAGE DAILY USE FOR 2013**</u>
MCKAHAN				
Date of Hookup	11/1/2011			
	2/22/2013	NO METER		
	8/6/2013	12310		
	10/4/2013	17160		
	11/12/2013	21050		
	12/31/2013	29200		
			29200	93.59
MINATRE*	12/31/2013	0 *		
* house under construction - while connected to water system, no water drawn as of the end of the year.				
**The number of days used in calculating the "Average Daily Use For 2013" is measured either from 2/22/2013 or, if later, the date of hookup.				
Since our 2012 report was thru February 22, 2013, we used that as the starting date for the 2013 calculations, except for those who were connected after 2/22/2013.				