

DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER
COMMISSIONER RAPER
COMMISSIONER ANDERSON
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL**

**FROM: DAPHNE HUANG
DEPUTY ATTORNEY GENERAL**

DATE: JANUARY 7, 2016

**SUBJECT: DIAMOND BAR ESTATES WATER COMPANY'S APPLICATION TO
INCREASE RATES AND CHARGES, CASE NO. DIA-W-15-01**

On December 28, 2015, Diamond Bar Estates Water Company filed a general rate case Application to increase its rates and charges for water service, effective February 1, 2016. Diamond provides water service to 44 customers in the Diamond Bar Estates and Boekel Estates Subdivisions in Kootenai County, Idaho, per a Certificate of Public Convenience and Necessity granted by this Commission in 2003, and as expanded in 2004. *See* Order Nos. 29247, 29556.

The Company proposes to increase its rates by 79.39%, which if approved, would produce about \$20,910 more in annual revenue than the prior year. Application at 1. Diamond notes that it has not had a rate increase since October 2007, when the Commission issued Order No. 30455. *Id.* The Company also proposes to increase its new customer, meter installation fee from \$310 to \$475. *Id.*

THE APPLICATION

Diamond's proposed rate increases include raising the monthly minimum rate from \$29.00 for the first 5,500 gallons of water to \$52.02 per month, and raising the commodity rate for usage above 5,500 gallons per month from \$0.80 per 1,000 gallons (above the initial 5,500 gallons) to \$1.44 per 1,000 gallons. Proposed Amended Tariff. Diamond proposes a rate base of \$40,398, reflecting accumulated depreciation of \$12,669, but also including a working capital allowance of \$4,679 – or 1/8 of the Company's operation and maintenance expenses. *Id.* at 1-2; Exh. 1.

According to Diamond, the Company has been operating at a loss, and the proposed increases, if approved, would enable it to recover various expenses. Application at 2. The biggest expense that Diamond seeks to recover is for costs incurred from multiple pump failures during 2015.

Id. The Company also asks to recover costs of “bookkeeping and customer-service related services,” and recovery for expenses from “water testing, meter reading, pump service and on-call duties.” *Id.*; Exh. 2. In addition, the Company seeks to recover rate case expenses for this filing, and the cost of electricity to run its pumps. *Id.*

With its Application, the Company submitted proposed notices to include with customer bills, and to be published in local newspapers. *Id.* at 3; Exh. 5. The Company is working with Staff to ensure its notices include all required information, and are published to all required media, per Rule 125, IDAPA 31.01.01.125.

STAFF RECOMMENDATION

Staff has filed two production requests. To ensure adequate time to receive and examine discovery, and to conduct an audit of relevant records, Staff recommends that the Commission suspend the proposed effective date of February 1, 2016, until July 1, 2016. Staff recommends that this case be processed by Modified Procedure, with a comment deadline of May 18, 2016, and deadline for optional reply of June 1, 2016. Although *Idaho Code* § 61-622 permits suspension of the effective date for 30 days and five months – or until August 1, 2016 – Staff believes an effective date of July 1, 2016, allows sufficient time to present a complete record for the Commission’s review. Finally, Staff recommends that a public workshop be held in the Company’s service area per Rule 127, and that the Commission conduct a public customer hearing – both at dates, times, and locations to be determined later.

COMMISSION DECISION

1. Does the Commission wish to issue a Notice of Application and Notice of Modified Procedure with a May 18, 2016, deadline for comments, and deadline for optional reply of June 1, 2016?
2. Does the Commission wish to suspend the Company’s proposed effective date of February 1, 2016, per *Idaho Code* § 61-622, and set an effective date of July 1, 2016?
3. Does the Commission wish to schedule a public workshop and public customer hearing in a later Order?

/s/ Daphne Huang
Daphne Huang
Deputy Attorney General

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