I am Kaj Ahlburg, 4513 Mount Pleasant Road, Port Angeles, here to speak on behalf of the Port Angeles Business Association, a business organization of approximately 80 members.

We have thoroughly analyzed the proposed rule, the Preliminary Cost Benefit and Least Burdensome Alternative Analyses and the Small Business Economic Impact Statement.

We believe that the economic analyses are incomplete, that the benefits of the proposed rule do not exceed its costs and that it does not constitute the least burdensome alternative to achieve the desired results. Thus, we believe that the rule as currently drafted does not comply with RCW 34.05.328 (1)(d) and (e) and contravenes State law. We are submitting a more detailed formal comment letter, but I want to summarize quickly the principal points here.

The economic analyses do not address at all the following:

- decrease in property values of the properties subject to the proposed onerous restrictions;
- effect on the local economy, jobs and tax revenues due to decreased demand for land, building, well drilling and landscaping. When you increase the cost of something, demand declines, unless price elasticity of demand is zero, which it is not for any of these goods;
- the cost of likely litigation by the injured parties if the rule goes into effect as proposed.

The cost/benefit analysis greatly inflates, or even creates out of nothing, supposed benefits, and understates costs to arrive at the desired result. This also is evidenced by your own economist Mr. Tryg Hoff, whom we applaud for his courage and integrity, writing on March 19 that: *"This is a formal notification to the WRIA 18 rule writers that the evaluated Draft Rule presented on March 15 for the Dungeness watershed does not meet the legal requirements outlined in RCW 34.05.328 (1)(d) of the Administrative Procedures Act."* We believe the whole economic analysis is fatally flawed. It ignores the conclusions of your own economist, who is on record complaining about being pressured by his supervisors to ignore scientific evidence and break the law, and it was prepared by someone totally unfamiliar with the process in just a few weeks after Mr. Hoff's reassignment.

You have also failed to consider the least burdensome alternative, which would be, similarly to the way it is being done in Skagit County, having the State through its capital budget purchase the de minimis amount of senior water rights necessary to compensate for the alleged effect of future permit exempt well usage. This would allow doing away with the water exchange and onerous mitigation fees and well metering, which would cost millions to implement and millions more to monitor and administer. By contrast, purchasing the 0.77 cfs of water your own analysts have arrived at is needed could probably be done for a one time expenditure of less than half a million dollars.

We respectfully request that you prepare new Preliminary Cost Benefit and Least Burdensome Alternative Analyses and Small Business Economic Impact Statement addressing the points raised above and in our formal comment letter, that you make implementation of the rule contingent upon funding by the State of acquisition of the necessary senior water rights as was done in Skagit County, and that you remove the well metering requirement, substituting for it the methodology of estimating permit exempt well usage through electric usage patterns.