FILE MEMORANDUM

TO: **CASE NO. SWS-W-02-2**

FROM: **JOHN R. HAMMOND**

DATE: **APRIL 18, 2003**

RE: **CLOSE CASE NO. SWS-W-02-2 – APPLICATION TO CHARGE FIRE PROTECTION FEE FOR STONERIDGE WATER COMPANY.**

On December 5, 2002, Stoneridge Water Company filed an Application requesting that the Commission allow it to charge a fire protection fee of $20 a year per lot for the fire protection services provided by the Company. The Company stated that during the construction year of 2002 it spent $89,898 to upgrade and extend the fire protection system within the community of Stoneridge.[1] Additionally, the Company claims to have worked directly with the Spirit Lake Fire District to ensure that it is meeting the appropriate fire flow requirements. The Company did not request an effective date for its proposed fire protection fee.

Staff has had numerous discussions with the Company regarding the proposed fire protection fee. In particular, Staff communicated to the Company that the prudent portion of the investment might more appropriately be rate based and recovered through a rate base adjustment as opposed to a surcharge/fire protection fee. However, Staff believes that at this time it is premature to make such a decision without a more complete record. Thus, the prudency of any amount of Company's investment in fire protection and whether it would be rate based should be reserved for review at a later date. In addition, Staff communicated to the Company that without knowledge of the impacts of interconnecting Stoneridge's water system with Happy Valley Ranchos Inc. homeowner's association water system, as requested by Stoneridge, it would be premature to determine whether the proposed fee is appropriate.[2]

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[1] Stoneridge Water Company serves Stoneridge, a golf and recreational community in Blanchard, Idaho. See Application. *See also* www.stoneridgeidaho.com.

[2] Stoneridge filed an Application requesting that the Commission allow it to interconnect its water system with the Happy Valley Ranchos water system.

On April 4, 2003, Stoneridge Water Company filed a letter with the Commission stating that it wished to withdraw its Application in this case and requested that it be closed without prejudice because it would like the opportunity to address this issue at a later date.

Pursuant to Commission Rule of Procedure 68 this case is closed based on Stoneridge's request. *See* IDAPA 31.01.01.068.

John R. Hammond
Deputy Attorney General