

PAINE  HAMBLEN^{LLP}
ATTORNEYS

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IDAHO PUBLIC
UTILITIES COMMISSION

Janet D. Robnett

May 11, 2007

SENT VIA FEDERAL EXPRESS
Ms. Jean Jewell
The Commission Secretary
Idaho Public Utilities Commission
472 W. Washington Street
Boise, ID 83702-5983

Re: Application of Stoneridge Water Co. - Case No. SWS-W-06-01

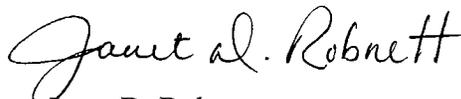
Dear Ms. Jewell:

Enclosed for filing are the original and seven (7) copies of the Reply of Stoneridge Recreational Club Condominium Owners Association, Inc. to the Staff Comments dated April 27, 2007, in connection with the above-referenced application. A copy of the Reply was also filed electronically with you, as of this date.

Thank you for your assistance in this matter.

Sincerely,

PAINE HAMBLEN LLP


Janet D. Robnett

Enc.

cc: Donovan Walker
Wayne Benner
Joe M. Olmstead
Cindy Thomas
Bob Smith

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2007 MAY 14 AM 11:26
IDAHO PUBLIC
UTILITIES COMMISSION

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION
OF STONERIDGE WATER COMPANY FOR
AN INCREASE IN RATES AND CHARGES

)
)
) CASE NO. SWS-W-06-01
)
)
) REPLY OF STONERIDGE
) RECREATIONAL CLUB
) CONDOMINIUM OWNERS
) ASSOCIATION, INC. TO STAFF
) COMMENTS

This memorandum is submitted on behalf of the Stoneridge Recreational Club Condominium Owners Association, Inc., dba Stoneridge Resort, in reply to the Comments of the Commission Staff dated April 27, 2007, in connection with the application of CDS Stoneridge Associates – Land, LC, doing business as Stoneridge Water Company (the "Company"), for a general rate case establishing new rates and charges for customers in the Company's service area near Blanchard, Idaho.

REVENUE REQUIREMENTS

Stoneridge Resort generally concurs with the staff's analysis with respect to the Company's revenue requirements. Consideration should still be given to the fact that the system has excess capacity available to service new developments. Costs that are proposed to be

**REPLY OF STONERIDGE RECREATIONAL CLUB CONDOMINIUM
OWNERS ASSOCIATION, INC. TO STAFF COMMENTS - 1**

included in the rate base for charges to existing customers were also incurred for the benefit of the excess capacity held by the Company for the benefit of new development and should, to some extent, be absorbed by the developer.

RATE DESIGN

Stoneridge Resort agrees with Staff's conclusion that the physical capacity of the system to deliver water, as measured by the different meter sizes for different customers, should be considered when setting varying customer charges. However, the Staff's analysis was limited to the mathematical comparison of meter sizes, without necessarily taking into consideration the diversity of customers on the system. Not all customers will be utilizing the full capacity available to them at the same time, nor is it likely that a customer would require its full available capacity except under extraordinary circumstances.

In its earlier Objections, Stoneridge Resort had proposed the adoption of a rate structure based largely upon meter size, but also taking into consideration other factors identified in Grindstone Butte Mutual Canal Company v. Idaho Public Utilities Commission, 102 Idaho 175, 179, 627 P.2d 804, 808 (1981) and other cases, including the quantity of water used, the time of use, the pattern of use, the differences in the conditions of service, the costs of service, and the actual difference in the situation of the consumers for the furnishing of the service. The end result was a proposal that mirrored that which had been approved in earlier rate cases, particularly United Water's.

The following is a side-by-side comparison of the Staff proposal with those other system rate designs:

Comparative Table of Base Rate Price Escalation by Meter Size

Meter Size	United Water		Capitol Water		Coeur d'Alene		Staff Proposal	
	Rate	Ratio %						
3/4"	\$ 16.21	100.0%	\$ 7.70	100%	\$6.10	100%	\$ 18.10	100%
1"	21.31	131.5%	10.80	140.3%	6.70	109.8%	32.18	177.8%
1.5"	34.53	213.0%	15.80	205.2%	9.50	155.7%	72.40	400.0%
2"	49.85	307.5%	27.30	354.5%	12.65	207.4%	128.71	711.1%
2.5"						0.0%	201.11	1111.1%
3"	91.28	563.1%	48.90	635.1%	19.55	320.5%	289.60	1600.0%
4"	145.76	899.2%			28.13	461.1%	514.84	2844.4%
6"	280.52	1730.5%			47.98	786.6%	1,158.40	6400.0%

The proportional allocation amongst the varying meter sizes as adopted in the United Water case, which Stoneridge Resort believes should be applied to this case, would result in the following rate design:

3 / 4" Meter Base Rate	\$ 28.50
1 " Meter Base Rate	\$ 37.34
1 1/2" Meter Base Rate	\$ 60.71
2 " Meter Base Rate	\$ 87.78
4 " Meter Base Rate	\$ 256.22
6 " Meter Base Rate	\$ 493.34

All Commodity \$0.75 / 1000 Gallons

In addition to more accurately reflecting the actual demands on the system from each customer class, the rate structure proposed by Stoneridge Resort would result in a lower overall monthly minimum charge, and a higher commodity charge. This would further serve the interests of conservation by allowing for a larger portion of the revenue requirement increase to be derived from the commodity rather than the minimum/customer charge. As Staff noted at page 12 of its Comments:

There is significant concern for both water quality and conservation of the Rathdrum Prairie aquifer due to growth and increasing use of the aquifer. Recent Staff recommendations and Commission decisions have addressed these concerns by focusing on meeting a larger portion of revenue requirement increases from the

commodity rather than the minimum/customer charge. (Citing Bitterroot Water, Case No. BIT-W-05-1, Order No. 29966).

CONCLUSION

Stoneridge Resort supports the Staff's findings as to the Company's revenue requirements, and a rate design that differentiates among the customer classes based largely on meter sizes, with the modifications described herein.

DATED this 11th day of May, 2007.

PAINE HAMBLEN, LLP

By Janet D. Robnett
JANET D. ROBNETT

Attorneys for Stoneridge Recreational Club
Condominium Owners Association, Inc.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 11th day of May, 2007, I caused to be served a true and correct copy of the foregoing by the method indicated below, and addressed to the following:

Ms. Jean Jewell
The Commission Secretary
Idaho Public Utilities Commission
472 W. Washington Street
Boise, ID 83702-5983
jean.jewell@puc.idaho.gov

Via Federal Express
 Via E-mail
 Via U.S. Mail

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Via Federal Express
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Via Federal Express
 Via E-mail
 Via U.S. Mail

By Janet D. Robnett
Janet D. Robnett

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Stoneridge Water Company
 Summary of Rate Design
 With Staff Revenue Requirement

	(A)	(B)	(C)	(D)	(E)	(F)	(G)
	Number of Customers	Annual Revenue From Base Rate	Annual Total Consumption (000's of Gal)	Annual Revenue From Commodity Charges	Annual Total Revenue	Average Annual Bill/customer	Average Monthly Bill/customer
1 Happy Valley Rancho's Residential Customers	101	\$ 34,542.00	9,092	\$ 6,818.84	\$ 41,360.84	\$ 409.51	\$ 34.13
2 Stoneridge Residential Customers	100	\$ 34,200.00	7,179	\$ 5,384.27	\$ 39,584.27	\$ 395.84	\$ 32.99
3 Fairway Meadows Condos	3	\$ 2,185.38	26	\$ 19.55	\$ 2,204.93	\$ 734.98	\$ 61.25
4 Commercial (Timeshare Resort Condos)	4	\$ 4,213.44	3,772	\$ 2,828.78	\$ 7,042.22	\$ 1,760.55	\$ 146.71
5 Commercial (Timeshare Resort Rec Center)	1	\$ 1,053.36	865	\$ 648.75	\$ 1,702.11	\$ 1,702.11	\$ 141.84
6 Commercial (Timeshare Resort Park)	1	\$ 1,053.36	485	\$ 363.75	\$ 1,417.11	\$ 1,417.11	\$ 118.09
7 Commercial (POA Rec center)	1	\$ 728.46	63	\$ 46.97	\$ 775.43	\$ 775.43	\$ 64.62
8 Commercial (CDS Pro Shop, Grill & Restaurant)	1	\$ 448.02	500	\$ 375.00	\$ 823.02	\$ 823.02	\$ 68.59
9 Commercial (CDS Maintenance)	1	\$ 342.00	100	\$ 75.00	\$ 417.00	\$ 417.00	\$ 34.75
10 Commercial (CDS Rec Center)	1	\$ 1,053.36	100	\$ 75.00	\$ 1,128.36	\$ 1,128.36	\$ 94.03
11 Commercial (Sales Office)	1	\$ 342.00	244	\$ 182.96	\$ 524.96	\$ 524.96	\$ 43.75
12 Commercial (CDS Events Center)	1	\$ 342.00	97	\$ 72.57	\$ 414.57	\$ 414.57	\$ 34.55
13 Commercial (Motor Coach Village)	1	\$ 1,053.36	115	\$ 86.03	\$ 1,139.39	\$ 1,139.39	\$ 94.95
14 Commercial (Golf Course Irrigation)	1	\$ 438.90	45,000	\$ 33,750.00	\$ 34,188.90	\$ 34,188.90	\$ 2,849.08

Total	218	\$ 81,995.64	67,637	\$ 50,727.47	\$ 132,723.11		
		62%		38%	100%		