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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)	
STONERIDGE WATER COMPANY FOR AN)	CASE NO. SWS-W-06-1
INCREASE IN RATES AND CHARGES AND TO)	
MODIFY RULES AND REGULATIONS)	
)	COMMENTS OF THE
)	COMMISSION STAFF
)	

The Staff of the Idaho Public Utilities Commission, by and through its Attorney of record, Donovan E. Walker, Deputy Attorney General, in response to Order No. 30250, the Notice of Modified Procedure and Notice of Comment/Protest Deadline issued on February 16, 2007, respectfully submits the following comments.

BACKGROUND

On November 20, 2006, Stoneridge Water Company filed an Application with the Commission seeking "to allow for the closing out of Phase I and Phase II loans for the Happy Valley Ranchos 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." The indebtedness for Phase I and Phase

II loan amounts were previously approved by the Commission in Order Nos. 29320, 29507 and 29719.

In Order No. 29320, Case No. SWS-W-03-1, issued on August 26, 2003, the Commission authorized Stoneridge Utilities to take out a loan in the principal amount of \$213,500 from the State Drinking Water Revolving Fund. The debt was approved to allow a service area expansion and interconnection of an adjacent homeowners' water system serving the Happy Valley Ranchos Subdivision (HVR). The Commission further authorized Stoneridge to use a surcharge to recover the debt and financing incurred to complete the project. However, the Commission reserved judgment on the appropriate amount of the surcharge until the State Drinking Water Revolving Fund loan was finalized and construction costs more certain. Stoneridge Utilities was also directed to apply its currently approved rates to the HVR customers once water service was provided by the utility.

In Order No. 29507, Case No. SWS-W-03-1, issued on May 28, 2004, the Commission increased the authorized indebtedness for Stoneridge to \$323,990 from the State Drinking Water Revolving Fund loan. The increased loan amount was due to increased contracting costs from \$213,500 to \$235,990 for the improvements authorized in Order No. 29320 in August 2003. The additional increase in the total loan amount also includes \$88,000 for additional system-wide improvements required by the DEQ to meet the "Ten State Standards." The additional improvements include upgrading reservoir and pumping controls and replacement of the Company's backup well pump. Project personnel dubbed the original interconnection project with HVR as Phase I and the controls and backup well improvements as Phase II.

In Order No. 29507, Case No. SWS-W-03-1, the Commission reaffirmed its authorization to use the surcharge mechanism approved in Order No. 29320 to recover the debt and financing costs incurred to complete the interconnection project (Phase I). Stoneridge was also directed to file the final interconnection project costs upon completion for the Commission to determine the final reasonable surcharge level. In its Order, the Commission reserved judgment on how to collect the cost of the backbone improvement project (Phase II). The Company was directed to file final construction, engineering, and financing costs for a proper recovery determination upon completion of the system (Phase II) improvement.

In Order No. 29719, Case No. SWS-W-04-01, the Commission authorized an increase in the principal amount of the State Drinking Water Revolving Fund to \$438,500. The increased loan amount was the result of increased costs from \$235,990 to \$275,000 for the interconnection project

(Phase I). The increase was due to higher engineering and easement costs, as well as minor contract quantity increases. The increase was also a result of an increase from \$88,000 to \$163,500 for the controls and backup well costs (Phase II). Again, the Commission reserved judgment, as it had in both Order No. 29320 and Order No. 29507, as to the appropriate amount of the surcharge previously approved for interconnection (Phase I), as well as how to collect the cost of the backbone system improvements (Phase II).

The Current Application

The Company filed a fairly comprehensive Application following the pattern available on the Commission's web page for small water company Certificates of Public Convenience and Necessity. In fact the Company titled its Application as that for the issuance of a Certificate. However, the Company currently possesses a Certificate, *see* Order No. 28994, and it is clear from a review of the Application that the filing is a general rate case. The Company has not requested a specific effective date for the proposed new rates. On March 13, 2007, the Company also made a Supplemental Filing providing additional information in support of its Application.

As stated above, the Company had previously taken out a series of loans from the State Drinking Water Revolving Fund totaling approximately \$438,500. *See* Case No. SWS-W-04-01, Order No. 29719 (authorizing the loan amounts and describing the background surrounding the loans, system expansion, and system improvements). The Commission, in its previous Orders authorizing the Company to incur the indebtedness, specifically reserved judgment on the appropriate amount of the surcharge for Phase I interconnection. Order No. 29719 at 5. The Commission also specifically reserved judgment on how the Company may collect the cost of the backbone system improvements for Phase II. *Id.*

According to the Customer Notice prepared by the Company in this case, its request to the Commission consists of six parts: "(1) A monthly fee to service the Happy Valley Ranchos loan will be imposed on all those current and future customers that were added as a result of the Happy Valley Ranchos annexation. (2) A monthly service fee to service the well repair loan will be imposed on all current and future customers within the StoneRidge Utility service territory. (3) A monthly user fee increase will be imposed on all current and future customers within the StoneRidge Utility service territory. (4) A disconnect/reconnect fee increase will be imposed on all customers having 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 Company states it currently has 374 customers, and will ultimately have approximately 1,207 customers with the planned developments within its service territory. The Company is requesting to increase rates as follows:

	Customer Charge	Commodity Charge
Residential	from \$14/mo. to \$38/mo.	from \$.30/1,000g to \$.67/1,000g
Commercial	from \$20/mo. to \$38/mo.	from \$.30/1,000g to \$.67/1,000g
Irrigation	\$38/mo.	\$.67/1,000g
Time Share Complex	\$40/meter/mo. to \$38/Timeshare Unit/mo.	\$.30/1,000g to \$.67/1,000 gal.
Golf Course Irrigation	\$1,200/mo. to \$38/mo	\$.30/1,000g to \$.67/1,000 gal.

The Company is also proposing to increase its hook-up fee for new service from \$925 to \$1,200. The Company also proposes increasing its reconnection to \$278 during office hours, and \$328 after office hours. This amount equates to six months base charge plus \$50 and \$100, respectively. The Company’s currently authorized reconnection fees are: (1) disconnected for 30 days or less – during office hours, \$14 and after office hours, \$28; and (2) disconnected for more than 30 days – during office hours, \$50 and after office hours, \$64.

STAFF REVENUE REQUIREMENT ANALYSIS

Rate Base

The Company presented documentation in its Application and Supplemental Filing of March 9, 2007, to document its claim of \$436,171.10 of rate base in the water company. As part of the Supplemental Filing, the Company submitted documentation in the form of copies of checks and invoices supporting calculation of its rate base claim. Tab 2 of the Company’s Supplemental Filing with selected copies of checks and invoices are attached to Staff’s Comments as Staff Exhibit No. 101. Staff reviewed the documentation and determined some of the amounts included in rate base by the Company should not have been included.

After reviewing the Company’s documentation, Staff determined that the Company’s rate base should be \$51,254.19. Staff Exhibit No. 102 sets forth Staff’s findings and conclusions as to the amounts that should be included in rate base and what costs should not be part of the

Company's rate base. As set forth in Staff Exhibit No. 102, specific costs were not included for one of the four following reasons.

First, the work performed by the contractor did not appear to be related to the construction or improvement of the water system. The Company purchased the water company in about June of 2000. At the time of the purchase, the Company received the capital investment in plant for the water company without any rate base because of the presumption of contributed capital. Rule 103, Policies and Presumptions for Small Water Companies (IDAPA 31.36.01).

After the Company purchased the water company plant, only additional capital investments into plant would increase the Company's rate base. Those projects identified by the Company in Staff Exhibit No. 101 as additions to rate base must be specifically for the water company and not for any other purpose. Some of the projects the Company included in its calculation of rate base do not appear to be related to the purposes of the water company. As an example, Invoice #000405 dated 8/1/2001 from Pumnea Construction Company has a breakdown of the projects that were worked on for that billing. Those projects included liner preparation, road construction, sewer/wetwells, key trench construction, de-weed topsoil, pum rock (golf course) and pum rock (road construction). There is no reference to the water system made in the Invoice or the supporting documentation. Additionally, Invoice #000401 dated 6/5/2001 from Pumnea Construction Company included billings for 636.5 hours of use by a D8 cat. This amount of work by this kind of machinery is not consistent with work required in the building or improving of the water system. Other costs included in the Company's rate base amount that are not specifically documented as benefiting the water company are also not included by Staff in the total rate base. Staff adjusted the Company's rate base number in Staff Exhibit No. 101 by \$332,543.99 because it could not document the connection between the expenditure and any benefit to the water system.

Second, any costs that are paid for with proceeds from the Phase I loan should not be reflected in this rate base because they are recovered through a surcharge and therefore \$3,012.50 of the Company's amount on Staff Exhibit No. 101 should not be included in rate base. All the Phase I costs are to be allocated to the HVR customers for recovery through a surcharge. According to the Commission's prior orders, the Company will be fully reimbursed for all the Phase I costs and associated interest with the surcharge. Staff has audited all the Phase I costs and agrees with the Company that the appropriate amount of Phase I cost is \$278,000, and that this amount should be recovered by the Company with a surcharge on the HVR customers. None of these costs however should be included in the Company's rate base.

Third, any costs that were paid for with proceeds from the Phase II loan are included in rate base as a total "Phase II" group and not included in the rate base amount determined by Staff Exhibit No. 102. The Company indicates in its Application that the total cost for the Phase II project is \$160,457; and after audit Staff agrees with this amount. Therefore, this amount is included in the final total of rate base as set forth below.

Fourth, one invoice documented a repair to the system instead of a capital improvement. Bellomy Excavation & Pipeline, Inc. billed the Company \$1,331.24 on Invoice # 176, dated 9/26/2005 for a Happy Valley leak repair. See Staff Exhibit No. 103. Repairs to a water system are costs that should be included in annual operation and maintenance expenses and are not to be considered a capital improvement. Only capital improvements are included in rate base. Therefore, Staff removed this amount from the Company's rate base.

After Staff's adjustments to the Company rate base, Staff determined that the Company's total rate base should be \$205,530 as determined below:

Schedule of Rate Base

Rate Base not including Phase I and Phase II additions to plant in service		
	\$ 51,254	Staff Exhibit No. 101
Less:		
Accumulated Depreciation	\$ (6,181)	Staff Exhibit No. 101
Net Rate Base	<u>\$ 45,073</u>	
Phase II additions to plant in service included in Rate Base	\$ 160,457	Company's Application
Total Rate Base	<u><u>\$ 205,530</u></u>	

The rate base amount includes a deduction for \$6,181 in accumulated depreciation. This represents the total 2006 depreciation expense for the Company.

Annual Expenses

The Company's Application uses a forecasted test year of 2007 to determine annual expenses. The Commission has consistently determined that the annual revenue requirement and rates should be set on the basis of a historical test year. Therefore, Staff utilized a 2006 test year based upon an audit of actual expenses with adjustments for known and measurable changes. Staff audited the annual expenses of the Company, and relied upon the actual results as reported for 2006. On the basis of the actual operating and maintenance expenses experienced by the Company in 2006, Staff then looked to see if any of the expenses should be adjusted for any known and measurable factors.

The actual expenses for 2005 and 2006 are presented in Staff Exhibit No. 104 with the Company's 2007 forecasted test year. Staff Exhibit No. 104 shows the Staff calculated annual expenses of \$116,073 that should be used by the Company to determine annual revenue requirement.

Staff made four adjustments to the 2006 test year expenses. First, the Company showed that it would have higher power bills than it had experienced in 2006. Therefore, the power expense was increased to cover the increase in power costs. Second, the cost of testing the water was increased to reflect the costs in the coming year to test the wells as required by DEQ. Since Phase II included the addition of a new well, the Company will incur testing costs for some of the more expensive water tests. Next, the Company included the total cost of processing this rate case in the budgeted year. The Company is allowed to collect the costs of processing a rate case before the Commission, but not all the costs in one year, and not every year. Therefore, Staff amortized the costs of the rate case in the amount of \$3,000 over three years, or at the rate of \$1,000 per year, thereby allowing the Company to recover its rate case costs. Lastly, the Company has not been allocated all of its fair and reasonable cost for the use of trucks owned by its parent company. Staff looked at the allocation formula going forward and found the new allocation system to be more representative of the actual cost of transportation expenses for the water company. The allocation for the transportation expense should be \$1,400 and not the 2006 actual expense of \$1,115.41. The Company did not record any Miscellaneous Expense in 2006, but did have \$60.00 of Miscellaneous Expense in 2005. Staff included the 2005 actual amount as a reasonable ongoing expense in the test year expenses.

Rate of Return

Staff looked at the rate of return asked for by the Company and determined that instead of the 11% asked for by the Company that it should receive 12%. The Company needs to realize a 12% return so the Company will have sufficient revenue to be able to make the interest and principle payment on the Phase II loan.

Additionally, the Commission has previously granted a 12% rate of return to Falls Water Company in Case No. FLS-W-05-1, Order No. 30027 and to Capitol Water Company in Case No. CAP-W-06-1, Order No. 30198.

If the Company is granted a rate of return at 12%, its weighted cost of capital is determined as calculated in Staff Exhibit No. 105 in the amount of 4.193%. When the weighted cost of capital is applied to the rate base of \$205,530, there is a revenue requirement for the rate of return in the amount of \$8,618. See Staff Exhibit No. 105.

Revenue Requirement

Staff has determined that the Company's annual revenue requirement in this case is \$132,349.70. Staff Exhibit No. 106 sets forth the Staff's calculation to determine this amount.

The Company has annual depreciation expense in the amount of \$6,181 and has tax expense on taxable income of \$5,408 in the amount of \$1,161 (Federal tax expense -- \$750; and State of Idaho tax expense -- \$411). The tax expense must be grossed-up by a factor of 1.273, thereby increase the revenue requirement for taxes grossed-up in the amount of \$1,478.

RATE DESIGN

The Staff determined the Company's annual revenue requirement to be \$132,349.70. In structuring the tariffs, Staff calculated an increase in revenue requirement of \$38,100.78 to a total of \$132,663.44. This is an increase of 40.76%. Although the Company did not provide test year revenues, Staff was able to calculate them from Company provided data for use in determining the actual increase in revenue proposed in this case. Staff Exhibit No. 107 compares the Staff proposed increases in all tariffs necessary to achieve the required revenue to the existing and the Company proposed tariffs. The Company proposed changes to the customer charge and the commodity rate and the application of those rates to the various customer classes. The number of customer classes would be reduced from four to three under the Company's proposal, with the elimination of Time Share as a separate customer class. A description of the system, water

consumption, and use patterns as well as a discussion of the tariff changes proposed by both the Company and the Staff follows.

System Description

Among small water companies, the Stoneridge Water System (SWS) is unique in the wide variety of customers it serves. First, the customers are divided between a rural residential group and a group of resort customers, the Happy Valley Ranchos (HVR) residents and the Stoneridge Resort (SR) customers respectively. These two groups are also separated in location by about one-half mile. As a group, the HVR customers are solely residential, consisting of 101 single-family residential customers. The SR customers consist of:

- ❑ 99 single family residential customers each served by a $\frac{3}{4}$ inch meters,
- ❑ 12 condominium units served by three $1\frac{1}{2}$ inch meters,
- ❑ 1 recreation center for the condominium units served by a $1\frac{1}{2}$ inch meter,
- ❑ 112 motor coach units served by a 6 inch meter,
- ❑ 148 time share units served by four 3 inch meters,
- ❑ 1 irrigation system for the time share units served by a 3 inch meter,
- ❑ 1 recreation center for the time share units served by a 3 inch meter,
- ❑ 1 pro-shop/restaurant commercial customer served by a 1 inch meter,
- ❑ 3 commercial customers (resort sales, events & Maintenance), each with a $\frac{3}{4}$ inch meter,
- ❑ 1 recreation center for the resort served by a $\frac{3}{4}$ inch meter, and
- ❑ 1 golf course irrigation customer served by a 6-inch meter.

The total number of metered customers is 481.

The system consists of 66,305 feet of 2 inch to 12 inch mains and branches, two operating wells (1,000 gpm and 600 gpm), one above ground 325,000 gallon concrete storage tank, two buried 10,000 gallon each steel storage tanks, four buried 3,000 gallon each concrete storage tanks, a booster pump station, chlorination systems and various valves and controls. Upon inspection, the system appeared to be of sound design, good condition and well maintained.

Water Consumption and Use Patterns

The key differences in water usage patterns between a residential and a resort community are made evident by the monthly usage patterns of the two residential groups, HVR and SR, and by the relatively large use for golf course irrigation. These differences in water use patterns are cause for considering some minor differences in tariff structure.

Both the HVR and SR residential (including SR condominium units) system usage patterns show heaviest use in the irrigation months, June through October, with differences between the two customer groups use being due mostly to irrigation of larger lots at HVR. See Staff Exhibit No. 108. However, during the non-irrigation months of November through May the SR system average customer monthly use is a fraction of the HVR average monthly use. See Staff Exhibit Nos. 108 and 109. The HVR winter use is at a level expected for single-family homes while the same use by SR customers is lower, indicative of higher seasonal summer usage at this resort community.

Three other customer classes' usage patterns were reviewed. These are commercial, time-share and golf course irrigation. Water use by the Commercial and Time Share customers is compared to the HVR and SR residential classes in Staff Exhibit No. 110. The total of these two non-residential classes is less than either of the two residential classes for the test year. Golf course irrigation represents the largest use of SWS system capacity. Staff Exhibit No. 111 shows the golf course use relative to the total of all other uses. In the peak month of August, the golf course uses five times the water of all other users combined and in a five-month period, uses more than twice as much water as the rest of the customers use in 12 months. It is also important to note that service to the Golf Course is interruptible and that the Golf Course has storage allowing it to be served during off-peak hours.

Customer Charge

The Company has proposed a single \$38.00 dollar per month per unit customer charge, a 171.43 % increase. A unit would be defined as any single isolated point of use, not necessarily a metered point of use. For example, the Condominium and Time Share Owners do not have separate meters but would each be billed \$38.00 per month under this proposal. The breakdown and total number of units in the system for this billing method is:

<u>Customer Class</u>	<u>Number of Units</u>
Happy Valley Ranchette Residential	101
Stoneridge Residential	99 (Incl. 1 customer w/ 2 units)
Residential Condominium	13 (Incl. 1 irrigation unit)
Motor Coach	112 (Condo style RV spaces)
Time Share	150 (Incl. 1 irrigation & 1 commercial)
Commercial	5
Irrigation	1 (Golf Course)
Total	481

After reviewing different methods for assessing customer charges to differing customer classes, including equivalency units, Staff proposes customer charges based on the capacity to deliver to each customer. Given that 1) the current structure does not include any commodity volume with the customer charge and neither the Company nor Staff proposes a commodity volume with the customer charge and; 2) equivalency units are notoriously inaccurate for an individual customer; Staff believes the physical capacity to deliver water is a measure that can be used to set varying customer charges. The minimum meter size in the system is $\frac{3}{4}$ inch, it is also the most common size and is used for most single-family residential units. Meters larger than $\frac{3}{4}$ inch in diameter will have an increased flow capacity in direct proportion to the square of their orifice radius. Staff proposes a customer charge for $\frac{3}{4}$ inch meter service of \$18.10 per month. Further, Staff proposes that, using the standard residential $\frac{3}{4}$ inch meter customer charge as a base, all other customer's customer charges be set as a multiple of the base using the flow area ratio as the multiplier. Table 2 provides the flow ratio of opening sizes and resulting customer charges for the various size meters in use at SWS.

Meter Diameter, inches	Meter Flow Area, sq inches	Ratio to Flow Area of 3/4 in Meter	Resulting Minimum Monthly Charge
0.75	0.44	1	18.10
1.00	0.79	1.78	32.18
1.50	1.77	4.00	72.40
2.00	3.14	7.11	128.71
2.50	4.91	11.11	201.11
3.00	7.07	16.00	289.60
4.00	12.56	28.44	514.84
6.00	28.26	64.00	1,158.40

Commodity Charge

The Company has proposed increasing the commodity charge by 123 % from \$0.30 per thousand gallons to \$0.67 per thousand gallons. This is applied to all customer classes and all water supplied to customers.

There is presently no quantity of water provided with the customer charge. The Company does not propose to change the tariff to include any amount of water with the customer charge. Staff agrees with this decision for reasons of conservation and consistency. First, the aquifer

tapped by SWS wells is a re-charge feeder to the Rathdrum Prairie aquifer. 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 (Bitterroot Water, Case No. BIT-W-05-1, Order No. 29966). Second, the current revenue stream is heavily weighted to the customer charge and the commodity rate is very low compared to those of other nearby water companies. A shift to inclusion of an amount of water with the customer charge will exacerbate the situation.

Staff proposes to use the same minimum charge of \$0.53 per thousand gallons for all customers except the Golf Course. The Golf Course water supply is interruptible and the Golf Course has the ability to shift its demand on the system to off-peak hours. This provides the Company with an increased likelihood of being able to meet the higher priority residential demands in the event the main well is down or there is some other contingency. Staff recommends a commodity rate of \$0.48 per 1,000 gallons for the Golf Course.

The surcharge of \$16.64/month to be paid by HVR customers for retirement of Phase I debt will be included as a separate item on each HVR customer's monthly bill for five (5) years. Thereafter, for years six (6) through nineteen (19), the surcharge will be \$13.87 per month. The initial five years of higher surcharge results in collection of an amount in excess of that needed to retire the debt over a 20-year period. This excess is placed into an emergency debt reserve fund which will be available to pay one year of debt service should it be needed and which is used to pay the final year of debt service, thereby eliminating the surcharge at the end of the 19th year.

The Company and Staff proposed tariff increases are compared in Table 3 below. The table also depicts how the proposed rate increases would affect the average bill for each customer class.

CUSTOMER CLASS	Present Average Monthly Bill	Average Monthly Bill – Company Proposal		Average Monthly Bill – Staff Proposal	
		Amount	% Increase	Amount	% Increase
HAPPY VALLEY RESIDENTIAL	\$16.07	\$42.63	165.26	\$23.91* \$40.55**	47.78* 152.33**
STONERIDGE RESIDENTIAL	\$15.19	\$40.65	167.63	21.19	38.45
MOTOR COACH ASSOCIATION	N/A	38.15	N/A	\$10.39	N/A
COMMERCIAL	\$22.54	\$57.07	153.21	30.11	33.58
TIME SHARE	\$1.41	\$39.42	169.31	12.02	755.48
IRRIGATION	\$2,325.00	\$2,550.50	9.70	3,129.08	34.58

* w/o surcharge

** w/surcharge

State Drinking Water Revolving Fund Loan (Phase I and Phase II)

Phase I

The Company has two outstanding loans with DEQ for improvements to its water system. One loan referred to as the Phase I loan, financed the cost of the interconnection between the Company's water system and the Happy Valley Ranchos' (HVR) water system. The Company received approval for this loan in Case No. SWS-W-03-1, Order No. 29320. The Company completed the interconnection between the two systems and HVR is now receiving its water supply from the Company. The Phase I loan improvements were completed for a cost of \$278,000 and the Phase I loan was closed in the amount of \$278,000 with a 20-year term for amortization. The Commission determined in Order No. 29320 that the customers of HVR would pay the cost of the Phase I loan, up to \$275,000 as a surcharge applied to only HVR customers. Staff has audited the Company's cost to complete the interconnection and has determined that \$278,000 is an appropriate cost for the interconnection improvements and that this amount should be the total of the surcharges to the HVR customers. Therefore, Staff recommends that the Commission grant the Company approval to collect \$278,000, an increase of \$3,000 more than previously approved, as surcharge from the HVR customers.

One of DEQ's loan requirements is that the debtor must collect 20% of an annual payment for the first five (5) years of the loan. This premium is held in a reserve account and at the end of the loan amortization, will be used to make the last annual payment on the loan.

The annual interest and principle payment on the Phase I loan is \$16,818, and the premium payment for reserve for the first five (5) years is \$3,364. Staff is recommending that the HVR customers pay a surcharge on the Phase I loan for the first five (5) years in the amount of \$16.64 per month, and then pay a surcharge for years six (6) through nineteen (19) in the amount of \$13.87. If this surcharge is collected in this manner, the Company will be able to cash flow the loan payments to DEQ from the revenues collected from the customers.

<u>Schedule of Surcharge Amount for HVR Customers for Phase I Loan</u>		
Principle Loan		
	Loan Amount	\$278,000
	Interest Rate	2%
	Loan Term	20 years
	Number of Customers	101
	Annual Amortization Payment	\$17,002
	Annual Payment per Customer	\$168.34
	Monthly Payment per Customer	\$14.03
Reserve Premium		
	Total Reserve Requirement	\$17,002
	Term for Collection	5 years
	Annual Reserve Amount	\$3,400
	Annual Reserve Payment Per Cust.	\$33.67
	Monthly Reserve Payment per Cust.	\$2.81
Total Monthly Surcharge per Customer		\$16.83

Phase II

The second loan financed improvements to the Company's wells and water production system. This loan is referred to as the Phase II loan and is in the amount of \$160,457. Staff also audited the Company's costs that were financed with this loan and is satisfied that this is the correct amount of those costs. The improvements from the proceeds of this loan will benefit everyone on the system, and therefore the cost of this loan should be spread over all the customers of the system. To spread the cost of the loan to all customers, the improvements financed by this loan are included in rate base, and the loan is included in the weighted cost of capital. As the Company collects its revenue requirement through rates, the cost will be collected from each customer.

OTHER PROPOSED TARIFF CHANGES

The Company proposed an increase in revenue as well as significant changes to the General Rules and Regulations included in the tariffs. In the following paragraphs, Staff addresses all of these changes to the tariffs as well as Staff's proposed changes.

Modifications to General Rules and Regulations

The Company's proposed changes to the General Rules and Regulations along with Staff's modifications of those changes can be found in Staff Exhibit No. 112. The underlying factors that Staff relied on in modifying the Company's proposal are discussed below, organized by the paragraph numbers in the proposed rules. Company changes to the Rules not addressed below were found to be acceptable by Staff.

- 2.4.1 The changes reflect the fact that the Company does not need the ability to do any more than isolate the meter set from the customer side plumbing and that the customer under some circumstances may need to isolate the customer side using the valve(s) in the meter set.
- 2.17 (B) Where multiple residences are served off of one meter, the minimum charge cannot exceed the charge that will result from dividing the capacity of the actual meter by the capacity of the standard residential meter (3/4 inch) and multiplying the result by the minimum charge associated with the standard residential meter. Where the capacity of a meter is determined by the square of the meter orifice radius times pi.
- 2.17 (D) Given the creation of an irrigation class, all firm service irrigation services must be treated equally.

- 2.1.7 (F) Re-written to clarify that residential service takes priority over all other services.
- 3.2 Added the requirement that the standard application form used be reviewed by the PUC.
- 6.4 Revised to reflect pro-rata billing of the minimum charge for periods of less than one month.
- 7.4 Revised to reflect a requirement for the Company to test meters for accuracy at the Customer's request for no charge, once per year.
- 8.3 Revised to agree with 2.4.1 above.
- 9.3 Revised to reflect that the Company may choose to provide payment arrangements to a Customer for payment of a hook-up fee.
- 11.4 The change of ownership part was eliminated since the application was either unclear or does not apply.

Reconnection Fee

The Company is requesting a significant change in the reconnection charge for shut-offs. The current charge when service has been disconnected for 30 days or less is \$14.00 for reconnection during office hours and \$28.00 after 5 p.m. The charge for reconnection of service disconnected for more than 30 days is \$50.00 during office hours and \$64.00 after office hours. The proposed reconnect fee, regardless of length of time disconnected, would change to \$278.00, which is equal to 6 months base charges plus \$50.00 for connection during office hours with a minimum 24-hour advance request for service. The after office hours rate would be \$328.00, which is equal to 6 months base rate plus \$100.00 with a minimum of 48 hours notice.

The Company provided the number of seasonal shut offs by calendar year as follows: twelve in 2003, twelve in 2004, ten in 2005 and eight in 2006. See Staff Exhibit No. 113. The Company did not state the duration of time for each shut off. In 2006, the Company disconnected four customers for non-payment. Two of those customers were reconnected within the same year. There is not a significant enough number of seasonal shut-off to justify a differential between seasonal and non-seasonal reconnection charges. If 6 months of revenue was lost for each, the lost revenue would be an average of only \$890.00 per year. Staff does not believe that this loss would justify the proposed change in reconnect cost. Given that the existing reconnect fee includes an element intended to discourage seasonal disconnect and that costs have increased since those fees

were set, Staff proposes a modest increase consistent with the increase of the base customer charge of the reconnect fees to \$18.50 and \$37.00 for during and after hours reconnect following a less than or equal to a 30-day period without service and \$65.00 and \$83.50 for during and after hours reconnect following periods without service of 30 days or more. Staff recommends against establishing an advance request time for reconnection.

Hook-Up Fee

The Company has proposed a Hook-Up fee increase from \$925 to \$1200. This is consistent with the hook-up fees and costs to complete the hook-up that Staff has seen at other utilities in the state and in the Panhandle Region. Staff agrees with the proposed Hook-Up fee.

CONSUMER RELATIONS

A Notice to Stoneridge Water Company's customers was filed with its Application for Approval of Increase in Rates and Changes for Water Service. The Notice was mailed to customers as a separate mailing on January 2, 2007 in compliance with the Utility Customer Information Rules (IDAPA 31.21.02102).

The Commission has received one complaint regarding the Company since 2003. The customer questioned the connection fee amount and was upset she did not receive the bill for connection charges until after the home loan closed. The Commission received one inquiry in 2004 where an individual requested that Stoneridge become her water provider even though she was not located in the service territory. There have been no complaints or inquiries for this Company in 2005 and 2006.

On February 21, 2007, a Consumer Workshop was held in the Stoneridge Events Center. Sixty-three customers attended the workshop representing Happy Valley Ranchos Subdivision, Stoneridge Resort, and individual Stoneridge homeowners. Four representatives of the Company were at the workshop. During the often-lively discussion, it was discovered that the Happy Valley Ranchos customers were not being charged the monthly surcharge that was approved by the Commission after the merger of Happy Valley Ranchos, Inc., with Stoneridge Water in 2004. Customers from Happy Valley Ranchos (HVR) are concerned that their rates could increase dramatically because of this rate case plus the addition of the surcharge. The majority of statements made indicated that the water service provided by Stoneridge and customer relations were satisfactory. Customers were concerned that the proposed rate design was not fair given the

variation in usage by customers. Customers did not agree on who the highest users were. Some customers felt that Stoneridge did not fairly represent itself during negotiations with HVR during the 2003-2004 merger discussion. The main issue in contention was the Company's statement that the second well was in good condition at the time of the merger, but now the Company has repair cost included in the test year for this case.

The Commission has received thirteen written comments and one petition with 35 signatures regarding this rate case. One comment was from a timeshare owner who stated that in the proposed tariff, each of the 143-timeshare members would be charged the base unit charge. He points out that the timeshare units consist of four buildings with one meter each. The annual consumption of the timeshare members represents 6% of the total water usage. He would like to see rates applied in proportion to the usage rather than all potential users paying a flat monthly charge in addition to the commodity charge. Three comments argued against the proposal to charge the Stoneridge Resort Golf Course the same rates as proposed for residential and commercial customers. The Company is proposing to eliminate its tiered rate structure and replace it with a flat monthly Customer Charge and a commodity charge that would be applied to all users. This would result in increased monthly charges for condominium units, which would each be treated as individual customers rather than master metered users. The proposed change would dramatically reduce the amount paid by the golf course.

The petition asks that the Commission consider three specific issues. The first issue is that the proposed tariff would remove any distinction between customer classes with all customers paying the same rate. The petitioners request that each class remain separated. Staff has recommended keeping the customer classes separate due to the distinct differences of those classes of water service. The second issue on the petition is listed as "Residential 'Lifeline' Service". Because of the large number of residential customers who are on fixed incomes in the service area, the petition suggests that the customer charge include a commodity of 6,000 to 12,000 gallons. The petition maintains that this would bring the rate structure more in line with the surrounding water districts. Staff comments under the topic of "Commodity Charge" address the reasons that Staff agrees with the Company's proposal to not include any commodity with the customer charge. The final item in the petition addresses Residential Service Charges. The petitioners state that the proposed rate increase is listed as a 92% increase. However, their calculations figure it to be at least 123%. The petition requests that any rate increase approved over 20% be structured in such a way as to be phased in over a period of years to "save the utility

the additional expense of filing each year and the Commission the added work load each year until the rates are brought into line.” The Petition also included a 2006 Rate Study of communities in the area.

Several comments acknowledged the need to start charging HVR customers’ the surcharge as previously ordered by the Commission but felt that a large rate increase in addition to the surcharge would be burdensome. Three customers disputed the responsibility of HVR homeowners to pay for the cost associated with the drilling and improvements made for a second well. They maintain the Company declared in the merger discussion that the well was in working order. One customer requested a hearing after Staff has completed it’s investigation so accurate audit and rate proposal information can be provided to the customers, who would then be allow to present their views to the Commissioners.

A review of Stoneridge Water Company’s forms, notices and billing statement show the Company complies with all the Utility Customer Relations Rules (IDAPA 31.21.01000 et seq.) and Utility Customer Information Rules (IDAPA 31.21.02000 et seq.), with the exception of the Customer Summary of Rules Notice. The Customer Summary of Rules Notice is to be mailed annually to all customers of the water system, informing them of the Company’s policies for disconnection, payment arrangement options and instructions on filing complaints. Staff has agreed to allow the Company to make the changes to the Summary of Rules Notice when it updates the tariff as part of this rate case. The document is to be updated to reflect the cost of connection charges, reconnect fees and removal of the statement requesting the “nature of the illness” as part of Medical Certificate.

Although the Corporation headquarters are in Murray Utah, customers of the water system can contact the local office for billing and customer service issues. The local office is located onsite at the Stoneridge Resort Events Center. The office hours and emergency contact phone numbers are listed on the billing statements and the office window.

The Company does not have an NSF fee listed in its tariff. If the Company wishes to charge a non-sufficient funds charge for customer payments returned by the bank, the fee must be in an amount consistent with state law and listed in the tariff.

RECOMMENDATIONS

Revenue Requirement

Staff recommends that the Commission approve the adjustments made by Staff resulting in: a rate base of \$51,254.19; a rate of return of 12%; and an annual revenue requirement of \$132,349.70.

Staff recommends that the Commission approve the Phase I, interconnection loan amount of \$278,000 for the improvements made to connect the HVR customers to the Company's water system, and that that debt be retired by a surcharge to the HVR customers of \$16.64 per month for the first five (5) years, and \$13.87 per month for years six (6) through nineteen (19).

Staff recommends that the Commission Phase II, backbone improvement loan amount be approved at \$160,457, and that this amount be included in the Company's rate base and weighted cost of capital, thus spreading the cost of the loan to all customers.

Rate Design

Staff recommends a customer charge based upon the capacity to deliver water to each customer where a standard residential ¾ inch meter is used as a base with a charge of \$18.10, and all other customer's minimum charges be set as a multiple of the base using the flow area ratio as the multiplier. See, Table 2 on page 11 above.

Staff recommends a commodity charge of \$0.53 per thousand gallons for all customers except the Golf Course which would be \$0.48 per thousand gallons because of the interruptability, and off-peak usage ability for the Golf Course's service.

Other Tariff Changes

Staff recommends accepting the Company's proposed modifications to the General Rules and Regulations with Staff's modifications to the same. See, Exhibit No. 112 to Staff's Comments.

Staff recommends an increase of the Reconnections Fee as follows: for 30 days or less disconnected, \$18.50 during hours, and \$37.00 after hours; for over 30 days disconnected, \$65.00 during hours, and \$85.00 after hours. Staff also recommends an increase in the Hook-Up Fee for new service to \$1,200.00.

Staff recommends the Company submit a revised annual Summary of Rules along with its tariff filed in compliance with the Commission's order in this case.

Respectfully submitted this 27th day of April 2007.

A handwritten signature in black ink, appearing to read "Donovan E. Walker", written over a horizontal line.

Donovan E. Walker
Deputy Attorney General

Technical Staff: Joe Leckie
Harry Hall
Tammie Estberg

i:umisc/comments/swsw06.1dwjlhhte

Stoneridge Utilities

Item	Date	Contractor	Check #	Cost
#304 - Structures and Improvement				
	1/16/2002	James Sewell & Assoc.	170637	\$ 8,780.00
	6/1/2002	Pumnea Const.	171073	\$ 72,951.98
	1/24/2002	Pumnea Const.	170676	\$ 50,389.70
	12/28/2001	James Sewell & Assoc.	170613	\$ 2,573.00
	8/29/2001	Pumnea Const.	Wire	\$ 89,134.94
	5/24/2001	Pumnea Const.	170123	\$ 37,140.75
	6/12/2001	Pumnea Const.	170174	\$ 77,426.54
	6/9/2006	David Bellomy Excav.	178094	\$ 22,802.48
	6/1/2006	RC Worst & Co.	178088	\$ 1,703.03
	5/15/2006	James Sewell & Assoc.	177982	\$ 1,737.50
	4/12/2006	David Bellomy Excav.	177887	\$ 3,479.84
	4/7/2006	James Sewell & Assoc.	177836	\$ 1,465.00
	9/22/2005	David Bellomy Excav.	176820	\$ 7,045.86
	12/10/2004	James Sewell & Assoc.	175139	\$ 1,899.80
Sub Total				\$ 378,530.42
#309 - Supply Mains				
	6/19/2002	Consolidated Supply Co.	171125	\$ 2,819.49
	6/26/2002	Consolidated Supply Co.	171187	\$ 1,859.03
	5/31/2002	Consolidated Supply Co.	171014	\$ 1,731.76
	7/25/2002	Consolidated Supply Co.	171282	\$ 1,101.68
	2/14/2002	James Sewell & Assoc.	170709	\$ 1,084.58
	6/20/2002	James Sewell & Assoc.	171179	\$ 7,020.38
	7/25/2002	James Sewell & Assoc.	171297	\$ 4,266.44
	6/19/2002	James Sewell & Assoc.	171136	\$ 1,223.88
	5/15/2006	James Sewell & Assoc.	177982	\$ 2,427.00
	10/14/2005	David Bellomy Excav.	176928	\$ 1,331.24
	10/4/2004	James Sewell & Assoc.	174825	\$ 2,017.29
Sub Total				\$ 26,882.77
#311 - Power Pumping Equipment				
	5/24/2006	RC Worst & Co.	178045	\$ 15,327.83
	7/15/2005	RC Worst & Co.	176485	\$ 3,957.44
Sub Total				\$ 19,285.27
#334 - Meters and meter installation				
	6/19/2002	Consolidated Supply Co.	171125	\$ 577.83
	5/31/2002	Consolidated Supply Co.	171014	\$ 104.11
Sub Total				\$ 681.94
#335 - Hydrants				
	12/28/2001	James Sewell & Assoc.	170613	\$ 2,641.50
	5/12/2005	HD Fowler Company, Inc.	176077	\$ 979.97
	3/11/2005	David Bellomy Excav.	175731	\$ 2,237.25
	4/12/2005	David Bellomy Excav.	175904	\$ 4,931.98
Sub Total				\$ 10,790.70
#339 - Other Plant & Misc Equipment				
#341 - Transportation Equipment				
Total				\$ 436,171.10

Kevin Anderson CDS Investments, Inc. 4885 South 900 East Salt Lake City, UT 84114	Accepted on: Aug 29, 2001 at 01:13:17 PM Send Date: Aug 29, 2001
Debit Bank: 001 - Zions Bank - Utah	Credit Bank: 123103606 - PANHANDLE STATE BANK
Debit Account: 019017896 - CDS-Stoneridge Assoc Land L.C.	Credit Account: 01331390 - Pumnea Construction, Inc. P.O. Bpx 639 Priest River, ID 83856-0639
Debit Currency: USD - United States Dollar	Credit Currency: USD - United States Dollar
Debit Amount: 89,134.94	Credit Amount: 89,134.94
Template ID: NON38 - 1 Approvers	
Originator-to- line 1 - from CDS Investments	
Beneficiary: line 2 - for invoice # 000405	
Entry Cust/User: 001cds - kevin	
Entry Date/Time: Aug 29, 2001 - 01:16:06 PM	

Bank Trace #: 2001241000098

Cust Pending #: 000038

Addtl Approvers Required: 1

In order to submit a Money Transfer request on the account numbers described above, approval is required. Please press the print button on your browser to generate a hard copy of this wire transfer request.

This transaction is subject to bank rules and regulations governing such electronic transactions as described in our services agreement. Please keep these numbers handy in case you have any questions regarding this transaction.

If any portion of the above is incorrect, or you have further questions, please contact customer service. Thank You.

Staff Exhibit No. 101
Case No. SWS-W-06-1
Staff Comments
04/27/07 Page 2 of 8

PUMNEA CONSTRUCTION, INC.

P.O. Box 639

Priest River, ID 83856-0639

(208) 448-2269 Fax: (208) 448-1966

SALES

000405

SHOW THIS NUMBER ON
INVOICE, PACKING LIST, LABELS

SOLD
TO

CDS Investments

Attn: Roger Sanders

w/c 7/28/01



CUSTOMER ORDER DATE

NO. 8/1/2001 19

SHIP TO:

CASH	CHARGE	C.O.D.	MOSE RET'D	PAID OUT	TERMS	SHIP VIA	TO B'POINT
QUANTITY		STOCK NO			DESCRIPTION	PROP #	UNIT PRICE
562 1/2	1	hrs			Labor	820132	30.00
40	2	hrs			Labor / roller		30.00
103 1/2	3	hrs			DSH		70.00
112	4	hrs			ID Excavator		75.00
290	5	hrs			O.T.		8.00
121 1/2	6	hrs			D8's		100.00
216	7	hrs			Dump Tr		55.00
18	8	hrs			140-G Grader		65.00
123 1/2	9	hrs			H2O Tk.		65.00
44 1/2	10	hrs			225B Excavator		90.00
	11				rental rock rake		
	12						
	13						
	14				less 10%		
	15				Subtotal Labor		
	16						
	17				materials		
	18						
	19						
	20						
	21				amount due		
	22						
	23						
	24						
	25						
	26						
	27						
	28						

ACCOUNT	AMOUNT
820132	89,134.94
TOTAL	89,134.94
MGR/DATE	RSS
RVP/DATE	8/13/01
VP/DATE	

Thank you

Staff Exhibit No. 101
Case No. SWS-W-06-1
Staff Comments
04/27/07 Page 3 of 8

Pumnea Construction, Inc.

Matt B. Pumnea
President

581 Shannon Lane
Post Office Box 639
Priest River, Idaho 83856

Phone (208) 448-2269
Fax (208) 448-1966

8/01/2001

Attn: Roger Sanders

Break-down for the month of July, 2001

Liner preparation	\$10,640.50
Road construction	\$16,049.00
Sewer/wetwells	\$25,583.00
Key trench construction	\$24,190.50
De-weed topsoil	\$ 312.50
Pum Rock (golf course)	\$ 3,561.00
Pum Rock (road construction)	\$ 1,380.50

Material costs related to pond, key trench, sewer and water.

Roller	\$ 3,360.00
Plate compactor	\$ 111.72
3/8 inch rock for key trench	\$ 3,533.49
Fuel for roller	\$ 117.45
Fuel for Pro-turf 950	\$ 128.40
U.S. Filter (water and sewer)	\$ 3,779.87
Albeni Falls (water and sewer)	\$ 114.51
Wetwells	\$ 3,764.25

willbar vault

3764²⁵

14,909⁶⁹

rent X

111¹²

roller

3360⁰⁰

rock Inter site

3533⁴⁹

\$ 128⁴⁰

950 Fuel

100 gallons - 1²⁸⁴

\$ 38⁵²

roller fuel

30 off road - 1²⁸⁴

\$ 78⁹³

US Filter

3779⁸⁷

Albani Fall

114⁵¹

June rock

27 loads \$1620

July rock

56 loads \$3360

prev credit \$3,152⁷³

ego - blacks 18 small

BP

total rock to date

wall 17 lds

Golf 66 lds

July material credit

\$1,490⁹²

CDS Stoneridge Partners, L.C.

Stoneridge Investors
4885 South 900 East, Suite 100
Salt Lake City, Utah
84117

Zions First National Bank
125 W. 10600 S.
Sandy, Utah 84070

170174

124000054

**** SEVENTY SEVEN THOUSAND FOUR HUNDRED TWENTY SIX AND 54/100 DOLLARS

TO THE
ORDER OF

06/12/01

\$77,426.54**

PUMNEA CONSTRUCTION INC.

P.O. BOX 639

PRIEST RIVER, ID 83856-0639

NON-NEGOTIABLE

 LITHO USA SFS-1-1075081111 11/99

Property Account	Invoice	Description	Amount
31 820132	000401	labor, equipment labor etc.	60,941.25
31 820132	7448159	construction material	16,485.29
			<hr/> 77,426.54

CDS Stoneridge Partners, L.C.

Stoneridge Investors
4885 South 900 East, Suite 100
Salt Lake City, Utah
84117

Zions First National Bank
125 W. 10600 S.
Sandy, Utah 84070

170174

124000054

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TO THE
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06/12/01

\$77,426.54**

PUMNEA CONSTRUCTION INC.

P.O. BOX 639

PRIEST RIVER, ID 83856-0639

NON-NEGOTIABLE

Staff Exhibit No. 101
Case No. SWS-W-06-1
Staff Comments
04/27/07 Page 6 of 8

PUMNEA CONSTRUCTION, INC.

P.O. Box 639

Priest River, ID 83856-0639

(208) 448-2269 Fax: (208) 448-1966

SALES

000401

SHOW THIS NUMBER ON
INVOICE, PACKING LIST, LABELS

SOLD TO CDS Investments
Attn: Roger Sanders
w/e 6/2/2001



CUSTOMER ORDER DATE

NO. 6/5/2001 19

SHIP TO:

CASH	CHARGE	JO ODP	MOSE RETD	PAID OUT	TERMS	SHIP VIA	F O B POINT
QUANTITY		STOCK NO.	DESCRIPTION			UNIT PRICE	AMOUNT
15	1	hrs	Labor			30 00	450 00
5 1/2	2	hrs	Law boy			65 00	357 50
436 1/2	3	hrs	D8's			100 00	43650 00
75	4	hrs	D5H			70 00	5,250 00
84	5	hrs	Overtime			8 00	672 00
12 1/2	6	hrs	140-G Grader			65 00	812 50
86 1/2	7	hrs	225B Excav.			90 00	7785 00
137 1/2	8	hrs	Dump Tk			55 00	7562 50
2	9	hrs	Flagger			40 00	80 00
11	10	hrs	H2O Tk			65 00	715 00
60	11	yds	Boulders Heavy rip-rop			6 00	360 00
	12		Idaho sales tax on materials				18 00
	13						
	14						
	15		less 10% ret. nage				67,712 50
	16						(6771 25)
	17						
	18						60,941 25
	19						
	20						
	21						
	22						
	23						
	24						
	25						
	26						
	27						
	28						

PROP # 5/R

ACCOUNT	AMOUNT
Infrastructure	
(Const)	
	60,941.25
TOTAL	60,941.25
APPROVE	<u>RSS</u>
RVP/DATE	<u>6/11/01</u>
VP/DATE	<u>6/12/01</u>

Staff Exhibit No. 101
Case No. SWS-W-06-1
Staff Comments
04/27/07 Page 7 of 8

AUTHORIZED
SIGNATURE
FORM T 8100 REV

TOTAL 60,941 25

USF - Spokane WA
Branch - 312
16002 E. Marietta Avenue
Spokane WA 99216
Phone # 509 893 1701

US Filter

DISTRIBUTION GROUP

REPRINT

RESERVED TICKET 7448159

PUMNEA CONSTRUCTION INC
SPOKANE BRANCH
ACCOUNTS PAYABLE
PO BOX 639
PRIEST RIVER ID
Cus Ph # 208 4482269

PUMNEA CONSTRUCTION INC
HWY 41 N FROM RATHDRUM TO
BLANCHARD, LFT 1 1/2 MILES TO
STONERIDGE ENTRANCE
PRIEST RIVER

83856 0639

O

ID

SPECIAL INSTRUCTIONS / COMMENTS:

BID # 0482498 C/D # 7448004

Staff Exhibit No. 101
Case No. SWS-W-06-1
Staff Comments
04/27/07 Page 8 of 8

DATE ORDERED DATE SHIPPED PURCHASE ORDER NO.

JOB NAME

JOB NUMBER

DELIVERY METHOD

BILL OF LADING NO.

SHIPPED VIA

SALES/MA

LOCATION

PRODUCT CODE

STONERIDGE

DESCRIPTION

001

X

1

1

1

UNIT PRICE

PER

AMOUNT

766

00 000 214MJR18

1B" MJ REGULAR /ACC SET

1

1

84.60000

EA

03 000 3120P

2 STD GALV PLUS SQUARE HEAD

1

1

2.77780

EA

00 000 2106S1121

6 MJ L/P SLEEVE CP DI C153

2

0

92.00000

EA

00 000 214FEB062008PV

12.4000 ID

5

5

1.48424

EA

WEIGHT: 24177.38

WEIGHT: 39.0000 1b

2

0

92.00000

EA

WEIGHT: 24177.38

WEIGHT: 12.4000 ID

5

5

1.48424

EA

WEIGHT: 24177.38

WEIGHT: 12.4000 ID

5

5

1.48424

EA

WEIGHT: 24177.38

WEIGHT: 12.4000 ID

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WEIGHT: 24177.38

WEIGHT: 12.4000 ID

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EA

WEIGHT: 24177.38

WEIGHT: 12.4000 ID

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5

1.48424

EA

WEIGHT: 24177.38

WEIGHT: 12.4000 ID

5

5

1.48424

EA

COPY A

1010

RE: THE TERMS 3 CONDITIONS ON THE REVERSE SIDE OF THIS FORM ARE ACCEPTED

WHITMAN

COPY A

1010

US FILTER / SPOKANE

08/06/01 WED 10:34 FAX 509 893 1706

CDS Stoneridge Partners, LC5295 South 300 West, Suite 175
Murray, UT 84107Zions First National Bank
125 West 10600 South
Sandy, UT 84070

176928

124000054

**** SIXTY THREE THOUSAND SIX HUNDRED FIFTY ONE AND 52/100 DOLLARS

TO THE
ORDER OF

10/14/05

\$63,651.52**

David Bellomy Excavation & Pipeline Spec
PO Box 1592
Sandpoint, ID 83864**NON-NEGOTIABLE**~~THE ORIGINAL DOCUMENT HAS A REFLECTIVE WATERMARK ON THE BACK. IT SHOULD BE HELD AT AN ANGLE TO VIEW WHEN CHECKING THE ENDORSEMENTS.~~DATE:10/14/05 CK#:176928 TOTAL:\$63,651.52** BANK:800oper - Stoneridge Operating - Zions
PAYEE:David Bellomy Excavation & Pipeline Spec(davibell)

Property Account	(Date) Invoice	Description	Amount
803 6862.0000	176	Happy Valley Leak Repair	1,331.24
801 8203.7200	169	Motor Coach	62,320.28
			<hr/> 63,651.52

CDS Stoneridge Partners, LC5295 South 300 West, Suite 175
Murray, UT 84107Zions First National Bank
125 West 10600 South
Sandy, UT 84070

176928

124000054

**** SIXTY THREE THOUSAND SIX HUNDRED FIFTY ONE AND 52/100 DOLLARS

TO THE
ORDER OF

10/14/05

\$63,651.52**

David Bellomy Excavation & Pipeline Spec
PO Box 1592
Sandpoint, ID 83864**NON-NEGOTIABLE** Staff Exhibit No. 103
Case No. SWS-W-06-1
Staff Comments
04/27/07 Page 1 of 2

Zions First National Bank

Invoice

Stoneridge Utilities L.L.C.
P.O. Box 280
Blanchard, Id. 83804

Invoice #

176

Terms

Project

Net Due

Description

HAPPY VALLEY

LEAK REPAIR

Aug. 25, 2005
Hrs. 580 Backhoe
Truck and Tools
Water Pump
Irs. Skilled Labor (Rex)
rs. O.T. Skilled Labor (Rex)
rs. Skilled Labor (Mike)
s. Skilled Labor (Clint)
s. Labor (Frank)
s. Skilled Labor (Bill)
5" C-900 Pipe
of Quick Crete
rete Blocks
ver Blocks
er Blocks
o job location with Keith and
rts we needed. Replaced 6" 1
eaking out of 6" tee. Replaced
MJ coupling with 6" flange x
All parts were provided by S
nd blocks for thrust behind to

803-6862-#133124

Rate

Amount

80.00

240.00

50.00

100.00

35.00

35.00

35.00

280.00

52.50/

26.25

35.00 /

22.50

5.00

22.50

0.00 / 5.00

0.00

9.00 /
62

0.00
3.15

50

5.15
7.00

92/

50

02
12

84

5/

50 /

1

Total

\$1,331.24

Staff Exhibit No. 103
Case No. SWS-W-06-1
Staff Comments
04/27/07 Page 2 of 2

Stoneridge Water Company							
Case No. SWS-W-06-01							
Rate Case							
Schedule of Weighted Cost of Capital							
			Per Cent of Capital	Authorized Return	Weighted Cost of Capital	Revenue Requirement from Rate Base	
Debt	\$	160,457	\$ 0.78070	2%	1.5614%		
Equity	\$	45,073	\$ 0.21930	12%	2.6316%		
	\$	205,530			4.1930%	\$ 8,617.90	

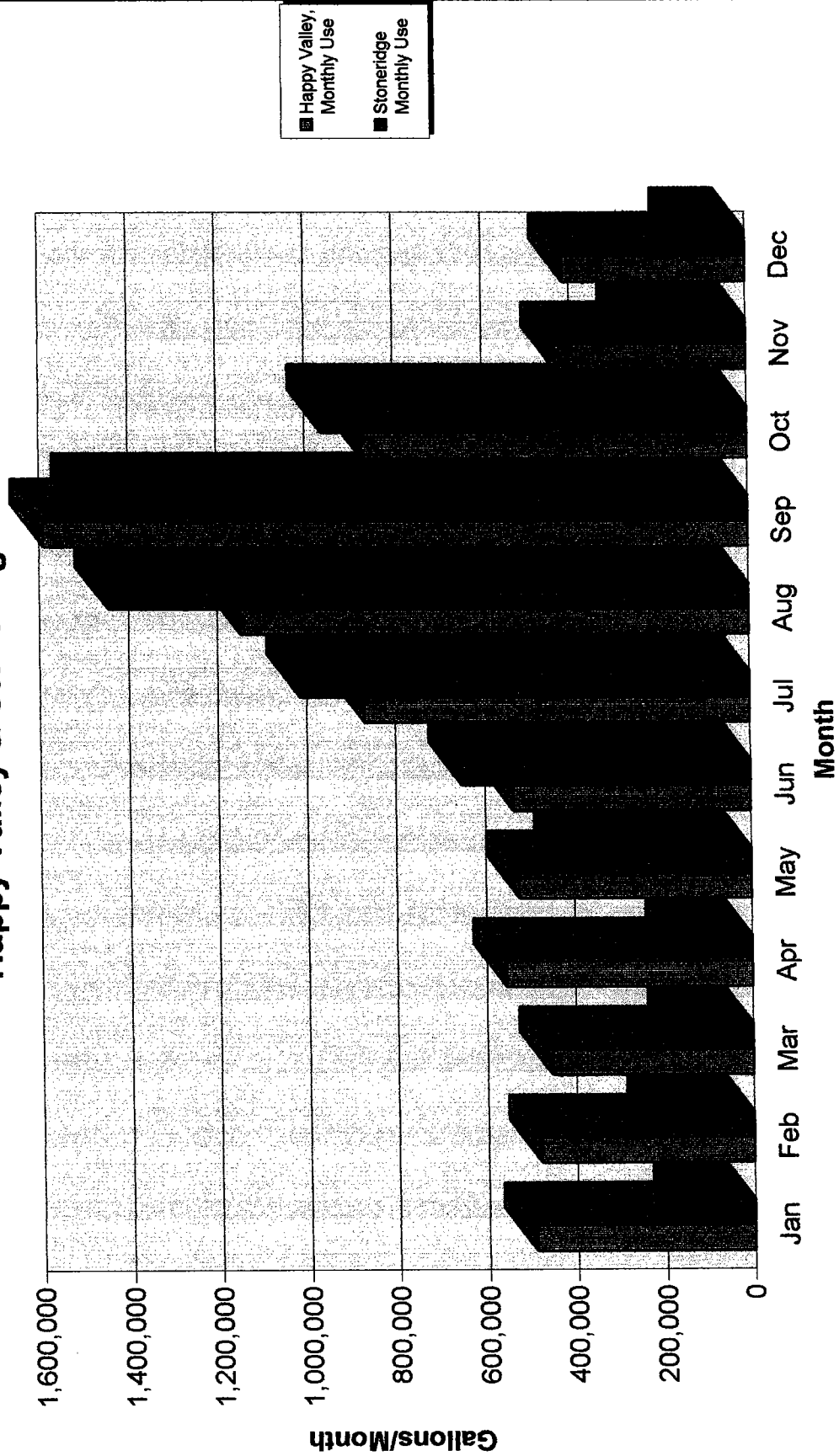
Stoneridge Water Company			
Case No. SWS-W-06-01			
Rate Case			
Revenue Requirement Calculation			
Rate Base		\$ 8,618.00	Attachment 105
Annual Expenses		\$ 116,072.70	Attachment 104
Depreciation		\$ 6,181.00	Attachment 101
Grossed-up Taxes (See Calculation Below)		\$ 1,478.00	See Below
Revenue Requirement		\$ 132,349.70	
Calculation of Taxes			
Income from Return on RB		\$ 8,618	
Less Interest Expense		\$ (3,210)	
Taxable Income		\$ 5,408	
State Taxes @ 7.6%		\$ 411	
Federal Taxes @ 15%		\$ 750	
Net income after tax		\$ 4,247	
Gross Up Multiplier:			
Beginning		100.0000%	
State Tax @ 7.6%		7.6000%	
Federal Taxable		92.4000%	
Federal Tax @ 15%		13.8600%	
Net After Tax		78.5400%	
Net to Gross Multiplier		127.3237%	
Tax Liability x Gross-up Factor [(\$411 + \$750) x 1.273237]		\$ 1,478	

TARIFFS - MINIMUM CHARGES

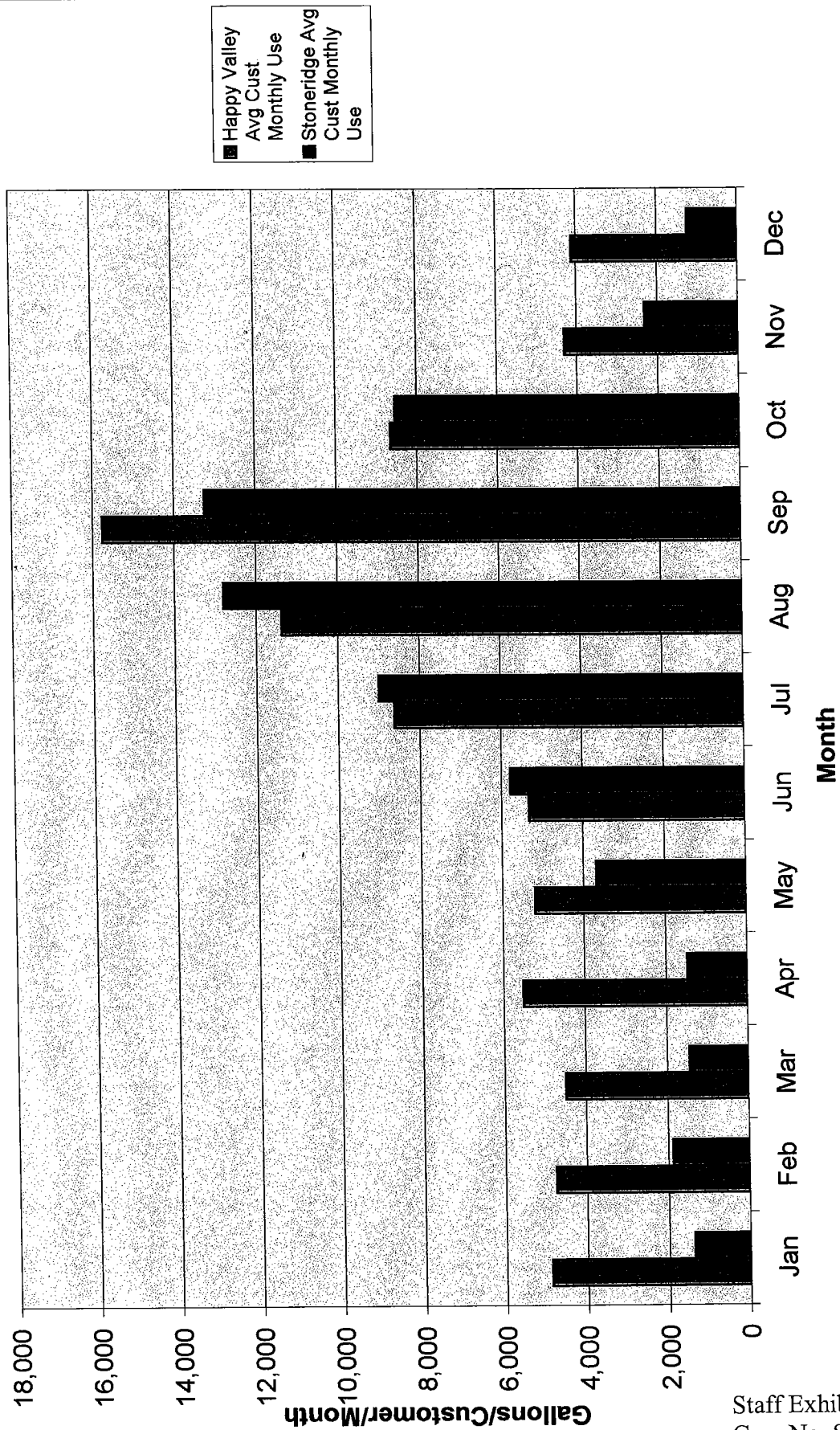
TARIFF	Meter Size	Existing		Company Proposal			Staff Proposal		
		Minimum Charge \$/month	Commodity Charge \$/1,000 gal	Minimum Charge Amount	% Increase	Commodity Charge Amount	% Increase	Minimum Charge Amount	Commodity Charge Amount/76.67% increase
Residential Single Family	¾ inch	\$14.00	\$0.30	\$38.00/mo/unit	171.43%	\$0.67	123 %	\$18.10/mo/unit	0.53
Multi-Family	1.5 inch	\$3.50/unit	\$0.30	\$38.00/mo/unit	986 %	\$0.67	123 %	\$72.40/mtr	0.53
Time-Share	3.0 inch	\$40/mo/meter	\$0.30	\$38.00/mo/unit	5,102.2 %	\$0.67	123 %	\$289.60/mtr	0.53
Motor Coach	6.0 inch	N/A	\$0.30	\$38.00/mo/unit		\$0.67	123 %	\$1,158.40/mtr	0.53
Commercial	¾ inch 1 inch	\$20/mo/meter	\$0.30	\$38.00/mo	90%	\$0.67	123 %	\$18.10 \$32.18	0.53
Golf Course	6.0 inch	\$1200/mo/meter	\$0.30	\$38.00/mo	(96.83 %)	\$0.67	123 %	\$1,158.40/mtr	0.53
T-Share Park	3.0 inch	\$40/mo/meter	\$0.30		(5.0%)	\$0.67	123 %	\$289.60/mtr	0.53
RE-CONNECT LESS THAN 30 DAYS		Per Event		Per Event				Per Event	
During Office Hours		\$14.00	N/A	\$278.00	1,885.7%	N/A	N/A	\$18.50	32%
After Office Hours		\$28.00	N/A	\$328.00	1,171.4 %	N/A	N/A	\$37.00	32%
RE-CONNECT MORE THAN 30 DAYS									
During Office Hours		\$50.00	N/A	\$278.00	456.0%	N/A	N/A	\$65.00	30%
After Office Hours		\$64.00	N/A	\$328.00	412.5%	N/A	N/A	\$83.20	30%
Hook-Up Fee		\$925.00	N/A	\$1200.00	29.73 %	N/A	N/A	\$1,200.00	29.73%

Staff Exhibit No. 107
Case No. SWS-W-06-1
Staff Comments
04/27/07

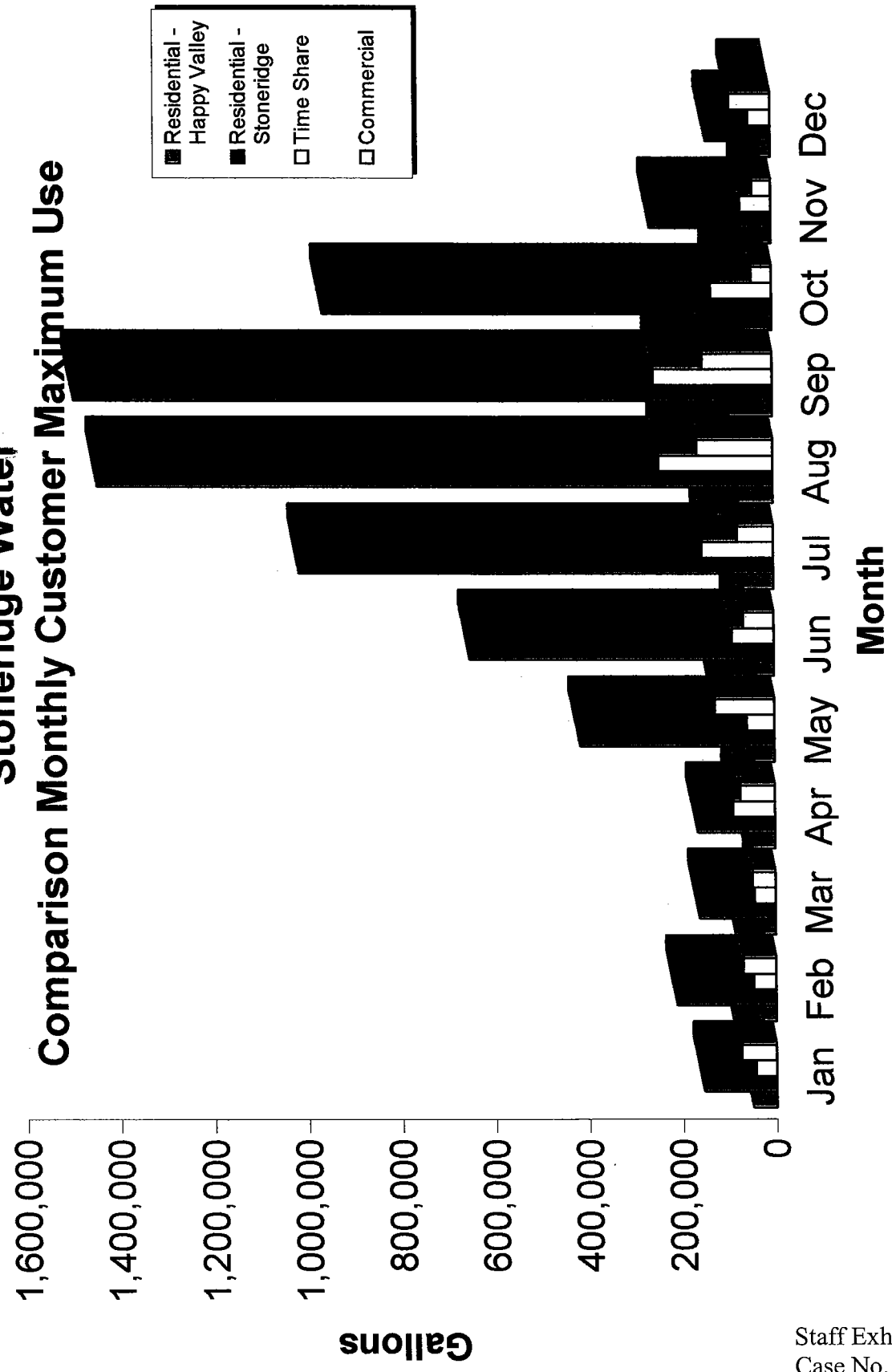
Monthly Residential System Use, Happy Valley & Stoneridge



Average Residential Customer Monthly Use, Happy Valley and Stoneridge



Stoneridge Water Comparison Monthly Customer Maximum Use

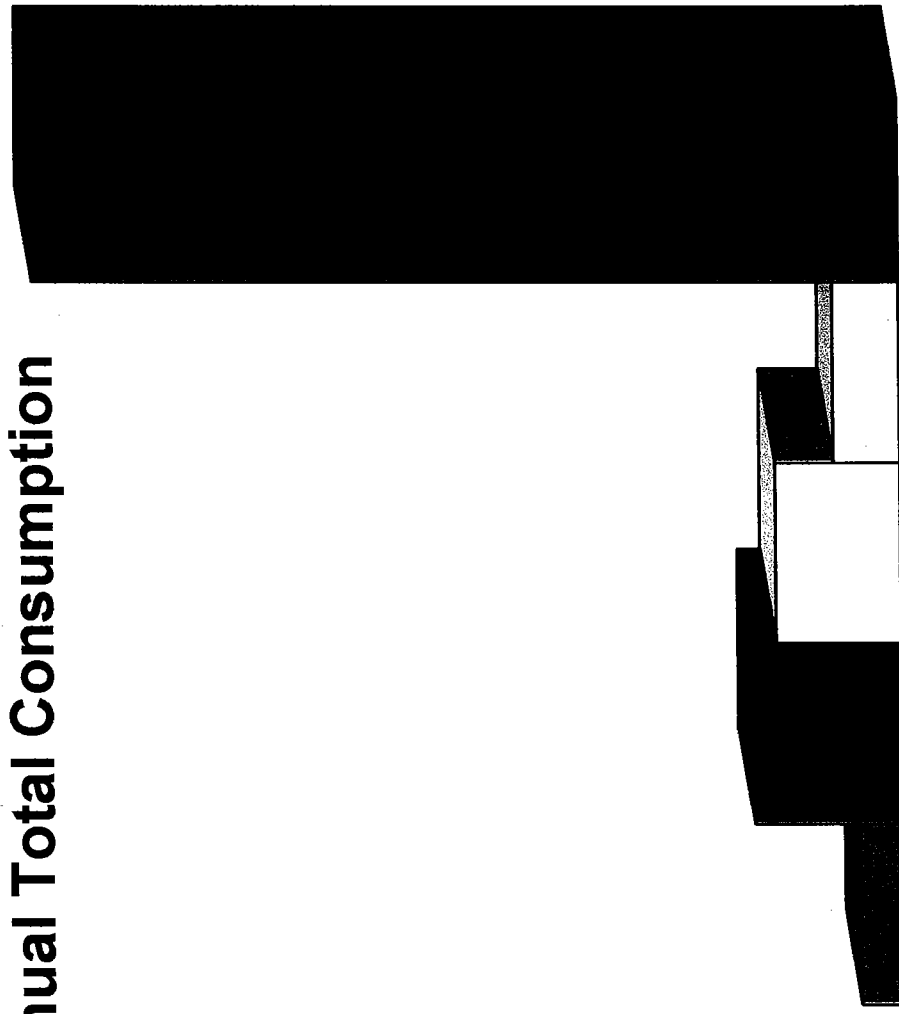


Stoneridge Water Annual Total Consumption

Gallons

50,000,000
45,000,000
40,000,000
35,000,000
30,000,000
25,000,000
20,000,000
15,000,000
10,000,000
5,000,000
0

- Commercial
- Happy Valley Residential
- Stoneridge Residential
- Time Share
- Irrigation



||

Customer Class

Stoneridge Water

Case No. SWS-W-06-01

RULES AND REGULATIONS

A NON-REFUNDABLE HOOK-UP FEE OF \$1,200.00 SHALL BE CHARGED FOR PARTS AND LABOR TO INSTALL A CURB STOP AND 3/4 INCH WATER METER. COST FOR ADDITIONAL WORK, INCLUDING LARGER METERS, SHALL BE THE RESPONSIBILITY OF THE CUSTOMER AND MUTUALLY AGREED TO IN WRITING PRIOR TO INSTALLATION.

GENERAL RULES & REGULATIONS FOR SMALL WATER UTILITIES

1. General

- 1.1 The Customer, in receiving water service, and the Company, in providing water service, both agree to abide by these Rules and Regulations.
- 1.2 In the event that there is a conflict between the Company's Rules and Regulations and the Rules and Regulations Governing Customer Relations of GAS, ELECTRIC, WATER Public Utilities under the Jurisdiction of the Idaho Public Utilities Commission, the Rules and Regulations of the Commission shall take precedence unless an exception has been granted.
- 1.3 Any additions, deletions or modifications to these General Rules and Regulation are to be made in the "Special Provisions" section attached as Attachment 1. Any such changes are subject to approval by the Commission prior to becoming effective.
- 1.4 OWNERSHIP OF SYSTEM, ALL WATER MAINS, VALVES FITTINGS, HYDRANTS AND OTHER APPURTENANCES, EXCEPT "CUSTOMER SERVICE LINES", AS DEFINED SHALL BE THE PROPERTY OF STONERIDGE UTILITY HEREIN REFERRED TO AS THE "COMPANY".
- 1.5 STONERIDGE UTILITY SHALL NOT BE LIABLE FOR DAMAGE RESULTING FROM THE INTERRUPTION IN SERVICE OR FROM THE LACK OF SERVICE. TEMPORARY SUSPENSION OF SERVICE BY STONERIDGE UTILITY FOR IMPROVEMENTS AND REPAIRS WILL BE NECESSARY OCCASIONALLY, WHENEVER POSSIBLE, AND WHEN TIME PERMITS. ALL CUSTOMERS AFFECTED WILL BE NOTIFIED PRIOR TO SHUTDOWNS.

2. Definitions

- 2.1 Billing Period - the period of time between bills from the Company for normal services rendered.
- 2.2 Commission - Idaho Public Utilities Commission.
- 2.3 Commodity Charge - recurring charge based only on the quantity of water used.
- 2.4 Company - Water Company.
- 2.4.1 CONNECTION OR HOOK-UP FEE - ONE TIME CONNECTION TO THE UTILITY'S SUPPLY LINE CONSISTING OF a meter set with A WATER METER AND an isolation STOP AND WASTE VALVE ON THE CUSTOMER'S SIDE OF THE WATER METER and a stop and waste valve on the Company side of the meter. SAID METER AND VALVE AND THE OPERATION OF SUCH ARE THE RESPONSIBILITY OF THE UTILITY COMPANY. ANY UNAUTHORIZED USE OF OR SHUTTING OFF OF VALVES IS STRICTLY PROHIBITED.
- 2.5 Contribution in Aid of Construction - non-recurring charge paid by a Customer or Developer to help defray the cost of system expansion.
- 2.6 Customer - a person, business or government agency responsible for paying bills and complying with the rules and regulations of the Company.
- 2.7 Customer Charge - minimum recurring charge that does not include any water.
- 2.8 Fixed Rate - a recurring charge of a fixed amount, usually in an unmetered system.
- 2.9 Franchise Tax - tax imposed on a company by a governmental entity for the privilege of doing business within its boundaries.
- 2.10 Customer Charge - minimum recurring charge for a billing period that may or may not include a specified quantity of water.
- 2.11 Non-recurring Charges - charges that are not assessed each billing period.
- 2.12 QUALITY - STONERIDGE UTILITY WILL EXERCISE REASONABLE DILIGENCE TO SUPPLY SAFE AND POTABLE WATER AT ALL TIMES.
- 2.13 Premises - a Customer's property including out buildings which are normally located on one lot or parcel of ground.

- 2.14 Rate Structure - a schedule of all recurring and non-recurring charges of the Company.
- 2.15 Reconnection Fee - charge paid by a Customer to the Company to restore service after its disconnection.
- 2.16 Recurring Charges - charges that are assessed each billing period.
- 2.17 SERVICES CLASSIFICATION - THE SERVICE CLASSIFICATION SHALL BE RESIDENTIAL, CONDOMINIUM /TOWNHOME, COMMERCIAL, GOLF AND RESORT.

(A) RESIDENTIAL. RESIDENTIAL SERVICES SHALL CONSIST OF ALL SERVICES FOR DOMESTIC PURPOSES, SINGLE FAMILY RESIDENTIAL USES. EACH DWELLING UNIT SHALL BE ON AN INDIVIDUAL LOT, HAVE A WATER METER AND BE BILLED AS ONE RESIDENTIAL CUSTOMER PER THE TARIFF AMOUNT FOR RESIDENTIAL CUSTOMER. THIS CLASSIFICATION IS ASSOCIATED WITH LOTS THAT ARE PLATTED FOR SINGLE OWNERSHIP AND RECEIVE AN INDIVIDUAL MONTHLY STATEMENT. UNDER NEW CONSTRUCTION THESE SERVICES ARE RUN THRU A 3/4 INCH WATER METER TO ALLOW FOR DOMESTIC WATER AND AVERAGE YARD IRRIGATION. THERE ARE SOME SERVICES INSTALLED PRIOR TO 2001 WHEREIN METERS LARGER THAN 3/4 INCH WERE INSTALLED BUT HAVE ALWAYS BEEN BILLED AS A RESIDENTIAL SERVICE.

(B) CONDOMINIUM / TOWNHOME / MOTOR COACH / TIMESHARE. CONDOMINIUM / TOWNHOME / MOTOR COACH / TIMESHARE SERVICES SHALL CONSIST OF ALL SERVICES FOR DOMESTIC PURPOSES, SINGLE FAMILY RESIDENTIAL USES. EACH DWELLING UNIT WITHIN A CONDOMINIUM, TOWNHOME, TIMESHARE OR MOTOR COACH SITE SHALL HAVE AN INDIVIDUAL WATER METER OR MASTER METER AND BE BILLED AS ONE RESIDENTIAL CUSTOMER PER THE TARIFF AMOUNT ESTABLISHED FOR RESIDENTIAL CUSTOMERS. THIS CLASSIFICATION IS ASSOCIATED WITH LOTS OR UNITS UNDER SINGLE OWNERSHIP BUT MANAGED BY AN ASSOCIATION. ONE MONTHLY STATEMENT REFLECTING THE *capacity of the connection to serve the customer based on meter size* -WILL BE SENT TO THE RESPECTIVE ASSOCIATION. SERVICES SERVING THESE ARE RUN THRU METERS THAT VARY

FROM 3/4 INCH IN THE VINEYARD TOWNHOMES TO 6 INCH METERS IN THE MOTOR COACH VILLAGE. METERS ARE SIZED DEPENDING ON THE NUMBER LOTS OR UNITS, AMOUNT OF COMMON AREA TO BE SERVED AND / OR TYPE OF FIRE FLOWS THAT ARE BEING SERVED.

CURRENTLY WE HAVE THE FAIRWAY MEADOWS CONDOMINIUMS (3/4 INCH METER FOR INDIVIDUAL UNITS AND 1-1/2 INCH METERS PER 4 UNIT BUILDINGS) WHO'S ASSOCIATION RECEIVES AND PAYS THE MONTHLY STATEMENT WHICH REFLECTS THE BASE FEES FOR ALL ~~meters~~ ~~18 UNITS~~ PLUS CONSUMPTION WHICH INCLUDES COMMON AREAS (YARD IRRIGATION). THE VINEYARD TOWNHOMES (3/4 INCH METERS PER UNIT) WHO'S ASSOCIATION RECEIVES AND PAYS THE MONTHLY STATEMENT WHICH REFLECTS THE BASE FEES FOR 24 UNITS PLUS CONSUMPTION WHICH INCLUDES COMMON AREAS (YARD IRRIGATION). THE MOTOR COACH VILLAGE ASSOCIATIONS (ONE COMMON 6 INCH METER) WHO'S ASSOCIATION RECEIVES AND PAYS THE MONTHLY STATEMENT WHICH REFLECTS THE *capacity of the connection to serve the customer based on meter size* ~~BASE FEES FOR 37 UNITS~~ PLUS CONSUMPTION WHICH INCLUDES COMMON AREAS (YARD IRRIGATION).

THE TIMESHARE RESORT CURRENTLY RECEIVES AND PAYS THE MONTHLY STATEMENT WHICH REFLECTS THE BASE FEES FOR ~~5~~ 6 meters serving 5 BUILDINGS (~~2~~ 3 INCH METERS FEED EACH BUILDING) and an irrigation system. ~~PLUS CONSUMPTION WHICH INCLUDES COMMON AREAS.~~ THREE OF THESE BUILDINGS HAVE RESIDENTIAL LIVING UNITS. THE 4TH BUILDING HAS RESIDENTIAL LIVING UNITS PLUS ALL THE OFFICES, HOUSE KEEPING AND MAINTENANCE. THE 5TH BUILDING HAS RECREATIONAL FACILITIES (INCLUDING POOL), LAUNDRY FACILITIES AND RESTAURANT. THEY ALSO HAVE A 2 INCH METER THAT PROVIDES FOR IRRIGATION OF A PARK AND RESTROOM FACILITIES.

(C) COMMERCIAL. COMMERCIAL SERVICES SHALL CONSIST OF THOSE SERVICES WHERE WATER IS USED FOR COMMERCIAL SERVICES, SUCH AS BUSINESSES, RESTAURANTS, RECREATIONAL FACILITIES EITHER STAND ALONE OR ASSOCIATED WITH CONDOMINIUM, TOWNHOME, MOTOR COACH OR TIMESHARE DEVELOPMENTS. GOLF SHOPS, DAY CARE, SCHOOLS, RECREATIONAL VEHICLES SITES OR OTHER USES NOT ASSOCIATED WITH USES DEFINED HEREIN. EACH USE SHALL HAVE A WATER METER SIZED FOR THE ANTICIPATED USE AND BE BILLED AS A COMMERCIAL CUSTOMER PER THE TARIFF. *THE fixed tariff* ~~AMOUNT OF UNITS~~ ASSOCIATED WITH COMMERCIAL SERVICES SHALL BE DETERMINED BASED *on the capacity of the connection to serve the customer based on meter size* ~~OFF EQUIV ALENT USAGE~~

THIS CLASSIFICATION IS ASSOCIATED WITH SPECIFIC COMMERCIAL USES SUCH AS GOLF PRO SHOP / GRILL RESTAURANT, EVENT CENTER, RECREATION CENTER OR OTHER USES NOT HEREIN CLASSIFIED AND RECEIVES AN INDIVIDUAL MONTHLY STATEMENT.

(D) IRRIGATION. IRRIGATION SERVICES SHALL CONSIST OF THOSE SERVICES WHERE WATER IS USED FOR GOLF COURSE MAINTENANCE. GOLF COURSE PLAY, PARKS, COMMON AREAS OR ANY OTHER USES ASSOCIATED WITH OUTSIDE FACILITIES NOT DIRECTLY RELATED TO A RESIDENTIAL SERVICE., WATER SHALL BE SUPPLIED ON A DAILY BASIS, WITH NO FIRM COMMITMENT FOR DELIVERY AT A GIVEN TIME. WATER SHALL BE MADE AVAILABLE ON AN AS AVAILABLE BASIS. EACH USE SHALL HAVE A WATER METER SIZED FOR THE ANTICIPATED USE AND BE BILLED AS AN IRRIGATION CUSTOMER PER THE TARIFF. THIS CLASSIFICATION IS CURRENTLY ASSOCIATED WITH THE GOLF COURSE (6 INCH METER FEEDS THE GOLF COURSE STORAGE POND) AND RECEIVES AN INDIVIDUAL MONTHLY STATEMENT.

THE IRRIGATION SERVICE IS THE ONLY SERVICE ON THE WATER SYSTEM THAT ACTS AS A RESERVE. IF THERE IS AN EMERGENCY WHEREIN ADDITIONAL WATER IS NEEDED THE GOLF SERVICE CAN BE DISCONTINUED AND NOT IMPACT GOLF OPERATIONS. NO OTHER SERVICE ON THE WATER SYSTEM CAN BE DISCONTINUED WITHOUT IMPACTING THEIR OPERATIONS.

(E) STANDBY FIRE. STANDBY FIRE SERVICE SHALL CONSIST OF THOSE SERVICES WHERE WATER IS AVAILABLE OR USED FOR FIRE PROTECTION ONLY. CURRENTLY THERE ARE NO STANDBY FIRE SERVICES.

(F) SPECIAL CONTRACTS. WHEN THE APPLICANT'S REQUIREMENTS FOR WATER ARE UNUSUAL OR LARGE, SUCH AS AN INDEPENDENT WATER SYSTEM, OR NECESSITATE CONSIDERABLE SPECIAL OR RESERVE EQUIPMENT OR CAPACITY, STONERIDGE UTILITY RESERVES THE RIGHT TO MAKE A SPECIAL CONTRACT: THE PROVISIONS OF WHICH ARE DIFFERENT FROM, AND HAVE EXCEPTIONS, TO THE REGULARLY PUBLISHED WATER RATES AND RULES. THIS SPECIAL CONTRACT SHALL BE IN WRITING, SIGNED BY THE APPLICANT AND APPROVED BY STONERIDGE UTILITY AND THE IPUC.

(G) RESALE OF WATER. RESALE OF WATER SHALL BE PERMITTED ONLY UNDER SPECIAL CONTRACT, IN WRITING, BETWEEN STONERIDGE UTILITY AND THE PERSONS, PARTIES OR CORPORATIONS SELLING THE WATER.

(H) SERVICE PREFERENCE. IN CASE OF SHORTAGE OF SUPPLY, STONERIDGE UTILITY RESERVES THE RIGHT TO GIVE PREFERENCE IN THE MATTER OF FURNISHING SERVICES TO: *first residential* CUSTOMERS AND, *second* INTERESTS OF STONERIDGE UTILITY FROM THE STANDING OF PUBLIC CONVENIENCES OR NECESSITY.

ONLY THOSE RESIDENTIAL DWELLING UNITS ON AN INDIVIDUAL METER ARE ELIGIBLE FOR SEASONAL DISCONNECT / RECONNECT PAYMENT ADJUSTMENTS PER THE TARIFF. THOSE DWELLING UNITS / MOTOR COACH SITES OR OTHER DEVELOPMENTS ON COMMUNITY METERS WHERE PAYMENTS ARE THRU HOMEOWNER ASSOCIATIONS MAY HAVE WATER SHUT OFF BUT ARE NOT ELIGIBLE FOR SEASONAL DISCONNECT / RE-CONNECT PAYMENT ADJUSTMENTS.

- 2.18 SUPPLY - STONERIDGE UTILITY WILL EXERCISE REASONABLE DILIGENCE AND CARE TO DELIVER A CONTINUOUS AND SUFFICIENT SUPPLY OF WATER TO THE CUSTOMER AT A REASONABLE PRESSURE AND TO AVOID SO FAR AS REASONABLY POSSIBLE. AND ANY SHORTAGE OR INTERRUPTION IN DELIVERY.
- 2.19 Tariff - rate schedules and Rules and Regulations which govern the Company's service.
- 2.20 IRRIGATION CHARGES - IRRIGATION SERVICES MAY BE DISCONTINUED, DISCONNECTED OR REGULATED BY THE UTILITY COMPANY IF DETERMINED NECESSARY FOR THE UTILITY COMPANY TO INSURE WATER AVAILABILITY FOR THE RESIDENTIAL, TIME SHARE AND COMMERCIAL USERS.

3. SERVICE FOR NEW CUSTOMERS

- 3.1 The Company shall furnish service to applicants within its service area under the jurisdiction of the Idaho Public Utilities Commission in accordance with rates and Rules and Regulations approved by the Commission.
- 3.2 Applicants for water service SHALL be required to sign a standard form of service application *that has been reviewed and approved by the Commission.*

3.3 Company shall not be obligated to provide service at a service location until any required deposit or guarantee of payment has been received by the Company in accordance with the "Rules and Regulations Governing Customer Relations of ~~Gas, Electric, and~~ Water Public Utilities under the jurisdiction of the Idaho Public Utilities Commission" attached and referred to herein as Utility Customer Relations Rules (UCRR).

3.4 Special contracts may be required where large investments in special facilities are necessary to provide the requested service. The Company may require contribution toward such investment and establish such Customer charges as are deemed necessary. All such contracts are subject to the approval of the Commission.

3.5 The Company reserves the right to place limitations on the amount and character of water service it will supply and to refuse service to new Customers if, in its opinion:

- (a) The Company is required to refuse or limit service by regulatory authorities having jurisdiction over the Company.
- (b) The requested service installation is of larger size than is necessary to properly serve the premises.
- (c) The permanency of the building, structure, or institution requested to be served is such that the Company's investment in such service is jeopardized.
- (d) The depth of the Customer's service line is less than the minimum depth required for frost protection.
- (e) The Customer's proposed service, main or other appurtenance does not conform to good engineering design or meet the standard specifications of the Company OR STATE.
- (f) The Customer refuses to agree to abide by the Rules and Regulations of the Company.

3.6 If the Company denies service to a potential Customer for any reason, it will immediately provide the applicant with a written explanation of its decision in accordance with UCRR.

4. DEPOSITS

4.1 Rules and Regulations regarding deposits to guarantee payment of bills can be found in Rules 101-109 UCRR.

5. RATES

- 5.1 Rates charged for water service and supply shall be those published in the Company's tariff and approved by the Idaho Public Utilities Commission.

6. BILLING AND PAYMENT

- 6.1 All Customers will be billed on a regular basis as identified on the applicable rate schedule.
- 6.2 If the system is metered, the Company shall try to read the meters prior to each billing unless specified differently on the applicable rate schedule, OR WEATHER RELATED, EMERGENCY ISSUES TAKE PRECEDENCE. If the Company's meter reader is unable to gain access to the premises to read the meter, or in the event the meter fails to register, the Company may estimate the Customer's water consumption for the current billing period based on known consumption for a prior similar period or average of several periods. Subsequent readings will automatically adjust for differences between estimated and actual. Estimated bills shall carry appropriate notice to that effect.
- 6.3 All bills shall clearly indicate the balance due and shall be due and payable no less than 15 days after the date rendered. All bills not paid by due date shall be considered delinquent and service may be disconnected subject to the provisions UCRR.
- 6.4 The minimum bill or customer charge, *pro-rated for the days of service actually provided*, shall apply when service is provided for less than one month.
- 6.5 Owners of premises with one or more condominiums, buildings, stores, apartments or any other divisions of like or similar character, all of which are served from one (1) service connection are responsible for the entire water charges. If the owner desires to cease being responsible for water bills for such places and desires that the occupant of each division shall be responsible for his or her respective bill, such transfer of responsibility will not be accepted or recognized by the Company until the plumbing arrangements of the building or premises are so changed by the owner or his or her agent as to permit the Company, to its satisfaction, to serve each division or occupant separately from the other occupants in the same building.
- 6.6 Accounts will be continued and water bills rendered regularly until the Company has been duly notified to discontinue service.

7. METERING

- 7.1 Meters will be installed by the Company near the Customer's property line or at any other reasonable location on the Customer's premises that is mutually agreed upon.
- 7.2 The Company's representative shall be given access to the Customer's premises at all reasonable hours for the purpose of obtaining meter readings, MAKING REPAIRS OR WINTERIZING.
- 7.3 The Company is responsible for the maintenance of its metering equipment. Meters are considered to be sufficiently accurate if tests indicate that meter accuracy is within +/- 2 percent. When for any reason a meter fails to register within these limits of accuracy, the Customer's use of water will be estimated on the basis of available data and charges will be adjusted accordingly. Corrected bills will then be sent out to the Customer and additional payment or refund arrangements made in accordance with UCRR.
- 7.4 The Company reserves the right to test and / or replace any meter. ~~Upon deposit of a "Meter Testing Fee" by a Customer, the Company will test the Customer's meter, one per year. If the test indicates that the meter over-registers by more than 2 percent, it will be replaced with an accurate meter at no cost to the Customer, and the "Meter Testing Fee" will be refunded and water bills will be adjusted in accordance with UCRR.~~
- 7.5 At the Company's discretion, un-metered Customers may be converted to metered service if such transition occurs in a planned, systematic manner without unreasonable discriminations and if the Company has an approved metered rate.
- 7.6 The Company shall have the right to set meters or other devices without notice to the Customer for the detection and prevention of fraud OR WATER LEAKAGE.
- 7.7 In any building where the meter is to be installed in the basement, the incoming water pipe must enter the basement at least sixteen (16) inches from the riser in order that a meter can be set in a horizontal positioning the basement. All pipes to the different parts of the building or grounds must lead from the riser at least one (1) foot above the elbow.

8. CUSTOMER PLUMBING AND APPLIANCES

- 8.1 All plumbing, piping, fixtures and appliances on the Customer's side of the service connection shall be installed and maintained under the responsibility and at the expense of the Customer or owner of the premises.
- 8.2 The plumbing, piping, fixtures and appliances shall be maintained in conformity with all municipal, state and federal requirements. The nature and condition of this plumbing, piping and equipment shall be such as not to endanger life or property, interfere with service to other Customers or permit those with metered services to divert system water without meter registration.
- 8.3 A stop-and-waste valve must be installed ~~on~~ *by the Customer's plumbing on the customer's side of the meter* in a place always accessible and so located as to permit shutting off the water BY THE CUSTOMER for the entire premises with the least possible delay. A STOP-AND- WASTE VALVE WILL BE INSTALLED ON THE CUSTOMER' Company'S SIDE OF THE WATER METER AS PART OF THE WATER METER INSTALLATION. SHUTTING OFF SAID VALVE OR WATER METER IS PROHIBITED BY ANYONE OTHER THAN AN AUTHORIZED AGENT OF THE UTILITY COMPANY.
- 8.4 All persons having boilers, water tanks or other equipment supplied by direct pressure from the Company's mains should install a pressure relief valve, or other device to serve the same purpose, so as to prevent excess pressure from forcing hot water and/or steam back into the water meter and mains of the Company. All damage to the Company's property resulting from failure to properly equip Customer plumbing with a relief valve shall be billed to the Customer.
- 8.5 The Company is not obligated to perform any service whatever in locating leaks or other trouble with the Customer's piping.
- 8.6 NO OTHER WATER SUPPLY OF ANY SOURCE SHALL BE CONNECTED TO THE CUSTOMER'S SYSTEM. THE COMPANY MAY REQUIRE AN APPROVED BACKFLOW DEVICE BE INSTALLED AT THE SERVICE CONNECTION OR ANOTHER LOCATION TO PREVENT CONTAMINATION OF THE COMPANY'S WATER SUPPLY, IF DETERMINED NECESSARY BY THE COMPANY. THE COST OF INSTALLATION AND MAINTENANCE OF A BACKFLOW DEVICE SHALL BE THE RESPONSIBILITY OF THE CUSTOMER.
- 8.7 Property owners will not be allowed to connect the water service of different properties together.
- 8.8 All of the Customer's service pipes and fixtures must be kept in repair and protected from freezing at his or her expense. When there are leaking or defective pipes or fixtures, the water may be turned off at the option of the Company until the proper repairs are made.

9. INSTALLATION OF SERVICE CONNECTIONS

- 9.1 The service connection is the property of the Company and as such, the Company is responsible for its installation and maintenance. It consists of piping, curbstop and valve or meter box and a meter, if the system is metered. The service connection transmits water from the Company's water main to a valve or meter box generally located near the Customer's property line. All piping, valves or appliances beyond this point are the property and responsibility of the Customer.
- 9.2 The Company reserves the right to designate the size and location of the service line, curbstop, meter (if applicable) and meter or valve box and the amount of space which must be left unobstructed for the installation and future maintenance and operation thereof.
- 9.3 ALL COSTS FOR INSTALLATION OF SERVICE CONNECTIONS WILL BE PAID PRIOR TO INSTALLATION. FEES AND COMPLETED APPLICATIONS SHALL BE SUBMITTED TO THE UTILITY COMPANY A MINIMUM OF 30 DAYS PRIOR TO THE REQUESTED INSTALLATION. At the Company's option it may elect to accept other payment arrangements. FEES AND APPLICATIONS MUST BE ACCOMPANIED WITH AN APPROVED BUILDING LOCATION OR BUILDING PERMIT ISSUED BY BONNER COUNTY.
- 9.4 The extra costs of any out-of-the-ordinary circumstances requiring additional equipment or special construction techniques involved in the installation of a service connection will be agreed to in advance by the Customer and the Company. THE COST FOR ANY ADDITIONAL SERVICES, WORK OR PARTS EXCEPT THOSE ASSOCIATED WITH THE INSTALLATION OF A STOP AND WASTE VALVE AND 3/4 INCH WATER METER SHALL BE THE RESPONSIBILITY OF THE CUSTOMER.

10. REPLACEMENT OR ENLARGEMENT OF SERVICE CONNECTION

- 10.1 Unless otherwise provided herein, the Company shall replace or enlarge service connections at its own expense, as follows:
- (a) Whenever it is necessary to change the location of any service connection due to relocation or abandonment of the Company's mains; and

(b) For commercial or industrial services where the type or volume of use has changed and the enlargement will result in sufficient increase in annual revenue to justify the enlargement.

- 10.2 The relocation, enlargement or reduction of service connections for the convenience of the Customer will be at the expense of the Customer. Prior to such relocation, enlargement or reduction, the Customer will deposit the estimated cost thereof with the Company. Within fifteen (15) days a refund will be made to the Customer in the amount by which the estimated cost exceeds the actual cost. The amount by which the actual cost exceeds the estimated cost shall be due and payable within fifteen (15) days after billing for such deficiency.
- 10.3 Enlargement of any service connection will be made only after such time as the Customer's plumbing inside his or her premises shall have been enlarged sufficiently to accommodate the additional capacity.

11. DISCONNECTION AND RECONNECTION OF SERVICE

- 11.1 When a Customer desires to discontinue service he or she shall give notice to the Company at least two (2) days in advance and shall be responsible for all water consumed for the two (2) days after the date of such notice.
- 11.2 The Company may discontinue a Customer's service on an involuntary basis only in accordance with UCRR.
- 11.3 When it becomes necessary for the Company to involuntarily discontinue water service to a Customer, service will be reconnected only after all bills for service then due have been paid or satisfactory payment arrangements have been made.
- 11.4 A reconnection fee will be charged each time a Customer is disconnected, either voluntarily or involuntarily, and reconnected at the same premises. The reconnection fee shall be paid before service is restored. Reconnection fees will not be charged for any situation or circumstance in which the Customer's water supply is disconnected by the Company for its convenience.
- 11.5 The Company reserves the right at any time, upon notice, to shut off the water for maintenance, EXPANSION OR CHANGE OF customer location OWNERSHIP and, in emergencies, may do so without notice. The Company shall at all times use reasonable diligence and care to prevent interruption of said water service.
- 11.6 Except in the case of an emergency, no one, except an authorized Company representative, is allowed to turn-on or turn-off the water on the Company's side of the service connection.

12. EXTENSION OF WATER MAINS

- 12.1 The extension of system water mains for the purpose of providing new service shall be done on a time and material basis. Extensions for a specific Customer, shall be done at the Customer's expense as mutually agreed upon by the Customer and the Utility Company.

13. MISCELLANEOUS

- 13.1 No Customer shall permit any person from another premises, to take water from his or her water service AT ANY TIME.
- 13.2 No person acting either on his or her own behalf or an agent of a person, firm, corporation or municipality, not authorized by the Company, shall take any water from any fire hydrant on the Company's system except in the case of an emergency OR UNLESS AUTHORIZED BY THE COMPANY.
- 13.3 No person shall place upon or about any hydrant, gate, box, meter box or other property of the Company, any building material or other substance so as to prevent free access at all times to the same.
- 13.4 Service will be maintained to domestic Customers on a preferential basis. Delivery of water under all schedules may be restricted, interrupted or curtailed at the discretion of the Company in case of shortage or threatened shortage of water OR AS REQUESTED BY ANY OUTSIDE AGENCIES.
- 13.5 No rate contract or application is assignable from one user to another, except upon agreement of all parties concerned AND A RECONNECT FEE PAID IN FULL.
- 13.6 The representative of the Company shall be given access to the premises of the Customer at all reasonable hours for obtaining meter readings, for turning on or shutting off the flow of water, for inspecting, removing, repairing or protecting from abuse or fraud any of the property of the Company installed on the premises. Access shall be granted at all times for emergency purposes.
- 13.7 No one, except an authorized agent of the Company, shall tamper with, interfere with, make repairs, connections or replacements of or to any of the Company's property INCLUDING PERFORMING A DISCONNECTION AND/OR RECONNECTION.
- 13.8 Whenever an applicant desires service of a character for which there is no available service classification, a contract may be executed in lieu of a tariff.

Any such contract is subject to the approval of the Idaho Public Utilities Commission.

- 13.9 The Customer is held responsible for any violation of these Rules and Regulations even though the breach is committed by someone employed either directly, or indirectly, by the Customer.
- 13.10 Copies of the Company's Rates and Rules Summary of Regulations will be available at Utility's office; will be provided to Customers upon commencement of service; and, will be provided to Customers annually in accordance with Utility Customer Relations Rules (UCRR) and Utility Customer Information Rules (UCIR).
- 13.11 WHERE A HOME OWNERS ASSOCIATION IS PUT IN PLACE TO GOVERN THE OPERATIONS OF A MULTIPLE NUMBER OF UNITS AND THE HOME OWNERS ASSOCIATIONS CHOOSES TO COLLECT DUES TO PAY FOR UTILITIES, THE UTILITY COMPANY MAY SUBMIT ONE BILLING TO THE ASSOCIATION WHICH SHALL INCLUDE CUSTOMER CHARGES EQUIVALENT TO THE NUMBER OF UNITS WITHIN THE ASSOCIATION AND COMMODITY CHARGE EQUIVALENT TO THE NUMBER OF UNITS WITHIN THE ASSOCIATION PLUS ANY COMMODITY CHARGE THAT MAYBE ASSESSED TO COVER COMMON AREA WATER USAGES.



StoneRidge Utilities
P.O. Box 298
Blanchard, ID 83804
(208) 437-2180
Fax – (208) 437-2181
Keith Rusho,
Utilities Operator
(208) 437-2180

Request # 20

Attached are the number of seasonal disconnects from 2002-2006.

Seasonal Wate. Disconnect List

Last Name First Name Water Shut-Off Disc. Date Reconnect Date Fee Prepaid DDBO

2002

Littlemore	Jerry		9/27/2002		
Martin - Irrigation	Darrell & Carmelita	X	9/27/2002		
Martin - Residence	Darrell & Carmelita	X	9/27/2002		X
Bedore	Curtis	Monthly Fee			
Fields	Andy & Sandy	Monthly Fee			
Alford	Charles & Betty	X	10/8/2002		
Stone	Charles & Ruth	X	10/6/2002		
Ghio	Fred & Thayle	X	10/31/2002		
Pinkham	Harold	X	10/28/2002		X
Corbit	Richard & Ella	X	10/25/2002	4/1/2003	
O'Shea	John & Rita	X	11/14/2002		X

11

2003

Littlemore	Jerry		9/30/2003	4/5/2004	
Martin - Irrigation	Darrell & Carmelita	X			
Martin - Residence	Darrell & Carmelita	X			
Bedore	Curtis	Monthly Fee			X
Fields	Andy & Sandy	Monthly Fee			
Alford	Charles & Betty	X	11/1/2003	5/1/2004	X
Stone	Charles & Ruth	X	10/14/2003	4/5/2004	
Ghio	Fred & Thayle	X	11/1/2003	4/6/2004	
Pinkham	Harold	X			X
Corbit	Richard & Ella	X	10/1/2003	4/1/2004	
O'Shea	John & Rita	X	10/27/2003	4/16/2004	X
Cahoon	Pat & Barbara	X			

12

2004

Littlemore	Jerry		8/26/2004		
Martin - Irrigation	Darrell & Carmelita	X	10/4/2004	5/18/2005	
Martin - Residence	Darrell & Carmelita	X	10/4/2004	5/18/2005	X
Bedore	Curtis	Monthly Fee			
Fields	Andy & Sandy	Monthly Fee			
Alford	Charles & Betty	X	11/1/2004	5/1/2005	X
Stone	Charles & Ruth	X			
Ghio	Fred & Thayle	X	11/1/2004	4/1/2005	
Pinkham	Harold	X			X
Corbit	Richard & Ella	X	11/1/2004	4/1/2005	

Seasonal Water Disconnect List

Last Name	First Name	Water Shut-Off	Disc. Date	Reconnect Date	Fee Prepaid	DDBO
O'Shea	John & Rita	X	11/18/2004			X
Cahoon	Pat & Barbara	X	12/14/2004	5/31/2005		

12

2005

Martin	Darrell & Carmelita	X	10/4/2004			
Bedore	Curtis	Monthly Fee				X
Fields	Andy & Sandy	Monthly Fee				
Alford	Charles & Betty	X	10/25/2005	6/1/2006	X	
Stone	Charles & Ruth	X		4/11/2006		
Ghio	Fred & Thayle	X	10/31/2005	4/1/2006		
Pinkham	Harold	X				X
Corbit	Richard & Ella	X	10/31/2005	4/1/2006		
O'Shea	John & Rita	X				X
Boston	Andy & Diane	X	11/1/2005			X

10

2006

Bedore	Curtis	Monthly Fee				X
Alford	Charles & Betty	X	10/24/2006	6/1/2007	X	
Stone	Charles & Ruth	X				
Ghio	Fred & Thayle	X	1/2/2007	4/1/2007		
Pinkham	Harold	X				X
Corbit	Richard & Ella	X				
O'Shea	John & Rita	X	1/3/2007	4/13/2007		X
Boston	Andy & Diane	X	11/2/2006			X

8

DDBO = Disconnect done by owner

CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 27TH DAY OF APRIL 2007, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. SWS-W-06-1, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

WAYNE BENNER
STONERIDGE WATER COMPANY
PO BOX 280
BLANCHARD ID 83804

JOE M OLMSTEAD
11203 E ANTLER RD
CHATTAROY WA 99003
E-MAIL: jolmstead@windwireless.net

JANET ROBNETT
PAINE HAMBLÉN COFFIN BROOKE AND
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CINDY THOMAS
RESORT MANAGER AND SRCCOA
ASSISTANT SECRETARY
STONERIDGE RESORT
250 CHATWOLD
BLANCHARD ID 83804



SECRETARY