

DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER
COMMISSIONER REDFORD
COMMISSIONER SMITH
COMMISSION SECRETARY
LEGAL
WORKING FILE**

FROM: TERRI CARLOCK

DATE: MAY 22, 2014

**RE: APPLICATION OF MORNING VIEW WATER COMPANY TO INCREASE
IDEQ BORROWING AUTHORITY; CASE NO. MNV-W-14-01**

Morning View Water Company (Morning View) requests authority to increase its borrowing authority under the Idaho Department of Environmental Quality's (IDEQ) Drinking Water Revolving Loan Program to correct the problems identified in the facility plan and engineering report. Order No. 31061 in Case No. MNV-W-10-01 approved an authority of \$275,000. The total authority requested in this case is \$410,000. The increase is to cover higher bid costs for the project, an administrator for the project, and a quote for Rocky Mountain Power to install power to the well. The loan proceeds will be used to fund various projects as follows:

1. Treatment and Distribution	\$355,000
2. Engineering	\$ 30,000
3. Administration and Legal	<u>\$ 25,000</u>
Total	\$410,000

Morning View's Drinking Water Loan qualifies for a 1.25% interest rate, a loan repayment term of 30 years and a loan principal forgiveness of approximately \$78,500.

STAFF RECOMMENDATIONS

The increased loan approval will provide Morning View Water with the capital necessary to make the improvements required by IDEQ. The specific recovery level in customer rates for the underlying costs will be evaluated in a rate filing(s) when Morning View has completed the projects and makes an Application requesting customer rates be changed to reflect the investments. If the \$410,000 loan, net of principal forgiveness, is repaid in equal monthly payments and included in

rates, the increase to each customer could be approximately \$11.50 per month. The final investment cost records will be reviewed by Staff during audit with the rate impact to be established in the next rate case(s).

Staff recommends the Commission approve the loan request up to \$410,000.

Staff recommends the remaining terms of Order No. 31061 be continuing.

Staff also recommends Morning View Water be required to provide copies of the following:

- Final loan documents with IDEQ;
- All compliance reports and calculations that may be required;
- All approval letters;
- All executed agreements for the loan;
- Any amendments to the loan application, and
- The actual final costs in summary format similar to the engineering estimate.

COMMISSION DECISION

Does the Commission approve the requested loan authority of \$410,000?

Does the Commission accept Staff's recommended review and reporting requirements?



Terri Carlock

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