

DECISION MEMORANDUM

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

FROM: JOHN HAMMOND

DATE: MARCH 15, 2004

SUBJECT: IN THE MATTER OF SPIRIT LAKE EAST WATER COMPANY'S
REQUEST TO INCREASE ITS HOOK UP FEES FOR WATER
SERVICE; CASE NO. SPL-W-04-1.

On January 15, 2004, the Spirit Lake East Water Company requested that the Commission authorize it to increase its hook up fee from \$650 to \$2,500 for the following reasons:

1. Spirit Lake has never increased its hook up rates since 1983;
2. Spirit Lake alleges that it pays far more to perform hook ups than it receives at the current rate of \$650;
3. Spirit Lake alleges that its average costs for hook up fees for last two years, 2002-2003, are \$2,100 per hook up;
4. Spirit Lake alleges that it has prudently added a 20% contingency to the actual costs for future unanticipated costs and increased costs to materials and services.

The Company alleges that its actual costs with the contingency equal approximately \$2,500 per hook up. Spirit Lake believes its request is timely since no hook ups can be performed until May or June 2004 due to winter weather.

STAFF RECOMMENDATION

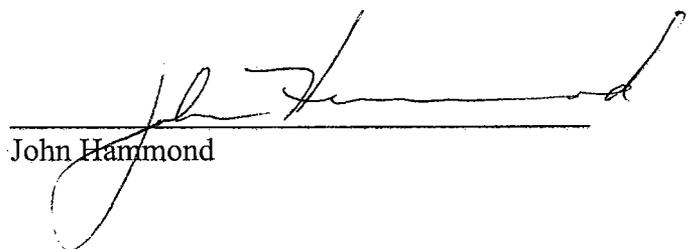
Staff has reviewed this Application and is currently in the process of obtaining further information about the Company's request through audit/production requests. Currently, Staff has a second audit/production request out to Spirit Lake and expects the Company to

respond to it by no later than April 9, 2004. Once Staff receives full responses to its questions it will be able to comment on the Company's Application. Staff believes that this Application should be processed by Modified Procedure with written comment deadlines that allow for time for the Company to respond to the Staff's production requests. Accordingly, Staff requests that the Commission allow it to submit written comments on this Application on or before April 23, 2004. Staff recommends also that the Commission allow Spirit Lake the opportunity to respond to any written comments by April 30, 2004.

COMMISSION DECISION

Does the Commission wish to process Spirit Lake's Application by Modified Procedure under the Commission's Rules?

Does the Commission wish to adopt the written comment deadlines as proposed by Staff?



John Hammond

bls/M:SPLW0401_jh