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IDAHO PUBLIC
UTILITIES COMMISSION

Idaho Public Works Commission,
P. O. Box 83720,
Boise, Idaho 83720-0074

Re: Case # SWS-W-06-01

Joe Lecke

In the enclosed Notice of Application to Increase Rates from Stoneridge, there has to be a calculation error or a typo error on the percentage for Residential for HVR (copy attached).

When we, Happy Valley Ranchos, were approached by Stoneridge to hook on to their water system we were assured by Stoneridge and their engineer, that there were two good operating wells drawing water from the aquifer. (Advantages of Stoneridge Water System, Paragraph 1). We had a meeting of all interested water users so Stoneridge, their engineer and the Idaho Public Works Commission would give us the advantages of hooking on to Stoneridge Water and this was one of the deciding factors, since we were told we would have to have our own second well to continue operating Happy Valley Water.

There are two records of currently needed improvements to Stoneridge Water Co. at the time of our decision to merge with them. One in the Advantages of Stoneridge Water System, Paragraph 6 and another in the letter Stoneridge wrote to Happy Valley Water, dated June 14, 2002 Paragraph 6, telling us there were additional costs that Stoneridge was looking to do but those additional costs would not be borne by Happy Valley Ranchos.

We could have hired an attorney to negotiate with Stoneridge to help with the cost but decided to work with Stoneridge ourselves. We had to come up with some figures on laying the pipes, etc, to hook up to our existing water system. It started at about \$167,000.00 and kept going up from there, ending with our hook up cost \$278,000.00, totally born by Happy Valley Ranchos Water.

Now you want us to pay for the improvements Stoneridge did to their water system, which would make our hook up price to be \$438,457.00 which is more than double our original estimate.

Also when asked why Stoneridge wanted us to be on their system, their response was it would mean more users for their under-utilized water system allowing them to run it more effectively and it would benefit them when they applied for funds for the additional improvements they were going to do to their system (next to the last paragraph of their letter dated June 14, 2002). In light of the added customers from Happy Valley Ranchos Water and the added users they are getting on their property we do not understand why they would even have to ask for a raise in water rates.

In essence, as explained at the meeting of April 21, it appears that Happy Valley customers are asked to pay for our original hook up, plus the improvements to Stoneridge Water System and pay for an increase in water rates. If this is the case, we have been badly misled by every one concerned.

Sincerely,
Olvaldo Campilli
Helen Campilli
Olvaldo & Helen Campilli
96 Meadow Drive,
Blanchard, Idaho 83804

January 12, 2007

Notice of Application to Increase Rates

This is to notify you that on November 20, 2006 StoneRidge Water Company filed an Application with the Idaho Public Utilities Commission (IPUC) asking to allow for the closing out of Phase I and Phase II loans for the Happy Valley Ranchos (HVR) annexation and surcharge associated thereto, for an increase in the monthly user fees, an increase in the hook-up fees, an increase in the disconnection/reconnection fees and for clarifications and changes to the Rules and Regulations.

In the Application StoneRidge Water Company is proposing a revenue increase of \$153,529, which represents an overall increase in rates of 161%, to be applied to all classes of customers. The proposed changes include: 1) A monthly fee to service the HVR loan will be imposed on all those current and future customers that were or will be added as a result of the HVR annexation. 2) A monthly service fee to service the well repair loan will be imposed on all current and future customers within the StoneRidge Water Company service Territory. 3) A monthly user fee increase will be imposed on all current and future customers within the StoneRidge Water Company service territory. 4) A disconnect/reconnect fee increase will be imposed on all customers choosing to have their water shut off and turned on at a later date. 5) A hook up fee increase will be imposed on all customers requesting a new service connection. 6) And clarifications and changes to some of the General Rules and Regulations.

The following table shows the proposed increase by customer class:

Customer Class	Revenue from the Existing Rates	Revenue from the Proposed Rates	% increase In Revenue
Residential SR	\$30,260	\$58,221	92%
Residential HVR	\$26,968	\$572,549	93%
Residential - Timeshare	\$3,532	\$70,015	1882%
Commercial - CDS	\$1,512	\$2,977	97%
Commercial - Timeshare	\$885	\$1,817	105%
Golf Course Irrigation	\$19,500	\$30,606	57%
Total	\$82,657	\$236,186 ^{215,735}	161%

The proposed increase is necessary so that StoneRidge Water Company will have an opportunity to earn a return on its investments in water facilities which are providing service to customers. StoneRidge Water Company has invested nearly \$450,000 since the last rate increase, in addition to borrowing \$439,000 in State Loan Revolving Funds to interconnect the HVR water system and refurbish the backbone system that have not yet been allowed for recovery in the Company's rates. An increase in revenue is necessary to support these investments and to maintain a sound financial position. Additionally on going costs of operations have increased since StoneRidge Water Company's last general rate case.

The proposed increase in rates is subject to review and a decision by the IPUC, which may accept, modify or reject in whole or in part the proposed increase. A complete copy of the proposal is available at the StoneRidge Water Company's office at Chatwold Road, Blanchard, Idaho and at the Idaho Public Utilities Commission's office at 472 W. Washington, Boise, Idaho 83702-5983. It is also available on-line at the IPUC website: <http://www.puc.idaho.gov/internet/cases/summary.SWSW0601.html>

You can also file a comment on the Application via the IPUC web site at: <http://www.puc.idaho.gov/forms/ipuc/ipuc.html>

Or mail comments to:
Idaho Public Utilities Commission
P.O. Box 83720
Boise, Idaho 83720-0074

A public workshop will be held in the Blanchard Area by the IPUC staff to dispense information and receive comments. Time and date to be set by the IPUC.

Sincerely,
StoneRidge Water Company

MEMORANDUM

DATE: November 27, 2002
TO: Happy Valley Ranchos Owners Association
FROM: Eric J. Eldenburg, P.E.
SUBJECT: Advantages/Disadvantages of Connection w/Stoneridge Water System

The following list represents those advantages/disadvantages that I have briefly thought of related to connection of the HVR water system to the Stoneridge water system:

ADVANTAGES:

1. Excellent water quality with no treatment, other than minimal disinfection.
2. The expensive and labor intensive HVR filtration system can be abandoned.
3. Over 300,000 gallons of water storage available for emergency/fire flow use.
4. Water supply provided by two wells, for redundancy.
5. Fire flow available to lower pressure tier.
6. Merging will allow the following:
 - a. One set of operators instead of two.
 - b. One set of water quality tests instead of two.
 - c. One set of administrators instead of two.
7. The Happy Valley Ranchos Water, Inc board can be abandoned.
8. When the DEQ loan is paid off, water rates will be less expensive than before the merger.
9. All operation and maintenance work accomplished by existing salaried Stoneridge personnel, who are available 24/7.
10. Stoneridge Utilities Company owns a backhoe, which results in less cost for maintenance requiring excavation.
11. As a result of the merger process, the HVR water system will be upgraded to include additional blowoffs, new fire hydrants, re-coating of existing steel tanks, and additional storage capacity at upper reservoir site.
12. Less work/stress/headaches for HVR residents who serve on the board.
13. Stoneridge personnel available during normal working hours for questions/comments.

DISADVANTAGES:

1. Less local control over water system issues.
2. Higher water rates until the DEQ loan is paid off.

DEQ LOAN SPECIFICS:

The DEQ loan program will retroactively fund engineering costs as long as the contract for engineering services is approved by the DEQ before costs are incurred. The engineer would also have to meet the Errors and Omission Insurance requirements (\$100,000 or 2 x engineering contract amount, whichever is greater). Prior approval by the DEQ is also required for any other project-related costs incurred before the loan is approved.



June 14, 2002

P.O. Box 280
364 STONERIDGE ROAD
BLANCHARD, IDAHO 83804
PHONE 800-952-2948
208-437-3148
FAX 208-437-3048
STONERIDGEIDAHO.COM

Kathi Malakowsky
Ed Balnis
Happy Valley Ranchos Water, Inc.

Dear Kathi and Ed,

First I'd like to thank both of you, the board of Happy Valley Ranchos Water, Inc. and the users, for the opportunities you have provided for us to discuss a potential relationship between Happy Valley Ranchos and CDS Stoneridge Utilities, LLC. This letter is to outline the terms of the potential relationship between Happy Valley Ranchos Water Inc. and CDS Stoneridge Utilities, LLC doing business as Stoneridge Utility Company.

As per our presentation at your annual meeting on Thursday, May the 16th and the follow on meeting we had on Friday, May 31st 2002, outlined below is the structure and estimated timeline.

Proposal:

In order for Stoneridge Utility Company to service the Happy Valley Ranchos water users and provide a level of fire protection to a portion of the Happy Valley Ranchos community, it is estimated that approximately \$168,600 of work will need to be done.

This will enable all users to receive water from the Blanchard Valley aquifer, which has some of the best quality water in the state. Additionally, fire protection will be brought in to a portion of the homesites that will allow for an estimated decrease in insurance premiums to those users of \$40-\$100 annually.

The Idaho Public Utilities Commission (IPUC) regulates water service provided by the Stoneridge Utility Company. Currently the charge for residential customers is a \$14/month meter charge. Additionally, there is a commodity charge of \$0.30/1,000 gallons for all consumption. Other relevant charges are Re-Connect Fees of \$14 during office hours and \$28 after office hours. It should be noted that because of the seasonality of our user base we have an application into the IPUC to increase this Re-Connect Fee to \$50. There is also a Hookup Charge of \$925 for any new users that would want to come onto the system. This charge would not apply to anyone who converts from your system to ours at the time of connection to Stoneridge Utility Company water system.

At this point Eric Eldenburg from Sewell Engineering has submitted a letter on both of our behalf's to the Idaho Department of Environmental Quality (DEQ) in Coeur d'Alene to request our placement on a Priority Funding List for DEQ Grant/Loan Program. Eric has also included some additional cost estimates that Stoneridge Utility Company is looking at doing. These additional costs will not be borne via a special assessment by

water users from Happy Valley Ranchos. A copy of Eric's letter is attached with the ✓
breakdown of work and costs.

It is our understanding from meeting with John Tindall of the DEQ that there are more than adequate funds available from the Priority Funding List Loan Program to facilitate this project. Furthermore, John has indicated that the costs of these funds would be 2% amortized over 20 years.

Assuming an average consumption of 10,000 gallons per month and 85 homes would hookup to the Stoneridge water system, Happy Valley Ranchos monthly billing would be:

Meter Charge		\$14.00
Commodity Charge (10,000 Gallons)	304	\$3.00
Assessment for system wide hookup to Stoneridge		\$10.05
(This is the \$168,800 at 2%/20 year amort spread over 85 users)		

TOTAL MONTHLY CHARGE **\$27.05**

We would need to look at this assessment on an annual basis, as theoretically the 85 users would increase as new users hookup from Happy Valley Ranchos, as such this assessment could be spread across a larger user base and hence the assessment amount would decrease for the individual user.

Based on our initial meeting and the following meeting we had, it is my assumption that you will eventually dissolve the current Happy Valley Ranchos Water Company. As such, the structure of this relationship would be that the individual water consumer at Happy Valley Ranchos would be a water customer of the Stoneridge Utility Company, with a monthly estimated rate as identified above. Any increase in this rate structure would be subject to the approval of the IPUC as they are the regulating body over all water service charges of the Stoneridge Utility Company.

Next Step:

The chain of events to get the individual user at Happy Valley Ranchos to be a Stoneridge customer would be:

- A written agreement in concept has to be reached between Happy Valley Ranchos Water, Inc. and Stoneridge Utility Company. This agreement would need to cover:
 1. Capital Improvements necessary and agreed to connect Happy Valley Ranchos users to Stoneridge Utility Company.
 2. Which entity would apply for the DEQ funds for the improvement-It is my understanding that Stoneridge Utility should apply, as this entity has more assets, and it will be the surviving entity once all users are hooked in; and,