ANNUAL REPORT

OF SWS-W

CDS Stoneridge Utility
NAME

Stoneridge Resort, Blanchard, ID
ADDRESS

TO THE

IDAHO PUBLIC

UTILITIES COMMISSION

FOR THE

YEAR ENDED 2008

ANNUAL REPORT FOR WATER UTILITIES TO
THE IDAHO PUBLIC UTILITIES COMMISSION
FOR THE YEAR ENDING 31-Dec-08

COMPANY INFORMATION

1	Give full name of utility	CDS Stoneridge Utilities, LLC
2	Date of Organization	Apr-01
3	Organized under the laws of the state of	Utah
4	Address of Principal Office (number & street)	5295 Commerce Drive, Suite 175
5	P.O. Box (if applicable)	
6	City	Murray
7	State	Utah
8	Zip Code	84107
9	Organization (proprietor, partnership, corp.)	partnership
10	Towns, Counties served	Stoneridge resort and golf course community
		Blanchard, Idaho
11	Are there any affiliated companies?	yes

If yes, attach a list with names, addresses & descriptions. Explain any services provided to the utility.

12 Contact Information	Name	Phone No.
President (Owner)	Dean Allara	(208) 437-2180
Vice President		
Secretary		
General Manager	Dean Allara	(208) 437-2180
Complaints or Billing	Laura Williams	(208) 437-2180
Engineering	Jack Johnston	(208) 437-2180
Emergency Service	Keith Rusho	(208) 437-2180
Accounting	Kevin Anderson	(801) 284-2939

13 Were any water systems acquired during the year or any additions/deletions made to the service area during the year? **No**

If yes, attach a list with names, addresses & descriptions. Explain any services provided to the utility.

14 Where are the Company's books and records kept?

Street Address	5295 Commerce Drive, Suite 175
City	Murray
State	Utah
Zip	84107

NAME: CDS Stoneridge Utilities, LLC

COMPANY INFORMATION (Cont.)

For the Year Ended 31-Dec-08

15 Is the system operated or maintained under a service contract? No

16 **If yes:** With whom is the contract? _____

When does the contract expire? _____

What services and rates are included? _____

17 Is water purchased for resale through the system? No

18 **If yes:** Name of Organization _____

Name of owner or operator _____

Mailing Address _____

City _____

State _____

Zip _____

	Gallons/CCF	$Amount
Water Purchased		

19 Has any system(s) been disapproved by the Idaho Division of Environmental Quality? No

If yes, attach full explanation

20 Has the Idaho Division of Environmental Quality recommended any improvements? Yes

If yes, attach full explanation See letters and responses attached

21 Number of Complaints received during year concerning:

Quality of Service	5
High Bills	2
Disconnection	0

22 Number of Customers involuntarily disconnected 5

23 Date customers last received a copy of the Summary of Rules required by IDAPA 31.21.01.701? 1-Jul-07

Attach a copy of the Summary * All customers receive a copy also.

24 Did significant additions or retirements from the Plant Accounts occur during the year? No

If yes, attach full explanation and an updated system map

NAME: CDS Stoneridge Utilities, LLC

REVENUE & EXPENSE DETAIL

For the Year Ended 31-Dec-08

	ACCT #	DESCRIPTION			
		400 REVENUES			
1	460	Unmetered Water Revenue			
2	461.1	Metered Sales - Residential	114,754		
3	461.2	Metered Sales - Commercial, Industrial	21,897		
4	462	Fire Protection Revenue			
5	464	Other Water Sales Revenue	19,540		
6	465	Irrigation Sales Revenue	32,590		
7	466	Sales for Resale			
8	400	Total Revenue (Add Lines 1 - 7) (also enter result on Page 4, line 1)		188,781	
9		* DEQ Fees Billed separately to customers		Booked to Acct #	
10		** Hookup or Connection Fees Collected	19,540	Booked to Acct #	323200
11		***Commission Approved Surcharges Collected		Booked to Acct #	
		401 OPERATING EXPENSES			
12	601.1-6	Labor - Operation & Maintenance	16,698		
13	601.7	Labor - Customer Accounts			
14	601.8	Labor - Administrative & General	9,205		
15	603	Salaries, Officers & Directors			
16	604	Employee Pensions & Benefits	3,783		
17	610	Purchased Water			
18	615-16	Purchased Power & Fuel for Power	8,490		
19	618	Chemicals	733		
20	620.1-6	Materials & Supplies - Operation & Maint.	10,594		
21	620.7-8	Materials & Supplies - Administrative & General	5,777		
22	631-34	Contract Services - Professional			
23	635	Contract Services - Water Testing	6,201		
24	636	Contract Services - Other			
25	641-42	Rentals - Property & Equipment			
26	650	Transportation Expense	5,757		
27	656-59	Insurance	1,286		
28	660	Advertising			
29	666	Rate Case Expense (Amortization)			
30	667	Regulatory Comm. Exp. (Other except taxes)			
31	670	Bad Debt Expense			
32	675	Miscellaneous	24		
33		**Total Operating Expenses (Add lines 12 - 32, also enter on Pg 4, line 2)**		68,549	

Name: CDS Stoneridge Utilities, LLC

INCOME STATEMENT

For Year Ended 12/31/2008

	ACCT #	DESCRIPTION			
1		Revenue (From Page 3, line 8)		188,781	
2		Operating Expenses (From Page 3, line 33)	68,549		
3	403	Depreciation Expense	42,727		
4	406	Amortization, Utility Plant Aquisition Adj.			
5	407	Amortization Exp. - Other			
6	408.10	Regulatory Fees (PUC)	1,510		
7	408.11	Property Taxes	1,279		
8	408.12	Payroll Taxes	5,681		
9A	408.13	Other Taxes (list) DEQ Fees			
9B					
9C					
9D					
10	409.10	Federal Income Taxes			
11	409.11	State Income Taxes			
12	410.10	Provision for Deferred Income Tax - Federal			
13	410.11	Provision for Deferred Income Tax - State			
14	411	Provision for Deferred Utility Income Tax Credits			
15	412	Investment Tax Credits - Utility			
16		Total Expenses from operations before interest (add lines 2-15)		119,745	
17	413	Income From Utility Plant Leased to Others			
18	414	Gains (Losses) From Disposition of Utility Plant			
19		Net Operating Income (Add lines 1, 17 &18 less line 16)			69,036
20	415	Revenues, Merchandizing Jobbing and Contract Work			
21	416	Expenses, Merchandizing, Jobbing & Contracts			
22	419	Interest & Dividend Income		3,000	
23	420	Allowance for Funds used During Construction			
24	421	Miscellaneous Non-Utility Income			
25	426	Miscellaneous Non-Utility Expense			
26	408.20	Other Taxes, Non-Utility Operations			
27	409-20	Income Taxes, Non-Utility Operations			
28		Net Non-Utility Income (Add lines 20,22,23 & 24 less lines 21,25,26, & 27)		3,000	
29		Gross Income (add lines 19 & 28)			72,036
30	427.3	Interest Exp. on Long-Term Debt			
31	427.5	Other Interest Charges			
32		NET INCOME (Line 29 less lines 30 & 31) (Also Enter on Pg 9, Line 2)			72,036

Name: CDS Stoneridge Utilities, LLC

ACCOUNT 101 PLANT IN SERVICE DETAIL

For Year Ended 12/31/2008

	SUB ACCT #	DESCRIPTION	Balance Beginning of Year	Added During Year	Removed During Year	Balance End of Year
1	301	Organization				
2	302	Franchises and Consents				
3	303	Land & Land Rights				
4	304	Structures and Improvements	688222	51,753		739,975
5	305	Collecting & Impounding Reservoirs				
6	306	Lake, River & Other Intakes				
7	307	Wells				
8	308	Infiltration Galleries & Tunnels				
9	309	Supply Mains	60378	5,860		66,238
10	310	Power Generation Equipment				
11	311	Power Pumping Equipment	87439	1,590		89,029
12	320	Purification Systems	2066	3,012		5,078
13	330	Distribution Reservoirs & Standpipes				
14	331	Trans. & Distrib. Mains & Accessories				
15	333	Services				
16	334	Meters and Meter Installations	289			289
17	335	Hydrants	9478	4,345		13,823
18	336	Backflow Prevention Devices				
19	339	Other Plant & Misc. Equipment	2524	527		3,051
20	340	Office Furniture and Equipment				
21	341	Transportation Equipment	971			971
22	342	Stores Equipment				
23	343	Tools, Shop and Garage Equipment				
24	344	Laboratory Equipment				
25	345	Power Operated Equipment				
26	346	Communications Equipment				
27	347	Miscellaneous Equipment				
28	348	Other Tangible Property	9754			9,754
29		TOTAL PLANT IN SERVICE (Add lines 1 - 28)	**861120.93**	67,087	0	**928,208**

Enter beginning & end of year totals on Pg 7, Line 1

Name: CDS Stoneridge Utilities, LLC

ACCUMULATED DEPRECIATION ACCOUNT 108.1 DETAIL

For Year Ended 31-Dec-08

	SUB ACCT #	DESCRIPTION	Depreciation Rate %	Balance Beginning of Year	Balance End of Year	Increase or (Decrease)
1	304	Structures and Improvements		373,389	395,512	22,123
2	305	Collecting & Impounding Reservoirs				
3	306	Lake, River & Other Intakes				
4	307	Wells				
5	308	Infiltration Galleries & Tunnels				
6	309	Supply Mains		32,758	38,795	6,037
7	310	Power Generation Equipment				
8	311	Power Pumping Equipment		47,439	52,684	5,245
9	320	Purification Systems		1,121	1,656	535
10	330	Distribution Reservoirs & Standpipes				
11	331	Trans. & Distrib. Mains & Accessories				
12	333	Services				
13	334	Meters and Meter Installations		157	1,046	889
14	335	Hydrants		5,142	6,116	974
15	336	Backflow Prevention Devices				
16	339	Other Plant & Misc. Equipment		1,370	732	-638
17	340	Office Furniture and Equipment				
18	341	Transportation Equipment		527	8,089	7,562
19	342	Stores Equipment				
20	343	Tools, Shop and Garage Equipment				
21	344	Laboratory Equipment				
22	345	Power Operated Equipment				
23	346	Communications Equipment				
24	347	Miscellaneous Equipment				
25	348	Other Tangible Property				
26		TOTALS (Add Lines 1 - 25)		461,903	504,630	42,727

Enter beginning & end of year totals on Pg 7, Line 7

Name: CDS Stoneridge Utilities, LLC

BALANCE SHEET

For Year Ended 31-Dec-08

	ACCT #	**ASSETS** DESCRIPTION	Balance Beginning of Year	Balance End of Year	Increase or (Decrease)
1	101	Utility Plant in Service (From Pg 5, Line 29)	861,121	928,208	67,087
2	102	Utility Plant Leased to Others			
3	103	Plant Held for Future Use			
4	105	Construction Work in Progress			
5	114	Utility Plant Aquisition Adjustment			
6		Subtotal (Add Lines 1 - 5)	861,121	928,208	67,087
7	108.1	Accumulated Depreciation (From Pg 6, Line 26)	461,903	504,630	42,727
8	108.2	Accum. Depr. - Utility Plant Lease to Others			
9	108.3	Accum. Depr. - Property Held for Future Use			
10	110.1	Accum. Amort. - Utility Plant in Service			
11	110.2	Accum. Amort. - Utility Plant Lease to Others			
12	115	Accumulated Amortization - Aquisition Adj.			
13		Net Utility Plant (Line 6 less lines 7 - 12)	399,218	423,578	24,360
14	123	Investment in Subsidiaries			
15	125	Other Investments			
16		Total Investments (Add lines 14 & 15)			
17	131	Cash	39,162	15,713	-23,449
18	135	Short Term Investments			
19	141	Accts/Notes Receivable - Customers	20,098	26,986	6,888
20	142	Other Receivables	0	523	523
21	145	Receivables from Associated Companies			
22	151	Materials & Supplies Inventory			
23	162	Prepaid Expenses	527	0	-527
24	173	Unbilled (Accrued) Utility Revenue			
25	143	Provision for Uncollectable Accounts			
26		Total Current (Add lines 17 -24 less line 25)	59,787	43,222	-16,565
27	181	Unamortized Debt Discount & Expense			
28	183	Preliminary Survey & Investigation Charges			
29	184	Deferred Rate Case Expenses			
30	186	Other Deferred Charges			
31		**Total Assets (Add lines 13, 16 & 26 - 30)**	459,005	466,800	7,796

Name: CDS Stoneridge Utilities, LLC

BALANCE SHEET

For Year Ended 31-Dec-08

	ACCT #	LIABILITIES & CAPITAL DESCRIPTION	Balance Beginning of Year	Balance End of Year	Increase or (Decrease)
1	201-3	Common Stock			
2	204-6	Preferred Stock			
3	207-13	Miscellaneous Capital Accounts	123,223	123,223	0
4	214	Appropriated Retained Earnings			
5	215	Unappropriated Retained Earnings	-810,026	-737,990	72,036
6	216	Reacquired Capital Stock			
7	218	Proprietary Capital			
8		Total Equity Capital (Add Lines 1-5+7 less line 6)	-686,803	-614,767	72,036
9	221-2	Bonds			
	223	Advances from Associated Companies			
11	224	Other Long - Term Debt	0		
12	231	Accounts Payable	9,870	7,345	-2,525
13	232	Notes Payable	499,193	499,193	0
14	233	Accounts Payable - Associated Companies	635,629	575,472	-60,157
15	235	Customer Deposits (Refundable)			
16	236.11	Accrued Other Taxes Payable			
17	236.12	Accrued Income Taxes Payable			
18	236.2	Accrued Taxes - Non-Utility			
19	237-40	Accrued Debt, Interest & Dividends Payable			
20	241	Misc. Current & Accrued Liabilities	1,118	3,427	2,309
21	251	Unamortized Debt Premium			
22	252	Advances for Construction			
23	253	Other Deferred Liabilities			
24	255.1	Accumulated Investment Tax Credits - Utility			
25	255.2	Accum. Investment Tax Credits - Non-Utility			
26	261-5	Operating Reserves			
27	271	Contributions in Aid of Construction			
28	272	Accum. Amort. of Contrib. in Aid of Const. **			
29	281-3	Accumulated Deferred Income Taxes			
30		Total Liabilities (Add lines 9 - 29	1,145,810	1,085,437	-60,373
31		**TOTAL LIAB & CAPITAL (Add lines 8 & 30)**	459,007	470,670	11,663

**** Only if Commission Approved**

Name: CDS Stoneridge Utilities, LLC

STATEMENT OF RETAINED EARNINGS

For Year Ended 31-Dec-08

1	Retained Earnings Balance @ Beginning of Year	-810,026
2	Amount Added from Current Year Income (From Pg 4, Line 32)	72,036
3	Other Credits to Account	
4	Dividends Paid or Appropriated	
5	Other Distributions of Retained Earnings	
6	Retained Earnings Balance @ End of Year	-737,990

CAPITAL STOCK DETAIL

7	Description (Class, Par Value etc.)	No. Shares Authorized	No. Shares Outstanding	Dividends Paid
	Stoneridge Utilities LLC			
	is accounted for as a partnership	no stock		

DETAIL OF LONG-TERM DEBT

8	Description	Interest Rate	Year-end Balance	Interest Paid	Interest Accrued
	Note from Department of				
	Environmental Quality	2.00%	499,193		

Name: CDS Stoneridge Utilities, LLC

SYSTEM ENGINEERING DATA

For Year Ended 31-Dec-08

1 Provide an updated system map if significant changes have been made to the system during the year.

2 Water Supply:

	Pump Designation or location	Rated Capacity (gpm)	Type of Treatment: (None, Chlorine Fluoride Filter etc.)	Annual Production (000's Gal.)	Water Supply Source (Well, Spring, Surface Wtr)
	Well #1 E005117	800	Chlorine	41246.3	Well
	Well #1 E005118	0	Chlorine	back-up	Well
*	Well #3 D0040131	600	Chlorine	50833.1	Well

3 System Storage:

Storage Designation or Location	Total Capacity 000's Gal.	Usable Capacity 000's Gal.	Type of Reservoir (Elevated,Pres-urized, Boosted)	Construction (Wood, Steel Concrete)
Storage tank 1/4 mile west of wells	315000	315000	Elevated	Concrete
2 storage tanks 1 mile west of wells	20000	20000	buried	Steel
4 storage tanks 1 mile west of wells	12000	12000	buried	Concrete

(Duplicate form and attach if necessary. Asterisk facilities added this year.)

Name: CDS Stoneridge Utilities, LLC

SYSTEM ENGINEERING DATA
(continued)
For Year Ended 31-Dec-08

4 Pump information for ALL system pumps, including wells and boosters.

	Designation or Location & Type of Pump**	Horse Power	Rated Capacity (gpm)	Discharge Pressure (psi)	Energy Used This Year
	Pump #1 line shaft turbine	125	1000	115	69798kwh
	Pump #1 line shaft turbine	0	0	0	backup
*	Pump #3 submersible	100	600	115	69798kwh

**** Submit pump curves unless previously provided or unavailable. Asterisk facilities added this year. Attach additional sheets if inadequate space is available on this page.**

5 If Wells are metered:
- What was the total amount pumped this year? 92.1 million gall
- What was the total amount pumped during peak month? 26.9 million gall
- What was the total amount pumped on the peak day? .90 million gallo

6 If customers are metered, what was the total amount sold in peak month? 21.1 million gall

7 Was your system designed to supply fire flows? yes
If Yes: What is current system rating? 5

8 How many times were meters read this year? 7
During which months? April to October

9 How many additional customers could be served with no system improvements except a service line and meter? 720
How many of those potential additions are vacant lots? 504

10 Are backbone plant additions anticipated during the coming year? no
If Yes, attach an explanation of projects and anticipated costs!

11 In what year do you anticipate that the system capacity (supply, storage or distribution) will have to be expanded? 2008/2009

Name: CDS Stoneridge Utilities, LLC

SYSTEM ENGINEERING DATA
(continued)

For Year Ended 31-Dec-08

FEET OF MAINS

1 Pipe Size	In Use Beginning Of Year	Installed During Year	Abandoned During Year	In Use End of Year
10"	1355'			1355'
8"	11390'			11,390'
6"	11,550'			11,550'
4"	9500			9500'
3"	27,900'			27,900'
2"	4250'			4250'
12"	100'			100'

66045

CUSTOMER STATISTICS

		Number of Customers		Thousands of Gallons Sold	
		This Year	Last Year	This Year	Last Year
2	Metered:				
2A	Residential	313	366	24,525	66,795
2B	Commercial	15	8	54,117	52,505
2C	Industrial				
3	Flat Rate:				
3A	Residential				
3B	Commercial				
3C	Industrial				
4	Private Fire Protection				
5	Public Fire Protection				
6	Street Sprinkling				
7	Municipal, Other				
8	Other Water Utilities				
	TOTALS (Add lines 2 through 8)	374	193	78,642	119,300

CERTIFICATE

State of ~~Idaho~~ Utah)
) ss
County of Salt Lake)

WE, the undersigned Dean Allara
and Kevin Anderson
of the CDS Stoneridge Utilities
utility, on our oath do severally say that the foregoing report has been prepared under our direction, from the original books, papers and records of said utility; that we have carefully examined same, and declare the same to be a correct statement of the business and affairs of said utility for the period covered by the report in respect to each and every matter and thing therin set forth, to the best of our knowledge, information and belief.

(Chief Officer)

Kevin Anderson
(Officer in Charge of Accounts)

Subscribed and Sworn to Before Me

this 2nd day of April, 2009

Devanie L Mensah
NOTARY PUBLIC

DEVANIE LEA MENSAH
NOTARY PUBLIC-STATE OF UTAH
5296 S. COMMERCE DR. #175
SALT LAKE CITY, UT 84107
COMM. EXP. 06-01-2012

My Commission Expires 6-1-2012

gdk/excel/jnelson/anulrpts/wtrannualrpt

Addendum to item #11

CDS Stoneridge Partners
This entity is a major equity holder of Stoneridge Utilities, Land and Golf
The ownership consists of several limited partners with Dean Allara, Chris Young, and Dan Stanger as general partners

CDS Stoneridge Land
This is a sister company of Stoneridge Utilities and is owned by CDS Stoneridge Partners

CDS Stoneridge Golf
This is a sister company of Stoneridge Utilities and is owned by CDS Stoneridge Partners

These entities all have the same addresses as that of Stoneridge Utilities.
They provide administrative, management and financial services to Stoneridge Utilities.

Stoneridge Water Company
P.O. Box 298, Blanchard, ID 83804
Phone: (208) 437-2180 Fax: (208) 437-2181

Summary of Rules

To Our Water Customers:
This is a summary of the rules for service for all Stoneridge Water Company customers as determined by the Idaho Public Utilities Commission (IPUC). These rules cover the rights and responsibilities of the Customer and the Utility. Please review the new approved rate schedule under "Notification and Billing."

If you have any questions concerning this information please contact us or you can directly contact the IPUC, P.O. Box 83720, Boise, ID 83720-0074, 1-800-432-0369.

TERMINATION WITH PRIOR NOTICE

With proper customer notice Stoneridge Water Company may deny or terminate water service for one of the following reasons:

1. Non-payment of a past due bill or payment of a past due bill with an NSF check.
2. Failure to honor the terms of a payment arrangement.
3. Obtaining service by false identity.
4. Refusing to allow access to the water meter shut-off valve.
5. Willfully wasting service through improper equipment or otherwise.
6. Failure to apply for service.

TERMINATION WITHOUT PRIOR NOTICE

Stoneridge Water Company may deny or terminate water service without notice for one of the following reasons:

1. A situation exists that is immediately dangerous to life, physical safety or property.
2. To prevent a violation of federal, state or local safety or health codes.
3. Service is obtained, diverted or used without the authorization of Stoneridge Water Company.
4. Stoneridge Water Company has diligently attempted to notify you of termination and has been unable to contact you.
5. If ordered by any court, The Commission or any other duly authorized public authority.

NOTIFICATION AND BILLING

1. Meters will be read on the first business day of each month (weather providing). Bills will be sent out by the 10th with payment due by the 25th of each month. The basic monthly fee is determined by meter size and is as follows:
   a.) 0.75" - $24.00 per month; 1.00" - $42.67 per month; 1.50" - $96.00 per month; 2.00" - $170.67 per month; 2.50" - $266.67 per month; 3.00" - $384.00 per month; 4.00" - $682.67 per month; and 6.00" - $1,536.00 per month. The commodity charge is $0.79/1,000 gallons, with the exception of the Golf Course whose charge is $0.71/1,000 gallons. This reflects a 10% discount because of its interruptible, off-peak usage capabilities.

b.) In addition, Happy Valley Ranchos Water Customers and other customers connected to that part of the water system shall pay a surcharge of $16.83 per month for loan costs.

2. A billing will be considered past due (60) days after the billing date. A written Initial Notice must be mailed at least (7) seven days before the proposed termination date. A written Final Notice will be mailed on the expiration date of the Initial Notice. There will be a Grace Period of (7) seven days after the Final Notice has been mailed.
3. At least (24) twenty-four hours before the service is terminated a notice will be left at the property advising you of the steps needed to have services restored.
4. When the (24) twenty-four hour period has ended another attempt will be made to contact you in person or by telephone before service is terminated.
5. Only a (24) twenty-four hour notice is required if you do not make an initial payment according to the payment arrangement or the initial payment is not honored by the bank.

PAYMENT ARRANGEMENTS AND SPECIAL CIRCUMSTANCES

If you cannot pay your billing in full or you receive a notice of termination, please call our office at (208) 437-2180. Payment arrangements can be made to avoid termination of service. If you cannot pay your bill and a member of your household is seriously ill or there is a medical emergency, Stoneridge Water Company will postpone termination of service for (30) thirty days. A written certification is required from a licensed physician or public health official stating the name of the person who is ill, and the name, title and signature of the person certifying the serious illness or medical emergency.

COMPLAINT PROCEDURES

If at any time you have a complaint concerning the termination of service, policies and practices or any other matter regarding our service please contact Stoneridge Water Company, in person, by telephone or in writing. Your complaint will be investigated promptly and thoroughly. You will be notified orally or in writing the results of the investigation and we will make every effort to resolve the complaint. If you are dissatisfied with the proposed resolution of your complaint, you may ask the IPUC to review the matter. Your request may be done orally or in writing. Your service will not be disconnected while the complaint is being investigated by the utility or the IPUC.

RESTRICTION OF TERMINATION OF SERVICE

Service will not be disconnected on Friday after 12:00 noon or on a Saturday, Sunday, Legal Holidays recognized by the state of Idaho, or after 12:00 noon on any day immediately before any legal holiday. Service will only be terminated between the hours of 8:00am and 4:00pm. The employee sent to the premises to terminate service will identify himself/herself to you and state the purpose of the visit. This person is authorized to accept payment in full.

HOOK-UP

The company reserves the right to deny hook-ups during the winter months due to adverse weather conditions. New hook-ups will be scheduled as soon as weather conditions permit.

HOOK-UP CHARGES AND MONTHLY FEES

A one time hook-up charge of $1,200.00 will be paid in advance for any new service hook-up. The extra costs of any out-of-the-ordinary circumstances requiring additional equipment or special construction techniques involved in the installation of a new service connection will be agreed to in advance and put into writing by the customer and the company. Only one residence per hook-up is allowed. Any irrigation usage will now be metered. The monthly rate is as appears on Page One under "Notification and Billing". Payment is due by the 25th of the month, bills will be considered delinquent by the 30th of the month. Arrangements can be made to pay in advance monthly, quarterly, semi-annually or annually.

RECONNECTION FEE

If water service is terminated, the balance in full, plus a reconnect fee of $18.50 (during office hours) or $33.50 (after hours) is due if reconnection is done within 30-days. After 30-days the reconnect fee is as follows:

METER SIZE:	RECONNECT FEE AFTER 30-DAYS:
0.75	$65.00
1.00	$116.00
1.50	$260.00
2.00	$462.00
2.50	$722.00
3.00	$1,040.00
4.00	$1,849.00
6.00	$4,160.00

NO ONE EXCEPT AN AUTHORIZED AGENT OF THE COMPANY SHALL TAMPER WITH COMPANY'S LOCKING VALVE AND METER.

F.L. Sec 1
STONERIDGE
DW-9918

STATE OF IDAHO
DEPARTMENT OF
ENVIRONMENTAL QUALITY

1410 North Hilton • Boise, Idaho 83706 • (208) 373-0502

C.L. "Butch" Otter, Governor
Toni Hardesty, Director

January 7, 2008

Certified Mail No.: 7000 0520 0016 4834 8293

Mr. Dean Allara
CDS Stoneridge Utilities
520 S. El Camino Real, Suite 330
San Mateo, CA 94402

Re: Drinking Water Loan #DW-9918

Dear Mr. Allara:

This letter is to confirm your receipt of the final disbursement payment of the Utility's drinking water loan with the Department of Environmental Quality and to facilitate the repayment of the Utility's loan. Enclosed you will find the Utility's promissory note, which includes a repayment schedule. The signed promissory note should be returned to Carol Garrison in this office, at the address listed above, by February 7, 2008.

If you have any questions or concerns regarding this note please contact Carol Garrison at (208) 373-0577.

Sincerely,

Barry N. Burnell

Barry N. Burnell
Water Quality Division Administrator

BNB:CG:bmc

Enclosures

c: John Tindall, DEQ Coeur d'Alene Regional Office
Carol Garrison, DEQ State Office
Bill Hart, DEQ State Office
Lori Garza, DEQ State Office

DEQ Loan #DW-9918

PROMISSORY NOTE
DRINKING WATER FACILITY LOAN ACCOUNT

This Promissory Note is executed in conformance with and pursuant to the Drinking Water Loan Contract (DW-9918) entered into between the CDS Stoneridge Utilities (Borrower) and the State of Idaho, Department of Environmental Quality (DEQ).

For value received, CDS Stoneridge Utilities (herein called the "Borrower") promises to pay to the State the principal amount of four hundred thirty eight thousand five hundred dollars ($438,500), plus interest on the unpaid balance at the rate of two percent (2.00%) per annum. The principal and interest of this note shall be repaid in accordance with the Loan Repayment Schedule, which is attached as Appendix A and hereby incorporated by reference. In addition, the Borrower pledges revenue and income of the Borrower's drinking water treatment facility, whether collected or uncollected, in an amount sufficient to repay all principal and interest. The Borrower pledges to establish and maintain a reserve account equal to twenty one thousand nine hundred twenty five dollars($21,925) of principal and interest. The reserve account will be fully funded within five years from the date this note is signed with at least twenty percent of the reserve account funded each year.

Every payment made on any indebtedness evidenced by this note shall be applied first to interest computed to the effective date of the payment and then to principal. Prepayments of scheduled installments, or any portion thereof, may be made only with prior written permission of the State. Refunds and extra payments, after payment of interest, will be applied to the installments last to become due under this note and shall not affect the obligation of the Borrower to pay the remaining installments as scheduled herein.

If the State at any time assigns this note and insures the payment thereof, the Borrower shall continue to make payments to the State as collection agent for the holder. No assignment of this note shall be effective unless the Borrower is notified in writing of the name and address of the assignee. The Borrower shall thereupon duly note in its records the occurrence of such assignment, together with the name and address of the assignee.

Any amount advanced or expended by the State for the collection hereof or to preserve or protect any security hereto, or otherwise under the terms of any security or other instrument executed in

connection with the loan evidenced hereby, at the option of the State shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the State without demand.

This note is given as evidence of a loan to Borrower made or insured by the State pursuant to IDAPA 58 Title 1, Chapter 20. This note shall be subject to the present regulations of the State and to its future regulations not inconsistent with the express provisions hereof.

Presentment, protest and notice are hereby waived.

Loan payments shall be sent to:

Idaho Department of Environmental Quality
1410 North Hilton
Boise, Idaho 83706-1253

Dated this 28th day of January 2008.

(SEAL)

CDS Stoneridge Utilities
Name of Borrower

Signature of Borrower's Official

Manager
Title of Borrower's Official

5295 So Commerce Drive #175
P.O. Box or Street Address

Murray Utah 84107
City, State, Zip Cod

ATTEST:

Christine Pease
Signature of Attesting Official

Administrative Clerk
Title of Attesting Official

APPENDIX A

DATE 12-21-07 DEPT OF ENVIRONMENTAL QUALITY RUN 12-21-07 AT 11:03 PAGE 1
AMORTIZATION SCHEDULE

LOAN NUMBER: STONE NAME: STONERIDGE DW-9918
PMT FREQ: 1 YEAR: Y
ORIG-LOAN-DATE: 01-01-08
NEXT-PMT-DATE: 01-01-09
PMT-TYPE: B
CUR-BALANCE: 438,500.00
INTR RATE: 2.0000
NO OF PMTS: 20
PMT AMOUNT: 26,821.38

NO.	PMT-DATE	DAYS	AMOUNT	INTEREST	PRINCIPAL	BALANCE
001	01-01-09	366	26,821.38	8,794.03	18,027.35	420,472.65
		366	26,821.38	8,794.03	18,027.35	
002	01-01-10	365	26,821.38	8,409.45	18,411.93	402,060.72
		365	26,821.38	8,409.45	18,411.93	
003	01-01-11	365	26,821.38	8,041.21	18,780.17	383,280.55
		365	26,821.38	8,041.21	18,780.17	
004	01-01-12	365	26,821.38	7,665.61	19,155.77	364,124.78
		365	26,821.38	7,665.61	19,155.77	
005	01-01-13	366	26,821.38	7,302.45	19,518.93	344,605.85
		366	26,821.38	7,302.45	19,518.93	
006	01-01-14	365	26,821.38	6,892.12	19,929.26	324,676.59
		365	26,821.38	6,892.12	19,929.26	
007	01-01-15	365	26,821.38	6,493.53	20,327.85	304,348.74
		365	26,821.38	6,493.53	20,327.85	
008	01-01-16	365	26,821.38	6,086.97	20,734.41	283,614.33
		365	26,821.38	6,086.97	20,734.41	
009	01-01-17	366	26,821.38	5,687.83	21,133.55	262,480.78
		366	26,821.38	5,687.83	21,133.55	
010	01-01-18	365	26,821.38	5,249.62	21,571.76	240,909.02
		365	26,821.38	5,249.62	21,571.76	
011	01-01-19	365	26,821.38	4,818.18	22,003.20	218,905.82
		365	26,821.38	4,818.18	22,003.20	

APPENDIX A

NO.	PMT-DATE	DAYS	AMOUNT	INTEREST	PRINCIPAL	BALANCE
012	01-01-20	365	26,821.38	4,378.12	22,443.26	196,462.56
		365	26,821.38	4,378.12	22,443.26	
013	01-01-21	366	26,821.38	3,940.02	22,881.36	173,581.20
		366	26,821.38	3,940.02	22,881.36	
014	01-01-22	365	26,821.38	3,471.62	23,349.76	150,231.44
		365	26,821.38	3,471.62	23,349.76	
015	01-01-23	365	26,821.38	3,004.63	23,816.75	126,414.69
		365	26,821.38	3,004.63	23,816.75	
016	01-01-24	365	26,821.38	2,528.29	24,293.09	102,121.60
		365	26,821.38	2,528.29	24,293.09	
017	01-01-25	366	26,821.38	2,048.03	24,773.35	77,348.25
		366	26,821.38	2,048.03	24,773.35	
018	01-01-26	365	26,821.38	1,546.96	25,274.42	52,073.83
		365	26,821.38	1,546.96	25,274.42	
019	01-01-27	365	26,821.38	1,041.48	25,779.90	26,293.93
		365	26,821.38	1,041.48	25,779.90	
020	01-01-28	365	26,819.81	525.88	26,293.93	
		365	26,819.81	525.88	26,293.93	
		7305	536,426.03	97,926.03	438,500.00	

STATE OF IDAHO
DEPARTMENT OF
ENVIRONMENTAL QUALITY

2110 Ironwood Parkway • Coeur d'Alene, Idaho 83814 • (208) 769-1422

C.L. "Butch" Otter, Governor
Toni Hardesty, Director

May 12, 2008

Keith Rusho, Operator
Stoneridge Water Supply System
PO Box 298
Blanchard, ID 83804

RE: **Sanitary Survey of Stoneridge Water System, PWS ID1090009**

Dear Mr. Rusho:

Thank you for your assistance in conducting a survey of the Stoneridge public water supply system. The Stoneridge water system was found to be in compliance with the Rules for Public Drinking Water Systems. The recent renovation of the water system and the connection of the Happy Valley water system were well done. We did, however, note six deficiencies during the inspection. They were:

1. There was no well log for well #1.
2. A well vent needs to be installed in the pedestal of well 1.
3. All threaded taps in all water supply related buildings and facilities must be protected by atmospheric vacuum breakers.
4. The chlorine solution tanks in the pump house near the wells and the pump house serving the Happy Valley service area must be vented to the outdoors, and all penetrations into the solution tanks must be sealed.
5. Provisions must be made for eye washing and protection during filling of the chemical solution tanks.
6. There is a written cross connection control program but no annual inspections were performed. There were no records of inspections of individual cross connection control devices on file in the utility office.

The procedure for addressing these deficiencies is to create a Plan of Correction (POC). This is a document that lists the deficiencies that were noted by DEQ, how you intend to remedy them, and the dates of remediation. This POC must be sent to DEQ within 45 days of the date of this letter.

I would like to take this opportunity to thank you for your assistance during the survey. If you have any questions or comments about the survey report, please do not hesitate to contact me at (208) 769-1422.

Sincerely,

Anthony P Davis
Analyst

c: Steve Tanner, DEQ/CDA
Laura Williams, 364 Stoneridge, Blanchard, ID 83804

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

May 29, 2008

State of Idaho
Department of Environmental Quality
2110 Ironwood Parkway
Coeur d'Alene, ID 83814
Attn: Anthony Davis

Hello Tony

Enclosed you will find StoneRidge Water System's Plan of Correction in response to the Sanitary Survey letter received May 13th.

We hope that our responses are adequate and acceptable.

We have asked for a 1-yr. extension on Item #6 dealing with backflow/cross connection inspections to give us more time to review our customer base and discover who will need to be notified/advised of the necessary requirements to prevent irrigation backflow/cross connection contamination.

If you have any further questions we can be reached at 208-437-2180, P.O. Box 298, Blanchard, ID or 104 Chatwold, Blanchard, ID.

Regards,

Laura L. Williams
Administrative Assistant
StoneRidge Utility Company

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

State of Idaho
DEQ
2110 Ironwood Parkway
Coeur d'Alene, ID 83814
Attn: Anthony Davis, Analyst

PLAN OF CORRECTION – MAY 2008 – STONERIDGE WATER COMPANY – ID90009

Deficiency #1

There was no well log for well #1

Correction: See Exhibit A – the available well logs from 4/28/05.

Deficiency #2

A well vent needs to be installed in the pedestal of well #1

Correction - Install ½" PVC schedule 40 male adapter silicone fitting to well base and screen off outside fitting.

To be completed by 6/15/08

Deficiency #3

All threaded taps in all water supply related buildings and facilities must be protected by atmospheric vacuum breakers

Correction: Install atmospheric vacuum breakers to all threaded hose bib taps on source pumps meter chlorine building, StoneRidge booster chlorine meter building and Happy Valley Ranchos (HVR) mid-booster pumps building.

To be completed by 6/15/08

Deficiency #4

The chlorine solution tanks in pump house near the wells and the pump house serving Happy Valley Ranchos (HVR) service area must be vented to the outdoors, and all penetrations into the solution tanks must be sealed.

Correction: Seal off top of chlorine solution tanks where chlorine injector hoses enter tanks

Install new vents below lid and hook up vent pipe to exit through the wall to the outside and screen off pipe. Seal hole through the wall.

To be completed by 6/15/08

Deficiency #5

Provisions made for eye washing and protection during filling of chemical solution tanks

Correction: Order two stand alone Porta Stream II eyewash stations and face shields for the source pumps chlorine building and StoneRidge booster chlorine building.

Ordered 5/22/08 – will be installed when they arrive.

To be completed by 7/15/08

Deficiency #6

There's a written cross connection control program but no annual inspections. No record of inspections of individual cross connection control devices on file in the utility office

Per a conversation with Tony Davis, DEQ Analyst, on 5/28/08, StoneRidge Water Company respectfully requests a 1-yr extension on addressing Deficiency #6 due to our need to verify those customers with automatic irrigation systems, both within StoneRidge Golf Club Community and Happy Valley Ranchos (HVR) community. We will need to research and confirm the source of their irrigation water – whether from our well(s), irrigation pond or their private well(s). We will then furnish those customers with a copy of our Backflow Cross Connection Policy and assist them in arranging for testing of the backflow devices by a certified inspector. We will also keep records of all customers with backflow devices and their testing calendars.

We will begin testing of the backflow devices the summer of 2008 and will continue until testing is completed.

Thereafter testing will be done as required by DEQ.

5/29/2008

Exhibit A

Well Logs – 04/28/05

C:\ajmo1\Projects\SR\HVR\Phase II\well\Well Testing.xls

STONERIDGE UTILITIES

WELL #3 TESTING

Step Test

4/28/05

Printed 5/19/2005

4/28/2005	Well #3		Well #2		Well #1	
Time	Flow rate	Water Level	Flow rate	Water Level	Flow rate	Water Level
4:30	0	95.17	0	93.00	1000	na
6:00 PM	150	95.17	0	93.00	1000	na
6:01 PM	150	96.00	0		1000	na
6:02 PM	150	96.00	0		1000	na
6:03 PM	150	94.63	0		1000	na
6:04 PM	150	94.63	0		1000	na
6:05 PM	150	94.63	0	94.00	1000	na
6:06 PM	150	94.63	0		1000	na
6:07 PM	150	94.63	0		1000	na
6:08 PM	150	94.63	0		1000	na
6:09 PM	150	94.63	0		1000	na
6:10 PM	150	94.63	0	93.75	1000	na
6:15 PM	150	94.63	0	93.58	1000	na
6:20 PM	150	94.63	0	92.42	1000	na
6:25 PM	150	94.63	0	93.25	1000	na
6:30 PM	150	94.63	0	93.29	1000	na
6:35 PM	150	94.63	0		1000	na
6:40 PM	150	94.63	0		1000	na
6:45 PM	150	94.63	0		1000	na
6:50 PM	150	94.63	0		1000	na
6:55 PM	150	94.63	0	94.08	1000	na
7:00 PM	450	94.63	0		1000	na
7:01 PM	450	95.88	0		1000	na
7:02 PM	450	95.88	0		1000	na
7:03 PM	450	95.88	0		1000	na
7:04 PM	450	95.88	0		1000	na
7:05 PM	450	95.88	0		1000	na
7:06 PM	450	95.88	0		1000	na
7:07 PM	450	95.88	0		1000	na
7:08 PM	450	95.88	0		1000	na
7:09 PM	450	95.88	0		1000	na
7:10 PM	450	95.88	0		1000	na
7:15 PM	450	95.88	0	94.08	1000	na
7:20 PM	450	95.88	0		1000	na
7:25 PM	450	95.88	0		1000	na
7:30 PM	450	95.88	0		1000	na
7:35 PM	450	95.88	0		1000	na
7:40 PM	450	95.88	0		1000	na
7:45 PM	450	95.88	0	94.08	1000	na
7:50 PM	450	95.88	0		1000	na
7:55 PM	450	95.83	0		1000	na

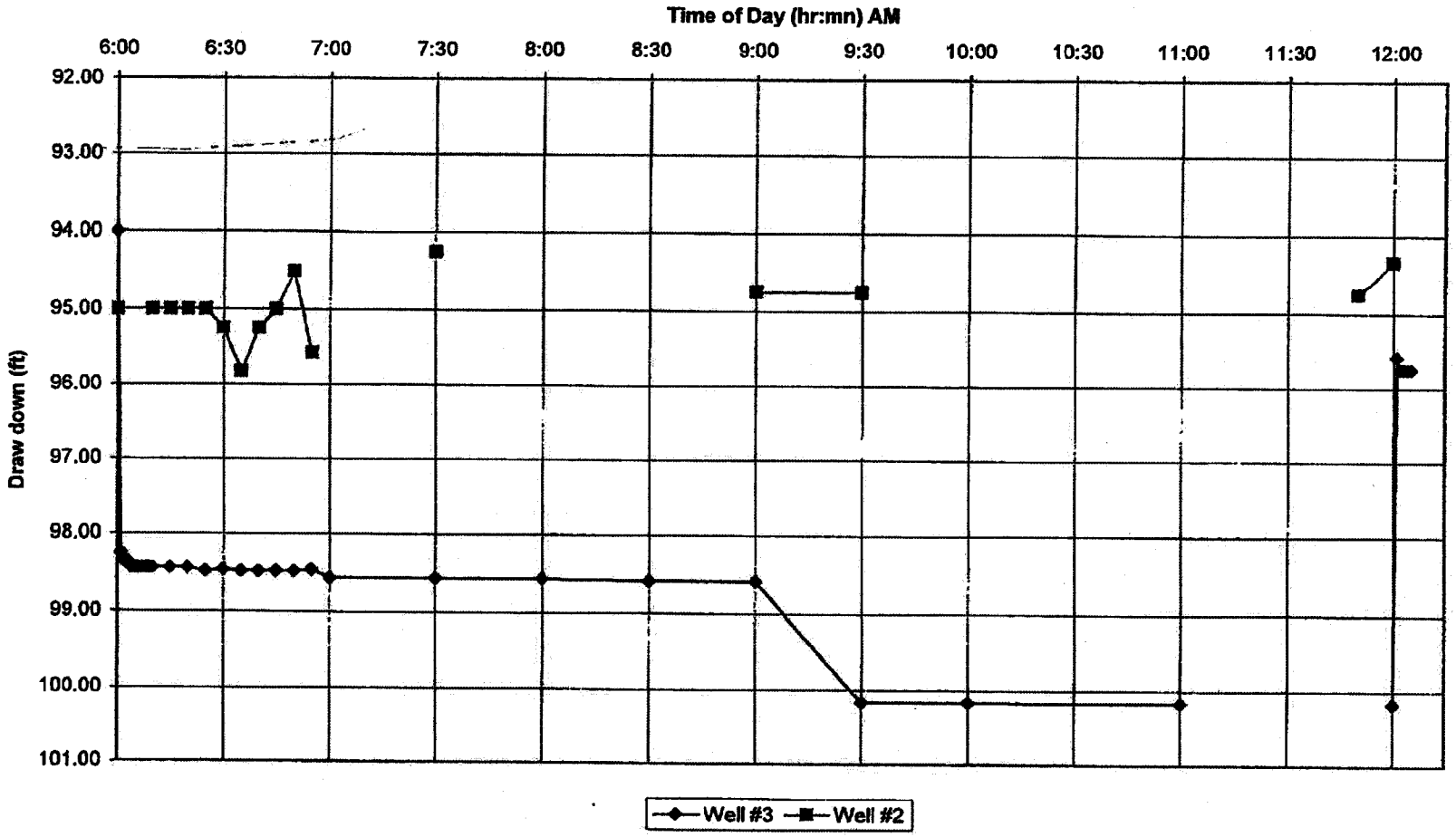
	Well #3		Well #2		Well #1	
Time	Flow rate	Water Level	Flow rate	Water Level	Flow rate	Water Level
8:00 PM	600	96.50	0		1000	na
8:01 PM	600	98.06	0		1000	na
8:02 PM	600	96.71	0		1000	na
8:03 PM	600	96.64	0		1000	na
8:04 PM	600	96.64	0		1000	na
8:05 PM	600	96.66	0		1000	na
8:06 PM	600	96.63	0		1000	na
8:07 PM	600	96.65	0		1000	na
8:08 PM	600	96.65	0		1000	na
8:09 PM	600	96.65	0		1000	na
8:10 PM	600	96.65	0		1000	na
8:15 PM	600	96.65	0	93.04	1000	na
8:20 PM	600	96.65	0		1000	na
8:25 PM	600	96.65	0		1000	na
8:30 PM	600	96.65	0		1000	na
8:35 PM	600	96.65	0		1000	na
8:40 PM	600	96.65	0		1000	na
8:45 PM	600	96.65	0	93.92	1000	na
8:50 PM	600	96.65	0		1000	na
8:55 PM	600	96.65	0		1000	na
9:00 PM	750	97.54	0		1000	na
9:01 PM	750	97.54	0		1000	na
9:02 PM	750	97.58	0		1000	na
9:03 PM	750	97.50	0		1000	na
9:04 PM	750	97.54	0		1000	na
9:05 PM	750	97.54	0		1000	na
9:06 PM	750	97.54	0		1000	na
9:07 PM	750	97.54	0		1000	na
9:08 PM	750	97.54	0		1000	na
9:09 PM	750	97.54	0		1000	na
9:10 PM	750	97.54	0		1000	na
9:15 PM	750	97.54	0	95.00	1000	na
9:20 PM	750	97.54	0		1000	na
9:25 PM	750	97.54	0		1000	na
9:30 PM	750	97.54	0		1000	na
9:35 PM	750	97.54	0		1000	na
9:40 PM	750	97.54	0		1000	na
9:45 PM	750	97.54	0	95.00	1000	na
9:50 PM	750	97.54	0		1000	na
9:55 PM	750	97.54	0		1000	na
10:00 PM	750	97.54	0		1000	na
10:01 PM	0	93.17	0		1000	na
10:02 PM	0	94.00	0		1000	na
10:03 PM	0	94.00	0		1000	na
10:04 PM	0	94.00	0		1000	na

JAMES A SEWELL AND ASSOCIATES
Counseling Engineers

9 S Washington Suite 708
Spokane, Washington

STONERIDGE UTILITIES
WELL #3 TESTING
150% Flow Rate Chart

920 GPM Flow Rate



JAMES A SEWELL AND ASSOCIATES
Consulting Engineers

9 S Washington Suite 708
Spokane, Washington

STONERIDGE UTILITIES

WELL #3 TESTING

Step Test

4/28/05

4/28/2005	Well #3		Well #2		Well #1	
Time	Flow rate	Water Level	Flow rate	Water Level	Flow rate	Water Level
4:30	0	95.17	0	93.00	1000	na
6:00 PM	150	95.17	0	93.00	1000	na
6:01 PM	150	96.00	0		1000	na
6:02 PM	150	96.00	0		1000	na
6:03 PM	150	94.63	0		1000	na
6:04 PM	150	94.63	0		1000	na
6:05 PM	150	94.63	0	94.00	1000	na
6:06 PM	150	94.63	0		1000	na
6:07 PM	150	94.63	0		1000	na
6:08 PM	150	94.63	0		1000	na
6:09 PM	150	94.63	0		1000	na
6:10 PM	150	94.63	0	93.75	1000	na
6:15 PM	150	94.63	0	93.58	1000	na
6:20 PM	150	94.63	0	92.42	1000	na
6:25 PM	150	94.63	0	93.25	1000	na
6:30 PM	150	94.63	0	93.29	1000	na
6:35 PM	150	94.63	0		1000	na
6:40 PM	150	94.63	0		1000	na
6:45 PM	150	94.63	0		1000	na
6:50 PM	150	94.63	0		1000	na
6:55 PM	150	94.63	0	94.08	1000	na
7:00 PM	450	94.63	0		1000	na
7:01 PM	450	95.88	0		1000	na
7:02 PM	450	95.88	0		1000	na
7:03 PM	450	95.88	0		1000	na
7:04 PM	450	95.88	0		1000	na
7:05 PM	450	95.88	0		1000	na
7:06 PM	450	95.88	0		1000	na
7:07 PM	450	95.88	0		1000	na
7:08 PM	450	95.88	0		1000	na
7:09 PM	450	95.88	0		1000	na
7:10 PM	450	95.88	0		1000	na
7:15 PM	450	95.88	0	94.08	1000	na
7:20 PM	450	95.88	0		1000	na
7:25 PM	450	95.88	0		1000	na
7:30 PM	450	95.88	0		1000	na
7:35 PM	450	95.88	0		1000	na
7:40 PM	450	95.88	0		1000	na
7:45 PM	450	95.88	0	94.08	1000	na
7:50 PM	450	95.88	0		1000	na
7:55 PM	450	95.83	0		1000	na

	Well #3		Well #2		Well #1	
Time	Flow rate	Water Level	Flow rate	Water Level	Flow rate	Water Level
8:00 PM	600	96.50	0		1000	na
8:01 PM	600	98.06	0		1000	na
8:02 PM	600	96.71	0		1000	na
8:03 PM	600	96.64	0		1000	na
8:04 PM	600	96.64	0		1000	na
8:05 PM	600	96.66	0		1000	na
8:06 PM	600	96.63	0		1000	na
8:07 PM	600	96.65	0		1000	na
8:08 PM	600	96.65	0		1000	na
8:09 PM	600	96.65	0		1000	na
8:10 PM	600	96.65	0		1000	na
8:15 PM	600	96.65	0	93.04	1000	na
8:20 PM	600	96.65	0		1000	na
8:25 PM	600	96.65	0		1000	na
8:30 PM	600	96.65	0		1000	na
8:35 PM	600	96.65	0		1000	na
8:40 PM	600	96.65	0		1000	na
8:45 PM	600	96.65	0	93.92	1000	na
8:50 PM	600	96.65	0		1000	na
8:55 PM	600	96.65	0		1000	na
9:00 PM	750	97.54	0		1000	na
9:01 PM	750	97.54	0		1000	na
9:02 PM	750	97.58	0		1000	na
9:03 PM	750	97.50	0		1000	na
9:04 PM	750	97.54	0		1000	na
9:05 PM	750	97.54	0		1000	na
9:06 PM	750	97.54	0		1000	na
9:07 PM	750	97.54	0		1000	na
9:08 PM	750	97.54	0		1000	na
9:09 PM	750	97.54	0		1000	na
9:10 PM	750	97.54	0		1000	na
9:15 PM	750	97.54	0	95.00	1000	na
9:20 PM	750	97.54	0		1000	na
9:25 PM	750	97.54	0		1000	na
9:30 PM	750	97.54	0		1000	na
9:35 PM	750	97.54	0		1000	na
9:40 PM	750	97.54	0		1000	na
9:45 PM	750	97.54	0	95.00	1000	na
9:50 PM	750	97.54	0		1000	na
9:55 PM	750	97.54	0		1000	na
10:00 PM	750	97.54	0		1000	na
10:01 PM	0	93.17	0		1000	na
10:02 PM	0	94.00	0		1000	na
10:03 PM	0	94.00	0		1000	na
10:04 PM	0	94.00	0		1000	na

9 S Washington Suite 708
Spokane, Washington

JAMES A SEWELL AND ASSOCIATES
Counseling Engineers

C:\ajmo1\Projects\SR\HVR\Phase II\well\Well Testing.xls

Printed 5/19/2005

STONERIDGE UTILITIES

WELL #3 TESTING

150% Flow RateTest

4/29/05

4/29/05 Time	Well #3 Flow rate	Well #3 Water Level	Well #2 Flow rate	Well #2 Water Level	Well #1 Flow rate	Well #1 Water Level
6:00 AM	920	94.00	0	95.00	1000	na
6:01 AM	920	98.25	0		1000	na
6:02 AM	920	98.36	0		1000	na
6:03 AM	920	98.35	0		1000	na
6:04 AM	920	98.44	0		1000	na
6:05 AM	920	98.44	0		1000	na
6:06 AM	920	98.44	0		1000	na
6:07 AM	920	98.44	0		1000	na
6:08 AM	920	98.44	0		1000	na
6:09 AM	920	98.44	0		1000	na
6:10 AM	920	98.44	0	95.00	1000	na
6:15 AM	920	98.44	0	95.00	1000	na
6:20 AM	920	98.44	0	95.00	1000	na
6:25 AM	920	98.48	0	95.00	1000	na
6:30 AM	920	98.46	0	95.25	1000	na
6:35 AM	920	98.48	0	95.83	1000	na
6:40 AM	920	98.48	0	95.25	1000	na
6:45 AM	920	98.48	0	95.00	1000	na
6:50 AM	920	98.48	0	94.50	1000	na
6:55 AM	920	98.46	0	95.58	1000	na
7:00 AM	920	98.56	0		1000	na
7:30 AM	920	98.56	0	94.25	1000	na
8:00 AM	920	98.56	0		1000	na
8:30 AM	920	98.58	0		1000	na
9:00 AM	920	98.58	0	94.75	1000	na
9:30 AM	920	100.17	0	94.75	1000	na
10:00 AM	920	100.17	0		1000	na
11:00 AM	920	100.17	0		1000	na
11:50 AM	920		0	94.75	1000	na
12:00 PM	920	100.17	0	94.33	1000	na
12:01 PM	0	95.58	0		1000	na
12:02 PM	0	95.75	0		1000	na
12:03 PM	0	95.75	0		1000	na
12:04 PM	0	95.75	0		1000	na
12:05 PM	0	95.75	0		1000	na

JAMES A SEWELL AND ASSOCIATES
Consulting Engineers

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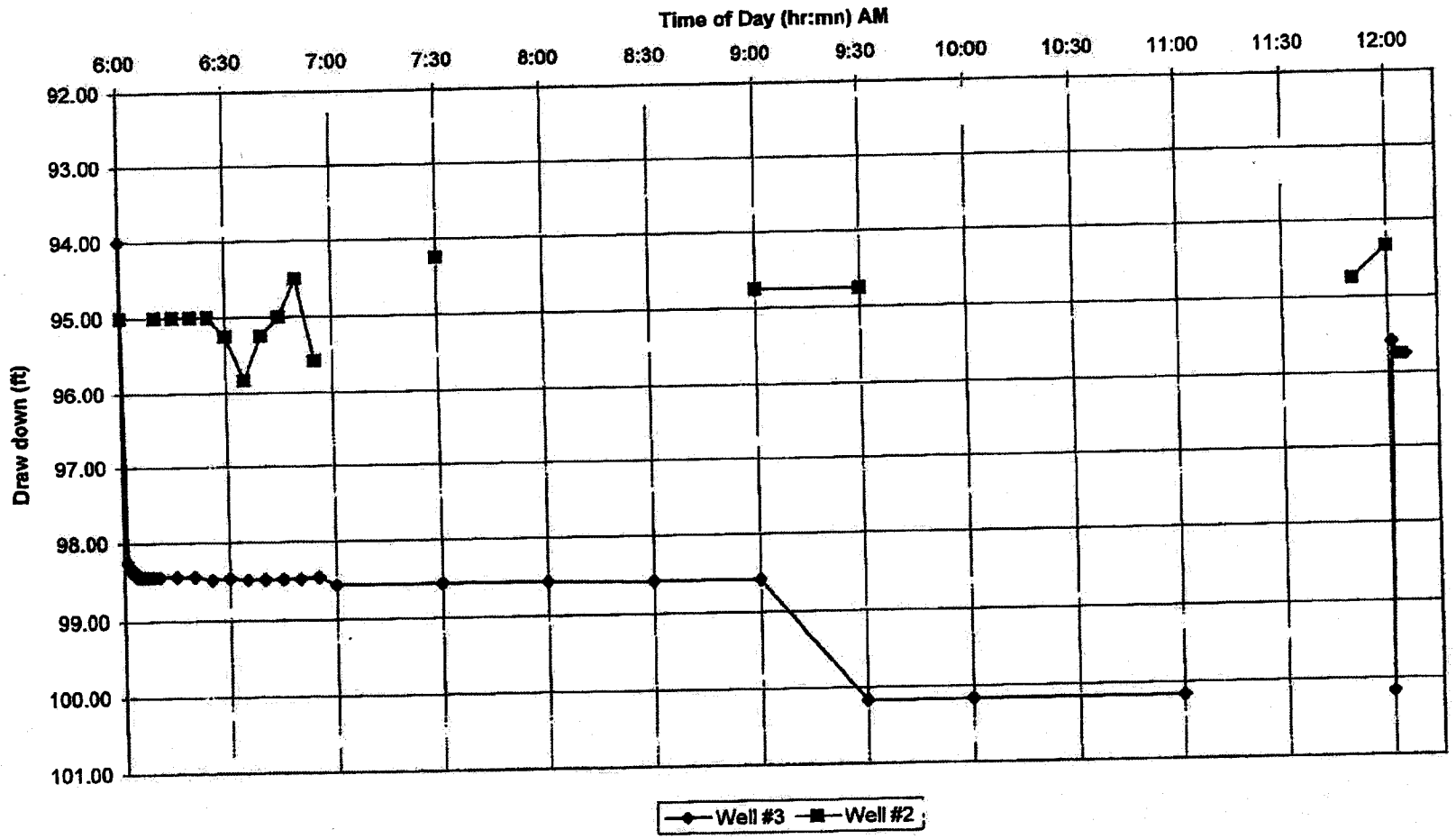
Spokane Washington

C:\ajmo1\Projects\SR\HVR\Phase II\well\Well Testing.xls

Printed 5/19/2005

STONERIDGE UTILITIES
WELL #3 TESTING
150% Flow Rate Chart

920 GPM Flow Rate



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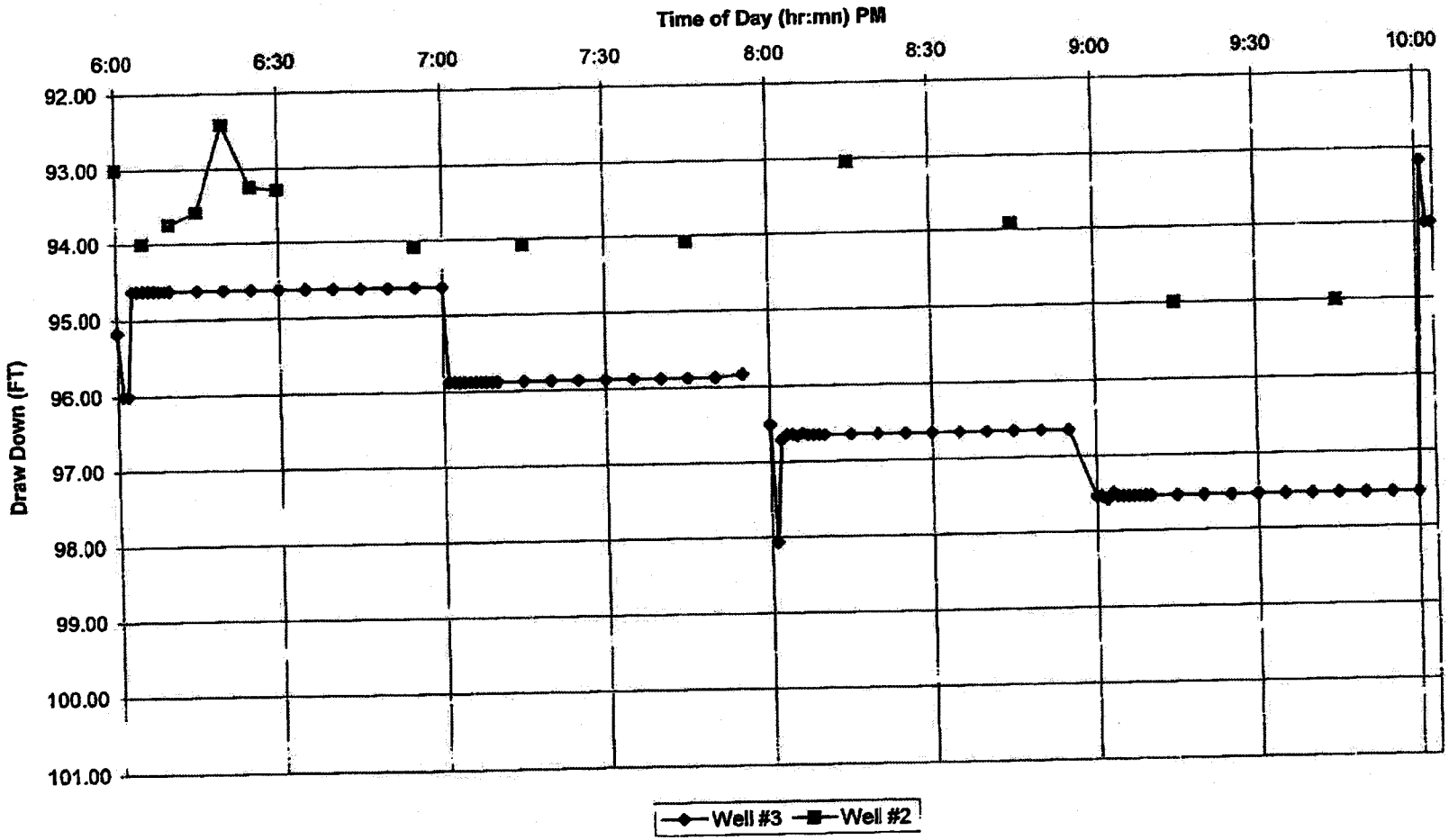
Spokane, Washington

C:\ajmo1\Projects\SR\HVR\Phase II\well\Well Testing.xls

Printed 5/19/2005

STONERIDGE UTILITIES
WELL #3 TESTING
Step Test Chart

150, 450, 600 & 750 GPM Flow Rate



JAMES A SEWELL AND ASSOCIATES
Consulting Engineers

9 S Washington Suite 708
Spokane, Washington

Form 238-7
11/97

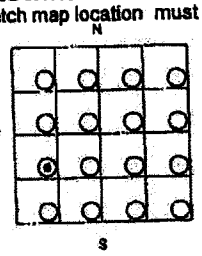
IDAHO DEPARTMENT OF WATER RESOURCES
WELL DRILLER'S REPORT

OFFICE USE ONLY
Inspected by
Twp. ____ Rge. ____ Sec ____
____ 1/4 ____ 1/4 ____ 1/4
Lat. : : Long : :

1. WELL TAG NO. D 0040131
DRILLING PERMIT NO. ____
Other IDWR No. ____

2. OWNER
Name STONERIDGE
Address P.O. BOX 280 364 STONERIDGE ROAD
City BLANCHARD State ID Zip 83804

3. LOCATION OF WELL by legal description
Sketch map location must agree with written location.



Twp. 54 North ◉ or South ○
Rge. 5 East ○ or West ◉
Sec. 20 ____ 1/4 NW 1/4 SW 1/4
Gov't Lot ____ County BONNER
Lat. : :
Long : :

Address of Well on golf course
between # 11 tee and # 18 fairway City Blanchard
(Give at least name of road + Distance to Road or Landmark)

Lt. ____ Blk. ____ Sub. Name ____

4. Use
○Domestic ◉Municipal ○Monitor ○Irrigation
○Thermal ⊙Injection ○Other ____

5. TYPEOF WORK check all that apply (Replacement etc.)
◉New Well ⊙ Modify ○Abandonment ⊙Other ____

6. DRILL METHOD
◉Air Rotary ○Cable Tool ○Mud Rotary ⊙Other ____

7. SEALING PROCEDURES

SEAL / FILTER PACK Material	From	To	AMOUNT Sacks or pounds	Method
Bentonite Holeplug	0	30'	1250 lbs	Temp Case

Was drive shoe used? ◉ Y ○ N Shoe Depths(s) 124'
Was drive shoe seal tested? ○ Y ◉ N How? N/A

8. Casing / Liner

Diameter	From	To	Gauge	Material	Casing	Liner	Welded	Threaded
10"	+1	124'	0.375	STEEL	◉	○	◉	○
					○	○	○	○
					○	○	○	○
					○	○	○	○

Length of Headpipe 12" Length of Tailpipe N/A

9. PERFORATIONS / SCREENS
Perforations Method N/A
Screens Screen Type JOHNSON

From	To	Slot Size	Number	Diameter	Material	Casing	Liner
125'	145'	40		10"	Stainless	○	○
						○	⊙
						○	⊙

10. STATIC WATER LEVEL OR ARTESIAN PRESSURE
94 ft. below ground Artesian pressure N/A lb.
Depth flow encountered N/A ft. Describe access port or control devices: N/A

11. WELL TESTS
◉Pump ○Bailer ○Air ⊙Flowing

Yield Gal. / Min.	Drawdown	Pumping Level	Time
920	6' 2"	120	6 hours

Water Temp. 51 Bottom Hole Temp. N/A
Water Quality test or comments: CLEAR
Depth first Water 94'

12. LITHOLOGIC LOG: (Describe repairs or abandonment)

Bore Dia.	From	To	Remarks: Lithology, Water Quality & Temperature	Water Y	Water N
14	0	24	SAND GRAVEL - CLAY LENSES BR		✓
14	24	30	CLAY - BROWN		✓
10	30	36	CLAY - BROWN	✓	
10	36	145	SANDY GRAVEL		

Completed Depth 144' 8" (Measurable)
Date Started 4-21-05 Completed 4-29-05

13. DRILLER'S CERTIFICATION
I/we certify that all minimum well construction standards were completed with at the time the rig was removed.
Company Name Intermountain Drilling Firm No. 513
Firm Official ____ Date 5-2-05
and
Driller or Operator ____ Date 5-2-05
(Signature of Firm Official & Operator)

Stone Ridge
New 10" Well

4 HOUR STEP TEST

SWL 95' 2"

	150 GPM		450 GPM		600 GPM		750 GPM
6:00 PM	95' 2"	7:00 PM	94' 7 1/2"	8:00 PM	96' 6"	9:00 PM	97' 6 1/2"
6:01 PM	96' 0"	7:01 PM	95' 10 1/2"	8:01 PM	98' 3/4"	9:01 PM	97' 6 1/2"
6:02 PM	96' 0"	7:02 PM	95' 10 1/2"	8:02 PM	96' 8 1/2"	9:02 PM	97' 7"
6:03 PM	94' 7 1/2"	7:03 PM	95' 10 1/2"	8:03 PM	96' 7 5/8"	9:03 PM	97' 6"
6:04 PM	94' 7 1/2"	7:04 PM	95' 10 1/2"	8:04 PM	96' 7 5/8"	9:04 PM	97' 6 1/2"
6:05 PM	94' 7 1/2"	7:05 PM	95' 10 1/2"	8:05 PM	96' 7 7/8"	9:05 PM	97' 6 1/2"
6:06 PM	94' 7 1/2"	7:06 PM	95' 10 1/2"	8:06 PM	96' 7.5"	9:06 PM	97' 6 1/2"
6:07 PM	94' 7 1/2"	7:07 PM	95' 10 1/2"	8:07 PM	96' 7 3/4"	9:07 PM	97' 6 1/2"
6:08 PM	94' 7 1/2"	7:08 PM	95' 10 1/2"	8:08 PM	96' 7 3/4"	9:08 PM	97' 6 1/2"
6:09 PM	94' 7 1/2"	7:09 PM	95' 10 1/2"	8:09 PM	96' 7 3/4"	9:09 PM	97' 6 1/2"
6:10 PM	94' 7 1/2"	7:10 PM	95' 10 1/2"	8:10 PM	96' 7 3/4"	9:10 PM	97' 6 1/2"
6:15 PM	94' 7 1/2"	7:15 PM	95' 10 1/2"	8:15 PM	96' 7 3/4"	9:15 PM	97' 6 1/2"
6:20 PM	94' 7 1/2"	7:20 PM	95' 10 1/2"	8:20 PM	96' 7 3/4"	9:20 PM	97' 6 1/2"
6:25 PM	94' 7 1/2"	7:25 PM	95' 10 1/2"	8:25 PM	96' 7 3/4"	9:25 PM	97' 6 1/2"
6:30 PM	94' 7 1/2"	7:30 PM	95' 10 1/2"	8:30 PM	96' 7 3/4"	9:30 PM	97' 6 1/2"
6:35 PM	94' 7 1/2"	7:35 PM	95' 10 1/2"	8:35 PM	96' 7 3/4"	9:35 PM	97' 6 1/2"
6:40 PM	94' 7 1/2"	7:40 PM	95' 10 1/2"	8:40 PM	96' 7 3/4"	9:40 PM	97' 6 1/2"
6:45 PM	94' 7 1/2"	7:45 PM	95' 10 1/2"	8:45 PM	96' 7 3/4"	9:45 PM	97' 6 1/2"
6:50 PM	94' 7 1/2"	7:50 PM	95' 10 1/2"	8:50 PM	96' 7 3/4"	9:50 PM	97' 6 1/2"
6:55 PM	94' 7 1/2"	7:55 PM	95' 10"	8:55 PM	96' 7 3/4"	9:55 PM	97' 6 1/2"
						10:00 PM	97' 6 1/2"

Flow Meter (Gallons x 100)

6:00 PM	Start	17183
10:00 PM	End	18320

Recovery

10:01 PM	93' 2"
10:02 PM	94'
10:03 AM	94'
10:04 AM	94"

Stone Ridge
New 10" Well

CONSTANT RATE TEST

GPM 920

SWL 94' 0"

6:00 AM	94' 0"
6:01 AM	98' 3"
6:02 AM	98' 4 3/8"
6:03 AM	98' 4 1/4 "
6:04 AM	98' 5 1/4"
6:05 AM	98' 5 1/4"
6:06 AM	98' 5 1/4"
6:07 AM	98' 5 1/4"
6:08 AM	98' 5 1/4"
6:09 AM	98' 5 1/4"
6:10 AM	98' 5 1/4"
6:15 AM	98' 5 1/4"
6:20 AM	98' 5 1/4"
6:25 AM	98' 5 3/4"
6:30 AM	98' 5 1/2 "
6:35 AM	98' 5 3/4"
6:40 AM	98' 5 3/4"
6:45 AM	98' 5 3/4"
6:50 AM	98' 5 3/4"
6:55 AM	98' 5 1/2 "
7:00 AM	98' 5 3/4"
7:30 AM	98' 6 3/4"
8:00 AM	98' 6 3/4"
8:30 AM	98' 7"
9:00 AM	98' 7"
9:30 AM	100' 2"
10:00 AM	100' 2"
11:00 AM	100' 2"
12:00 PM	100' 2"

Flow Meter (Gallons x 100)

6:00 AM	Start	81320
12:00 PM	End	21561

Recovery

12:01 PM	95' 7"
12:02 PM	95' 9"
12:03 PM	95' 9"
12:04 PM	95' 9"
12:05 PM	95' 9"

ATL Accurate Testing Labs, LLC
7950 Meadowlark Way Coeur d'Alene, ID 83815 Phone (208) 762 8378 Fax (208) 762 9082
Web site: www.accuratetesting.com E-mail: info@accuratetesting.com

STATE OF IDAHO
DRINKING WATER COLIFORM BACTERIA ANALYSIS REPORT

Laboratory Director: Walter Mueller
Laboratory Supervisor, Microbiology: Rhena Cooper

Intermountain Drilling
Michele Frachiseur
3419 Hwy 57
Priest River, ID 83856

Lab Sample Number: 54681
Lab Order Number: 2005040382 1

PWS Number:
Water System: Stoneridge
Location: Well #3
County: Bonner
Collected By: Michele Frachiseur
Sample Type: RS-Routine Sample

Date Collected: 04/29/2005
Time Collected: 09:30

Date Received: 04/29/2005
Time Received: 10:27

Method	Analyte	Result	Analysis Date	Analyst
9223B-PA	Total Coliform	**Absent**	04/30/2005	WM
9223B-PA	E. Coli	**Absent**	04/30/2005	WM

NOTES:

IF YOUR RESULT IS "ABSENT": The absence of coliform bacteria indicates that your water is not contaminated with coliform bacteria.

IF YOUR RESULT IS "PRESENT": The presence of coliform bacteria means that your water is contaminated, and may contain disease causing organisms. Contaminated water should not be used for drinking water.

If coliform bacteria are present, an additional test has been run for Escherichia coli bacteria. The result for this test is also reported as being present or absent.

4 DESCRIPTION, OPERATION AND CONTROL OF UNIT OPERATIONS

A Description of process

The source of all the Stoneridge Utilities potable water is the Rathdrum Prairie Aquifer. Source pumps located in a well field lift the water from the Aquifer and pump it to the Stoneridge Storage Tank.

At the well field, the water from the source pumps passes through the Meter Building where the flow is metered, disinfected, and either wasted onto the ground or delivered through the transmission/distribution system to the Stoneridge Storage Tank. The potable water is disinfected by the addition of a solution of sodium hypochlorite. The addition of the chlorine solution is to prevent the growth of pathogens in the water while it is in the water system. The Stoneridge Storage Tank maintains a constant pressure in the lowest pressure zone of the Stoneridge Utilities' water system which serves the Stoneridge development.

The Stoneridge Booster Station draws water from the Stoneridge Storage Tank and pumps the water into the mid level pressure zone. A sodium hypochlorite solution is injected to the water system as the water enters the older HVR portion of the water system. The ability to inject chlorine at the booster station allows the system operator to better maintain the free chlorine residual in the older portion of the system. The mid level pressure zone serves the lower portion of the Happy Valley Ranchos subdivision. The pressure is maintained in the mid level pressure zone by the HVR Mid Level Storage Tanks.

The HVR Mid Level Booster Station draws water from the HVR Mid Level Tanks and pumps the water into the upper pressure zone. The pressure is maintained in the upper level pressure zone by the HVR Upper Level Storage Tanks. The upper level pressure zone serves the homes in the higher portions of the Happy Valley Ranchos subdivision.

B Function of process

i **Stoneridge Source Pumps** – The Stoneridge source pumps lift water out of wells that are located in Section 20 T 54 N, R 5 WBM. The wells are located in the Stoneridge Golf Course between 11th and 18th fairways on property owned by Stoneridge Golf Course LC. The wells are grouped in a well field having a 50 foot radius over the Rathdrum Prairie Aquifer. Currently only wells #1 and #3 are operational. The soil profile starts as a silty loam soil at the surface and grows progressively courser as it gets deeper. The water table is about 95 feet below the surface. The wells were drilled down to the bedrock at a depth of 145 feet. The casing was then pulled back to expose 20 feet of stainless steel screen. Well #1 has a 12 in steel casing, a line shaft driven turbine pump that is lubricated with vegetable oil. The pump is driven by a 125 horsepower hollow shaft 480 volt electric motor that starts across the line. Well #2 is not in production at this time because the plastic screen has collapsed, prohibiting setting the pump below the bottom of the steel casing.

Well #3 has a 10 inch steel casing, and a submersible pump and motor. The pump is driven by a 100 horse submersible 480 volt electric motor that has a soft start to slowly speed up and slow down the pump. The wells draw water from the edge of the Rathdrum Prairie Aquifer. The three wells are located in a nearly straight line. Well #1 is 55 feet east of well #2 and well #3 is located 60 feet west of well #2. The capacity of the Rathdrum Prairie Aquifer is so large at this point that when flow testing Well #3, the depth measurements at well #2 varied about 12 inches when well #1 started operation. The pumps move the water from the Rathdrum Prairie Aquifer to the Meter Building.

ii **Metering and Disinfection** – The source pumps move the water from below the ground surface to the meter building. Each well source is piped individually to a main manifold. Each individual piping run contains a flow switch to determine if there is flow in that line, a meter that shows the instantiations flow rate and a cumulative counter to show the total amount of water that has been pumped, an injection point for the chlorine solution, and an isolation valve. There are three individual pipes, one for each source well. The water flows from the individual pipes into a main manifold. Each end of the manifold exits the meter building in a different direction. One end goes to a dead end line that ends with a fire hydrant just outside the building. This exit provides a way to blow off well water without the water entering the potable water system. The other end of the manifold has an isolation valve and then leaves the building and is connected to the distribution/transmission system to the Stoneridge Storage Tank. When the isolation valve is shut, the water from any well can be wasted through the hydrant, never entering the potable water system. Also coming off the manifold is a two inch line that feeds the local irrigation system within 100 feet of the well field. There is no separate chlorine contact facility, though at this time the nearest connection is about 5 minutes away (1000 ft of 10" pipe @ 800 gpm). The potable water system is protected from irrigation water backflow with a reduced pressure backflow preventer.

iii **Stoneridge Storage Tank** – Water is pumped from the wells, through the Meter Building to the Stoneridge Storage Tank through the distribution/transmission system of looped pipes that end in a single 1500 feet long 10 inch transmission line to the tank. The tank is a semi buried cast in place concrete tank having a capacity of 315,000 gallons. The tank is 58.0 feet in diameter and 16' 6" feet tall with a single cast in place center column. The tank has single access hatch in roof. The pump control sensors are suspended from the roof of the tank.

iv **Stoneridge Booster Station** – The Stoneridge Booster Station was constructed in 2004 to provide service to the adjacent HVR water system. The HVR water system had been constructed about 20 years earlier to serve the HVR subdivision and was run by the HVR home owners. The HVR water system was taken over by Stoneridge Utilities in 2004 and the Stoneridge Booster Station was constructed to supply water to the HVR system. The

HVR water system abandoned the HVR source wells at the time of the construction of the Stoneridge Booster Station. The Stoneridge Booster Station is located physically next to the Stoneridge Storage Tank on the tank lot. The Stoneridge Booster Station is vertically located a few feet below the bottom of the Stoneridge Storage Tank. The Stoneridge Booster Station intake line is connected to the main pipe line to the tank. The booster station has two vertical turbine pumps in cans with 15 horsepower air cooled motors positioned in parallel with room in the building for a third pump. The pumps are driven with 3 phase variable frequency drives (VFD) that provide soft start and stop capability to minimize water hammering in the system. The VFDs take 1 phase power and change it to 3 phase power to run the motors. To provide fire flow to a hydrant at the base of the HVR subdivision, a bypass check valve is connected in parallel with the booster pumps. The booster pumps have a combined pumping capacity of 300 gpm. In the event that the fire hydrant is opened, the check valve will open and allow a flow of 1000 gpm to the hydrant at a reduced pressure. Each of the parallel pump loops contain the pump, a meter to show the instantaneous flow rate and total amount pumped. The pump controller automatically turns on a solution pump that injects a sodium hypochlorite solution into the water system as the water leaves the building. The two solution pumps are positioned on the wall over a fifty gallon day tanks. As the water leaves the building it passes an air relief valve that would eject air that has come out of solution when being pumped. From the booster station the water flows through a transmission line to a Fire Hydrant and Check Valve Pit where the new line meets the original HVR pipe line at the intersection of Mountain View Drive and the Blanchard Road.

- **Fire Hydrant and Check Valve Pit** – Water from the Stoneridge Booster Station is carried by a transmission pipe to the HVR system. Just before the transmission line connects to the HVR system, a Fire Hydrant and Check Valve Pit are in the transmission line. The fire hydrant is located between the check valve and the Stoneridge Booster Station. This allows the fire hydrant to normally have boosted system pressure of 100 psi, but in the event that the fire hydrant is opened fully, the pressure will drop from 100 psi at a flow of 300 gpm to 15 psi at a flow rate of 1000 gpm as the check valve in the Stoneridge Booster Station bypasses water around the pumps. Another check valve is located in the transmission line between the fire hydrant and the HVR system. This check valve holds back the water in the HVR Mid Level Tanks when the fire hydrant is opened. This check valve is necessary because the HVR Mid Level Tanks do not hold sufficient water to supply the fire hydrant at a rate of 1000 gpm for more than 10 minutes. There are a few customers connected to the transmission line between the Stoneridge Booster Station and the Check Valve Pit at the intersection of Mountain View Drive and the Blanchard Road. To supply these customers with high pressure water when the Stoneridge Booster Station pumps are not running, a 1" line bypasses the check valve, allowing the water pressurized by the HVR Mid Level Tanks to pass back to the customers along the transmission line. From the

interconnection at Mountain View Drive the existing HVR pipe line runs up Mountain View Drive to the HVR Mid Level Tanks.

vi **HVR Mid Level Tanks** – The HVR Mid Level Tanks store water that is pumped by the Stoneridge Booster Station. The tanks are located about half way up the HVR subdivision. The tanks consist of one buried steel tank and two buried concrete tanks. The 10,000 gallon steel tank lies on its side and is 8' in diameter and 29 feet long with a single 20" hatch located at the mid point of the tank. The two concrete tanks each hold 3,000 gallons with 24 inch hatches located at each end of each tank. The two concrete tanks are plumbed together to act as a single tank in parallel with the steel tank. The tanks are plumbed so that the system can operate with all the tanks on line, just the steel tank, or just the two concrete tanks. Across Mountain View Drive and below the mid level tanks is the HVR Mid Level Booster Station. The tank over flows and drains from all three tanks are plumbed together and discharge across the road near the HVR Mid Level Booster Station. The steel tank was sand blasted and painted with an epoxy coating in 2005.

vii **HVR Mid Level Booster Station** – The HVR Mid Level Booster Station is located physically across Mountain View Drive and below the HVR Mid Level Tanks. The HVR Mid Level Booster Station takes water from the mid level pressure zone and pumps it into the upper pressure zone. The HVR Mid Level Booster Station consists of two pumps in parallel. One pump is a 12 gpm submersible turbine pump and motor positioned in a length of pipe. The second pump is a 20 gpm vertical turbine pump in a can with an air cooled motor on top. Water is transferred from the HVR Mid Level Booster Station via 4 inch distribution pipes to the upper level tanks.

viii **HVR Upper Level Tanks** – Water from the HVR Mid Level Booster Station is pumped via a 4 inch distribution line to the HVR Upper Level Tanks that are located at the extreme top of the HVR subdivision. The upper level tanks are configured the same as the mid level tanks. There is a 10,000 gallon steel tank and two 3,000 gallon concrete tanks. The steel tank is 8 feet in diameter and 29 feet long with a 24 inch hatch located at one end. The over flow pipes from all three tanks are plumbed together and discharge on the tank lot. The tank drains for the three tanks are connected together and discharge to the opposite side of the tank lot from the over flow drain. The steel tank was sand blasted and painted with an epoxy coating in 2005.

C NORMAL OPERATION OR CONTROL OF PROCESS

i **Stoneridge Source Pumps** - Currently there are pumps in wells #1 and #3. The pump in well #1 is a line shaft driven turbine pump. The pump is driven by a hollow shaft electric motor. The pump column and pump are lubricated with a food grade vegetable oil. The oil lubricates the metal to metal faces and then enters the potable water system. The motor starts across the line each time, causing high pressure transits to travel through the pipe lines. Each