

# Idaho Water Utilities

The Idaho Public Utilities Commission regulates 27 privately held water systems, or only about 1 percent of the approximate 2,100 water systems throughout the state. The regulated systems vary in size from companies with about 78,000 customers to companies with as few as 22 customers. These companies provide industrial, commercial and residential customers throughout the state with drinking water as well as water for irrigation, recreation and manufacturing. Most of the unregulated systems are operated by homeowner associations, water districts, co-ops and cities. The rates listed here represent only the residential customer class and may not reflect the actual rates paid by a specific customer.

(bh) = business hours (ah) = after hours (nm) = non-metered (g) = gallons (cf) = cubic feet

Utility Name	Number of Customers	New Hook-up Fee	Reconnect Fee	Residential Monthly Rates	Last Rate Revision	Sur-charge
1. Algoma (Rate case pending)	25	\$0.00	\$ 25.00 bh/-ah	\$ 17.59/mo. nm	5/6/2002	
2. Aspen Creek	25	\$1,000.00	\$ 15.00 bh/\$ 25.00 ah	\$ 25.00→15,000 gal \$ 1.00/1,000 gals over	9/25/2002	
3. Bar Circle "S"	149	\$750.00	\$ 10.00 bh/\$15.00 ah	\$ 15.00 - 7,500 gal .95/1,000 gal over	2/1/1990	
4. Bitterroot	117	\$750.00	\$ 25.00 bh/-ah	\$ 21.00→15,000 gal \$ 1.73/1,000 gal over	2/1/2006	\$1.24 BF \$2.67 Valve
5. Brian (Rate case pending)	46	0	\$ 12.50 bh/-ah	\$ 10.50→4,000 gal \$ 1.08/1,000 gal over	5/1/1999	
6. Capitol Water	2,703	0	\$ 15.00 bh/-ah	\$ 16.46- \$20.68 Win nm, varies by meter \$ 32.32-\$36.54 Sum nm, varies by meter \$9.83 - \$60.54 depending on meter 1st 1000cf-\$1.41 2nd 1000cf-\$\$.80; 2000cf+-\$\$.60	1/1/2007	\$3.35 nm
7. Country Club Hills Utility	132	\$500.00	\$ 14.00 bh \$ 28.00 ah	\$ 17.00→30,000 gal .60/1,000 gal over	6/1/2005	
8. Diamond Bar Estates	43	\$310.00	\$ 15.00 bh \$ 30.00 ah	\$ 29.00→5,500 gal .80/1,000 gal over	12/1/2007	
9. Eagle Water Company	3,197	\$845.00	\$ 15.00 bh \$ 30.00 ah	\$ 7.84→600 cf. metered .45/100 cf. over \$ 11.75 Winter nm \$ 19.75 Summer nm	3/25/1987	
10. Evergreen	36	\$600.00	0	\$ 15.00→7,500 gal .35/1,000 gal over	11/10/1987	
11. Falls Water (Rate case pending)	3,202	\$825.00 for 1" meter \$900.00 for 2" meter	\$ 20.00 bh \$ 40.00 ah	\$ 11.53→12,000 gal .48/1,000 gal over \$ 20.17 nm	5/1/2006	

Utility Name	Number of Customers	New Hook-up Fee	Reconnect Fee	Residential Monthly Rates	Last Rate Revision	Sur-charge
12. Grouse Point	23	0	\$ 20.00 bh/-ah	\$ 22.00→8,000 gal .50/1,000 gal over	1/4/2004	
13. Happy Valley	24	\$500.00	\$ 20.00 bh/-ah	\$ 27.00→20,000 gal .70/1,000 gal over	8/3/2001	
14. Island Park	311 (Audit 2006)	0	0	\$ 125.00/year	7/1/1992	
15. Kootenia Heights Water	27	0	\$50.00	\$38.50-10,000 gal \$3.10/1000 gal	6/21/2007	
16. Morning View	84	0	\$ 25.00 bh/-ah	¼ acre-\$ 27.41/mo. ½ acre-\$ 35.94/mo. 1 acre-\$ 44.48/mo	9/1/2007	\$5.00 Reserve Acct.
17. Murray (Nonfiler A.R. 2005)	25	\$800.00	\$25.00 Mar-Oct \$50.00 Oct-Mar	\$ 26.00/mo	7/15/2003	
18. Pack Saddle Estates	35	\$430.00	\$ 25.00 bh/-ah	\$ 130.00 if +45 dys \$ 34.24/mo	6/3/1996	
19. Picabo	28	\$500.00	\$ 15.00 involuntary \$ 25.00 voluntary	Summer: \$ 41.00/mo Winter: \$ 22.00/mo	7/1/2004	
20. Ponderosa	29	\$2,500.00	\$ 35.00 bh/-ah	Resident: \$ 48.00/mo Seasonal: \$ 25.00/mo	7/1/2003	
21. Resort	389	0	\$ 20.00 bh \$ 60.00 ah	\$ 44.80/mo	3/15/2005	
22. Rickel	27	\$6,000.00	\$ 25.00 bh/-ah	\$ 30.00→15,000 gal \$ 1.10/1,000 gal over	4/25/1997	
23. Spirit Lake (Rate case pending)	305	\$1,200.00	\$ 16.00 bh/-ah	\$ 12.00→9,000 gal .10 @ 100 over	6/9/2004	
24. Stoneridge	193	\$925.00	\$ 18.50 bh \$ 33.50 ah \$ 65.00 bh +30 dys	\$ 24.00 mo plus .79/1,000 gal	7/2/2007	
25. Sunbeam (Nonfiler A.R. 2005)	22	0	0	\$ 12.00→12,000 gal \$ 1.20/1,000 gal over	5/31/1983	
26. Troy Hoffman	144	\$458.00	\$ 10.00 bh	\$ 5.50→3,000 gal .60/1,000 gal over	8/1/1996	
27. United Water Idaho	78,892	See Tariff	\$ 20.00 bh \$ 30.00 ah	Winter: \$16.21 monthly plus \$1.21/100 cf. Summer: \$16.21 monthly plus \$1.21 /100cf→ 3cf \$1.51 /100 cf over	7/28/2006	

## Commission rules on Avimor-United Water agreement

Case No. UWI-W-07-01, Order No. 30104

June 20, 2007

The Idaho Public Utilities Commission has denied in part and approved in part an application by United Water Idaho Inc. regarding provision of water services to the Avimor development north of Boise.

The commission approved the company's application to expand its service territory to include Avimor, but denied a Special Facilities Agreement that required United Water to refund Avimor \$2.5 million in water transmission expense as new customers are connected. The commission said the agreement is not consistent with United Water's tariff provisions for construction of special facilities that have been in place since the resolution of litigation regarding customer connection costs in 1997. "Those terms provide, and the Commission always intended, that the requesting developer contribute the transmission and distribution facilities without refund," the commission said. The commission directed United Water to revise its tariff to make it clear that developers, without refund, contribute transmission and distribution facilities necessary to serve a new development.

The property owned by Avimor, known as Spring Valley Ranch, includes about 23,000 acres several miles north of Boise. The first phase will be nearly 700 residential and commercial buildings lots on 860 acres. In order for United Water to provide service to the area, it must build 30,500 feet of main water line, a booster station and a 600,000-gallon water storage reservoir.

United Water and Avimor proposed that Avimor would provide \$6.3 million in construction costs for the new facilities, but that \$4.6 million of that investment would be refunded to Avimor as new customers connect. Costs that would be refunded included \$2.5 million for 18,000 feet of an "on-site" 16-inch water transmission main, \$788,418 for a storage tank and \$1.25 million for a booster pumping station.

Avimor did offer to pay, without refund, \$1.9 million for 12,500 feet of "off-site" transmission main leading to the site. However, the commission said the 1997 legal settlement stipulated that developers should pay for all transmission expense and made no distinction between on-site and off-site transmission. The commission said it would consider approving an amended agreement that requires Avimor to contribute all transmission costs but allows expense for the storage tank and booster pumping station to be refunded as new customers connect. Facilities that benefit customers systemwide are considered eligible for refund.

The commission also ruled that before United Water expands its service territory beyond the first phase, it must file an update with the commission that includes the company's intended source of water supply and associated costs. "We want assurance that future expansion can be done at a reasonable cost."

The commission commended Avimor for "the impressive water conservation measures," it plans, including building a treatment plant capable of recapturing 300,000 gallons of wastewater for irrigation, the installation of low water use plumbing fixtures and hot water recirculation pumps in all residential units, and a limit on the use of turf on all lots. The developer will also require drip irrigation for all shrubs and trees. "In our desert environment, the frugal use of water is very important and we are pleased that the developer is making this a priority," the commission said.

## **PUC denies United Water surcharge; allows some conservation programs**

Case No. UWI-W-06-05, Order No. 30305

April 23, 2007

State regulators have denied a request by United Water Idaho Inc. to initiate a 0.33 percent surcharge to pay for seven water conservation programs. However, the commission did approve four of the programs, allowing the Boise area water company to defer their expenses for possible recovery later from customers.

At the conclusion of United Water's 2004-05 rate case, the commission directed the company to update its 1993 conservation plan. After evaluating 91 potential water conservation measures, the company proposed to implement seven programs, adding about \$120,000 to the existing \$124,000 conservation budget. To pay for the total \$244,000 in program costs, United Water proposed a 0.33 percent surcharge, which would increase an average residential customer bill by about \$1.20 per year.

However, the commission said some of the proposed new programs, while expanding educational and recognition efforts, likely would produce little or no tangible conservation of water. "The updated plan filed by United Water does not make a compelling case for increasing the budget to educate the public generally about water conservation measures," the commission said.

The commission did approve four programs, at an estimated annual cost of \$108,000, which it said would reduce water consumption. Those programs include:

- Vouchers for customers who purchase a sensor that shuts off water for irrigation when it rains.
- Vouchers for customers who buy hose timers and trigger shut-off valves.
- Free installation of 1.6 gallon-per-minute spray nozzles for the rinse-and-clean operations in restaurants and other commercial kitchens.
- A xeriscape garden demonstration project.

The commission said United Water could track the expenses for the programs for possible recovery from customers after the commission reviews and audits the programs. The company will be required to show that the deferred costs are above amounts already included in base rates.

## **United Water seeks authority for monthly billing**

Case No. UWI-W-07-04, Order No. 30446

October 1, 2007

United Water Idaho Inc. is seeking authority from the Idaho Public Utilities Commission to convert from bi-monthly to monthly.

United Water's application also includes a proposal to increase customer service charges by 3.75 percent – or about \$1.15 per month – to cover the \$1.12 million the company claims it will cost to convert to monthly billing.

United Water claims monthly billing will make it easier for its customers to budget and pay their bills, reduce bill complaints and double the number of meter-reading visits, which will enable quicker detection of leaks or meter problems. Further, United Water asserts, monthly billing will send a more timely price signal to customers to conserve during summer months when rates are higher. Under the current system, a customer receiving a bi-monthly bill in September for July and August consumption would not have as timely an opportunity to adjust consumption to respond to higher summer rates, the company maintains.

United Water claims that converting to monthly billing will require hiring eight additional employees, including four meter readers, at a cost of about \$435,000. Further expenses include those for vehicles, additional meter reading equipment as well as additional billing, postage and payment processing costs.

*(This case was still open at the time this report was published.)*

### **Commission: Water company failing to provide adequate water service**

Case No. SPL-W-06-01, Order No. 30279

April 2, 2007

The Idaho Public Utilities Commission approved a modest increase for the customers of the Spirit Lake East Water Company. However, the commission also found that the company is failing its statutory obligation to provide “adequate, efficient just and reasonable service.”

Spirit Lake East, which serves about 287 households in Kootenai and Bonner counties, requested that the fee on the first 9,000 gallons of use increase from \$12 per month to \$24. The commission approved an increase to \$12.50. The company also wanted to increase its charge for use of more than 9,000 gallons per month from 10 cents for every 100 gallons used to 20 cents. The commission approved an increase to 12 cents for every 100 gallons used beyond 9,000 gallons per month.

Spirit Lake East sought a 12 percent return on equity. The commission approved a 6 percent return. “If Spirit Lake were providing an adequate, reliable water supply to its customers, the commission would approve a return on equity of 12 percent,” the commission said.

In public workshops and hearings before the commission and its staff, customers requested that no increase be allowed until after repairs are made to stop severe leaking and after a faulty generator is replaced. The commission said it does not have the authority to entirely deny the company’s application because the request was based on higher operating costs and improvements already made. Denying the application outright “could be a legally impermissible taking of property from the company,” the commission said.

The commission ordered the company to file a report within 14 days explaining the steps it will take to install a new generator and address system leaks.

Due to the failure of a backup diesel generator to operate during power outages, customers were without water, sometimes for several days.

Commission staff calculated that leakage in the system is more than one gallon for every gallon used by customers, well beyond the 10 to 15 percent considered acceptable for small-water systems. The commission declined to allow the company to recover that portion of its power costs attributable to compensating for the leaks in the system. As a result, 55 percent of the company's overall power costs are not allowed to be recovered from customers.

“A water company that has water outages as often as yearly, and leaves customers without water for up to 10 days, is not providing service that is adequate or efficient or reasonable,” the commission said. “Water delivered at insufficient pressure to allow showering or lawn watering for many customers is not adequate or reasonable.”

If Spirit Lake East responds promptly to the leakage and generator problems, the commission said it might not require another rate case (which can take up to eight months) for the company to recover its proven repair costs from customers. Once service improves to an acceptable level, the commission may also consider a return on equity of 12 percent.

The commission did grant the company's request to increase its new customer connection fee to \$2,500 from \$1,200.

In May, the commission denied Spirit Lake's petition for reconsideration (**Order No. 30315**) on the commission's decision to set ROE at 6 percent and on the commission's decision to not include the cost of a back-up generator in rates. The commission denied the company on both requests, noting it had not complied with the commission's earlier order to file an action plan within 14 days that included specific commitments, including dates for starting and completing projects to repair system leaks and provide a back-up generator.

Spirit Lake East said it acquired a back-up generator from its major shareholder, Spokane-based Hanson Industries. The company maintained it could not provide the commission an exact cost because Hanson acquired it and other items from Kaiser Aluminum as part of Kaiser's Chapter 11 bankruptcy proceeding. Spirit Lake East said a value of \$12,360 was assigned to the generator.

The commission said business transactions with affiliate companies, such as Hanson Industries and Spirit Lake East, are carefully scrutinized to assure ratepayers that only necessary and reasonable expenses are included for recovery in rates. In this instance, there was “no evidence in the record demonstrating that Spirit Lake actually paid anything for the generator,” the commission said.

Regarding the return on equity, the commission said it should be clear to the company that a return on equity of 12 percent will be considered only when necessary improvements are made to the system “whether the improvements are made by Spirit Lake or a new owner of the system.”

## Commission approves rates for Stoneridge Water customers

Case No. SWS-W-06-01, Order No. 30342

June 22, 2007

Rates for customers of the Stoneridge Water Company near Blanchard in Bonner County will increase effective July 2. The Idaho Public Utilities Commission approved a minimum monthly customer charge significantly less than the company requested but a consumption charge slightly higher than the company requested, in part to encourage water conservation within the Rathrdum Prairie Aquifer.

Stoneridge Water serves about 374 households but will ultimately have 1,207 households when including planned developments in its service territory. Stoneridge is primarily a resort area with 100 single-family residential customers, 12 condominium units, 150 timeshare units, three recreation centers, a golf course and 37 developed motor coach units. It recently interconnected with a subdivision called Happy Valley Ranchos, about a half-mile way. Happy Valley Ranchos, which includes 101 single-family residential households, requested the interconnection with Stoneridge.

Stoneridge proposed to increase the residential customer charge from \$14 per month to \$38 and the commodity charge from 30 cents for every thousand gallons used to 67 cents. The commission approved a \$24 minimum monthly charge for a standard ¾” residential meter and a commodity charge of 79 cents per 1,000 gallons.

The company sought a rate base (which includes a utility’s physical plant, facilities and equipment plus the amount of cash needed to operate) of \$436,000, with the commission granting \$103,627. The commission denied a large part of the requested rate base for items that were not capital investment in the water company, but for other entities such as the golf course in the Stoneridge resort development.

Stoneridge sought recovery for \$125,000 in annual expenses, with the commission granting \$116,073.

The company asked for a rate of return of 11 percent, but the commission granted 12 percent so that Stoneridge will have sufficient revenue to make payments on a \$160,457 loan from the State Drinking Water Revolving Loan Fund. Further, the commission said the 12 percent rate of return is comparable with that granted other small water companies in recent cases.

The commission’s order also approves a surcharge to allow the company to pay off a second loan from the State Drinking Water Revolving Loan Fund for \$278,000. That loan financed the interconnection of the Stoneridge resort system with the Happy Valley Ranchos Subdivision. The surcharge of \$16.83 per month for the first five years and then \$14.03 per month for years six through 19 applies only to Happy Valley Ranchos customers who requested interconnection to the Stoneridge system.

The commission said it recognizes the surcharge along with the rate increase “results in a substantial increase to the residents of Happy Valley Ranchos. In reviewing the comments of many of the HVR customers, it appears that most are satisfied with the improved quality of their water and service, and that a surcharge for the costs of interconnection, close to the amount authorized by this order, was expected.”

## Commission approves Diamond Bar Water rates

Case No. DIA-W-07-01, Order No. 30455

Oct. 24, 2007

Customers of Diamond Bar Water Estates in Kootenai County will pay a minimum base rate of \$29 per month for water under new rates approved by the Idaho Public Utilities Commission. The commission also approved a new commodity rate of 80 cents per 1,000 gallons consumed for use beyond 5,500 gallons month.

Diamond Bar Estates, which serves about 43 households, initially sought a monthly minimum increase from its current \$21 per month to \$50 per month. The company also proposed increasing the commodity rate from the current 45 cents for every 1,000 gallons of use beyond 7,500 gallons to 52 cents.

Some Diamond Bar customers filed comments in opposition to being charged a monthly minimum for use up to 7,500 gallons, alleging that few customers use that much water and were thus being charged for water they didn't use. Commission staff calculated the average use during the winter months was 5,579 gallons per month and that the median use is 4,678 gallons. Commissioners said the less expensive monthly base charge of \$29 – as opposed to the company's revised proposal of \$38 per month – with a larger commodity charge will encourage conservation while allowing the company sufficient cash flow to remain viable. The commission determined to use 5,500 gallons as the point to start assessing a commodity charge because that coincides with average winter use.

The commission approved an annual revenue requirement of \$28,602. The company requested \$34,643. The commission approved an increase in the fee for the first-time installation of a meter from \$200 to \$310 and a new-customer connection charge of \$2,500. The company wanted to charge another \$2,500 if the service line tap must cross a road. Instead, the commission said the charge for cross-road connections should be determined on a case-by-case basis and that customers ought to have the right to hire their own approved contractor to perform the work related to an additional charge for crossing a road.

## Commission approves increase for Falls Water

Case No. FLS-W-07-01, Order No. 30484

Jan. 15, 2008

The Idaho Public Utilities Commission has approved an increase in the monthly bills for metered water customers from \$11.53 to \$14. Falls Water, which serves 3,200 households northeast of Idaho Falls, had requested an increase to \$16.47 per month.

That monthly rate is for the first 12,000 gallons of use. A commodity charge of 66.7 cents for every 1,000 gallons above 12,000 gallons was also approved. The company requested a commodity charge of 73 cents per 1,000 gallons. The previous commodity charge was 48 cents.

The commission authorized a rate of return of 7.2 percent and a return on equity of 12 percent.

Last July, Falls Water sought authorization to increase its annual revenue by \$330,705, a 46.2 percent increase. Following an examination of the company's application and an audit by commission staff, the

commission approved an annual revenue increase of \$200,060, or 27.9 percent. Commission staff conducted a workshop in Idaho Falls for customers and a public hearing was also held in December.

Falls Water said the increase was needed to pay for new meters and other system improvements including four line-looping projects to improve system reliability, pressure and service quality.

The commission removed \$272,500 from Falls Water's requested rate base, the dollar value of the utility's physical facilities and operating capital used to serve its customers. The \$272,500 represents costs associated with a new well that was intended to be in service in 2007, but will not be in service until later this year. Of that total, \$160,000 is the cost of purchasing property for the site of the new well and \$112,500 was for the down payment on water rights for the well.

The commission said the cost for the new well and water rights could not yet be included in rate base because the well is not yet benefiting customers and the company has not yet demonstrated that the price for the property was reasonable. Further, the well was purchased from Rockwell Development, an affiliate of Falls Water. The water rights were purchased from a company whose former vice president is also vice president of Falls Water.

"For affiliate expenses to be justified, the utility needs to provide compelling evidence of arm's length bargaining when incurring costs between the utility and an affiliate," the commission said.

The commission also removed \$24,000 in consulting fees paid to RDI West, a subsidiary of Frontier Property Group, the previous owner of Falls Water Company. An officer of Frontier Group is also a director for Falls Water Company. "Our Supreme Court has ruled that transactions between affiliated companies are to be subject to close scrutiny and the utility has the burden of proving the reasonableness of its affiliated transactions," the commission said.

The commission further denied about \$24,650 in expenses for renting new office space. The office is not yet under construction, which, the commission said, makes the rental expense too speculative to yet be included in rates.

The commission approved the company's proposed increases in connection charges for a 1.5-inch meter from \$825 to \$930 and from \$900 to \$1,205 for a 2-inch meter.

The company last requested an increase of 48.2 percent in 2005. It was ultimately granted an average 14.4 percent increase.

At that time, commissioners expressed concern about excessive water use and/or leakage particularly in the company's un-metered service area including Mobile Home Estates Subdivision, Monte Vista Estates and First Street Mobile Park. It was at that time that the commission urged the company to install meters. The company is in the final stages of converting about 350 remaining flat-rate customers to metered service.