

DECISION MEMORANDUM

TO: COMMISSIONER KJELLANDER
COMMISSIONER SMITH
COMMISSIONER HANSEN
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL

FROM: SCOTT WOODBURY

DATE: MAY 4, 2005

SUBJECT: CASE NO. BCS-W-05-1 (Bar Circle "S")
COMMERCIAL FIRE PROTECTION TARIFF

On April 22, 2005, Robert Turnipseed, president of Bar Circle "S" Water Co. (Bar Circle; Company) filed an Application with the Idaho Public Utilities Commission (Commission) requesting authority to establish commercial fire protection tariff rates. Bar Circle is located in Hayden, Idaho and provides water service to approximately 129 customers.

Bar Circle does not currently have an approved commercial fire protection tariff. As reflected in its Application, at the request of Waterford Park LLC, a boat and RV condominium storage facility, the Company entered into an agreement with Waterford to provide fire protection service required for the facility. Attached to the Application is a copy of the Waterford agreement and a copy of the engineer's master plan for the storage facility that shows the location of water lines, fire hydrants and sprinkler service lines that are being installed to meet the fire protection requirements. Waterford is paying the cost to move existing lines and install new lines and hydrants.

Bar Circle states that it must dedicate a large portion of its existing storage reservoir to the fire suppression leads of the Waterford facility. The Company reports that nearly a third of Bar Circle's existing reservoir will be dedicated to meeting the required 53,400 gallon storage requirement.

Bar Circle anticipates that additional growth will occur in the area in the near future and that the Company will expand to serve new customers. Because of the large portion of the existing reservoir that will be dedicated to fire protection for the Waterford facility, the Company

states that it will need to construct additional storage to meet its growth requirement sooner than anticipated. Attached to the Company's Application is an engineering estimate for the construction of a new 20,000-gallon reservoir. Total cost of the new reservoir is expected to be \$90,000.

Bar Circle requests approval of commercial fire protection rates as follows:

Monthly rate for commercial private hydrants \$146.05

Monthly rate for commercial sprinklers per connection \$ 97.65

The rates were developed using the cost of the new reservoir that could be avoided were it not for the dedication of a portion of the Company's existing facilities. Because the new reservoir is much smaller than the dedicated portion of the Company's existing reservoir, the Company believes its calculations are conservative. The fire protection rates when applied to the entire Waterford facility, the Company contends, will generate monthly revenue of \$1,121.68.

As reflected in attachments to the Company's Application, the dedicated portion of the existing reservoir is the equivalent of 23 residential customers average daily requirements during the peak season of the year. The fire flow requirement for the Waterford facility, the Company contends, is nearly twice the average demand of the existing residential customers connected to the system.

COMMISSION DECISION

Bar Circle requests Commission authority to establish commercial fire protection tariff rates. Staff has reviewed Bar Circle's filing and recommends that the matter be processed pursuant to Modified Procedure, i.e., by written submission rather than by hearing. Reference Commission Rules of Procedure, IDAPA 31.01.01.201-204. Does the Commission agree that it is appropriate to process the case pursuant to Modified Procedure?

Scott D. Woodbury

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