

Idaho Water Utilities

The commission regulates 29 privately held water systems, or only about 1 percent of the approximate 2,100 water systems in 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 | 27 | \$0.00 | \$ 25 | \$ 17.59/mo. nm \$44.50 (commercial) | 7/4/2008 | |
| 2. Aspen Creek | 35 | \$1,000 | \$15bh/\$25ah After 30 days --\$75 | \$25 up to 15,000 gal \$1 each 1,000 gals over | 9/25/2002 | |
| 3. Bar Circle "S" | 160 | \$250 \$500 meter inst. | \$ 20bh/\$40 ah | \$27.43 up to 7,500 gal \$1.74 each 1,000 gal over | 1/1/2010 | |
| 4. Bitterroot | 117 | \$750 | \$ 25 bh/ah | \$21 up to 15,000 gal \$1.73 each 1,000 gal over | 2/1/2006 | \$1.24 BF \$2.67 Valve |
| 5. Brian | 46 | None approved | \$ 12.50 bh/ah | \$10.50 up to 4,000 gal \$1.08 each 1,000 gal over | 5/1/1999 | |
| 6. Capitol Water | 2,878 | None approved | \$20bh | Varying monthly rates for metered and non-metered service depending on size, starting at \$12.10 (nm) and \$7.50 (m). | 1/1/2009 | Surcharges vary with service size and type |
| 7. Country Club Hills Utility | 147 | \$500 | \$14 bh \$28 ah | \$17 up to 30,000 gal \$0.60 each 1,000 gal over | 6/1/2005 | |
| 8. Diamond Bar Estates | 51 | \$310 /existing \$2,500 to install | \$ 15 bh \$ 30 ah | \$ 29.00→5,500 gal .80 each 1,000 gal over | 12/1/2007 | |
| 9. Eagle Water Company | 3,415 | \$845 includes \$100 study surcharge and \$500 loan surcharge. | \$15 bh/ \$30 ah | Monthly flat rate starting at \$11.75 (nm); \$ 7.84 up to 600 cf. metered and \$0.45 for each add 100 cf | 2/23/2009 | Surcharge for master-metered MH park |
| 10. Evergreen | 36 | \$600 | None approved | \$ 15 up to 7,500 gal \$0.35 each 1,000 gal over | 01/06/95 | |
| 11. Falls Water | 3,569 | Minimum \$500 depending on meter size | \$20/bh and \$40/ah | \$20.17 (nm); \$14 up to 12,000 gal and \$0.667 Each 1,000 gal over | 01/14/08 Rate case pending | |

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|----------------------------|---------------------|--|---|--|--------------------|---|
| 12. Grouse Point | 24 | None approved | \$20bh/ \$40ah | \$22 up to 8,000 gal \$0.50 each 1,000 gal over | 1/4/2004 | |
| 13. Happy Valley | 24 | \$500 | \$ 20bh/ah | \$27.00 up to 20,000 gal \$0.70 each 1,000 gal over | 8/3/2001 | |
| 14. Island Park | 334 | \$200 authorized \$1100 unauthzed | \$20bh/\$20ah | \$280/year | 11/05/2008 | |
| 15. Kootenai Heights Water | 54 | None approved | \$50 | \$38.50 up to 10,000 gal \$3.10 each 1000 gal over | 6/21/2007 | |
| 16. Mayfield Springs | 54 | \$725 | \$35bh/\$70ah | 1" meter \$22 up to 10,000 gal \$0.30 each 1,000 gal over 2" meter \$50 up to 20,000 gal \$0.30 each 1,000 gal over | 09/01/2008 | |
| 17. Morning View | 97 | None approved | \$ 25 bh/-ah | ¼ acre-\$ 27.41/mo. ½ acre-\$ 35.94/mo. 1 acre-\$ 44.48/mo | 9/24/2007 | \$5 for Reserve Account |
| 18. Murray | 25 | \$800 | None approved | \$ 26/mo | 7/15/2003 | |
| 19. Pack Saddle Estates | 35 | \$430 | \$ 25.00 bh/ah | \$25 if under 45 days \$130 beyond 45 days | 6/3/1996 | |
| 20. Picabo | 28 | \$500 | \$ 15 involuntary \$ 25 voluntary | \$22/mo residential \$37/mo commercial | 7/1/2004 | Irrigation (April-Sept) \$19/mo |
| 21. Ponderosa | 29 | \$2,500 | \$ 35 bh/ah | Resident: \$ 48/mo Seasonal: \$ 25/mo | 7/1/2003 | |
| 22. Resort | 396 | None approved | \$ 20 bh/\$60ah 4X that after 30 days | \$ 44.80/mo per 1 ERU | 3/15/2005 | |
| 23. Rickel | 33 | \$6,000 | \$25 bh/ah | \$ 30 up to 15,000 gal \$1.10 each 1,000 gal over | 5/01/1997 | |
| 24. Spirit Lake | 309 | \$2,500 | \$ 16 bh/ah | \$12.50 up to 9,000 gal \$0.12 each 100 gal over | 6/10/2007 | |
| 25. Stoneridge | 334 | \$1,200 | \$18.50bh/\$33.50ah 30-days plus varies Per size of service | \$24/mo based on size \$0.79/1,000 gal | 7/02/2007 | Happy Valley res Pay \$16.83/mo |
| 26. Sunbeam | 22(?) | None approved | None approved | \$12 up to 12,000 gal \$1.20 each 1,000 gal over | 5/31/1983 | Does not file annual report |
| 27. Teton Springs | 272 | \$600 for 1" res/larger Based on size | \$20 if disconnected 30 days or less/ \$40 after hours | 1" line \$240/quarter | 2/2/2009 | |
| 28. Troy Hoffman | 144 | \$458/1" | \$10/bh | \$5.50/first 3,000 gal \$0.60 each 1,000 gal | 8/01/1996 | |
| 29. United Water Idaho | 83,235 | See Tariff | \$20/ bh \$30/ ah | Winter: \$16.21 monthly plus \$1.21/100 cf. Summer: \$16.21 monthly plus \$1.21 /100cf up to 3cf \$1.51 for each 100 cf over | 7/28/2006 | separate Res flat rate, Sprinkler, and Fire hydrant schedules |

Water rates approved for Teton Springs; case addresses unique issues

Case No. TTS-W-08-01, Order No. 30718

January 29, 2009

The Commission approved rates for about 272 customers of the Teton Springs Water and Sewer Company. This case was unique because of Teton Springs' request to establish a fund for emergency repairs and also to assess an "availability charge" on undeveloped lots in the resort.

The water company serves single-family home, multi-residential units and commercial customers within the Teton Springs Golf and Casting Club planned resort development near Victor. The development has 581 single-family lots, 14 commercial lots and two multi-family dwellings that will contain 143 residential units at build-out. Currently, the company serves 194 residential customers, 73 multi-family unit customers and five commercial customers.

The commission approved an annual revenue requirement for the utility of \$146,309. Teton Springs requested \$259,256. The commission approved a rate base of \$57,763, while the company proposed \$75,350. The rate base is the dollar value of a utility's physical facilities and operating capital used to serve its customers. From this total capital investment (less depreciation) the utility is authorized to earn a rate of return. The commission approved a 12 percent rate of return.

The commission approved total annual expenses of \$137,483, against the company's proposal of \$285,166. As part of its annual expense, Teton Springs proposed that \$89,140 be recovered from customers for a fund to allow the company to quickly make emergency repairs to the system. The \$89,140 is the annual depreciation of the total water system investment of \$3.1 million. But the commission said collecting that money from customers would be asking them to pay a second time for plant-in-service already contributed by customers and recovered by the developer in the sale of the resort lots.

However, the commission said the company raised an issue common to many of Idaho's small water companies: When small water systems are developed using lot sales to recover infrastructure costs (contributed capital), they have no plant-in-service investment that can be included in rate base from which the company can earn a rate of return. When emergency repairs are required, small water utilities typically must borrow the money and then apply to the commission for a temporary surcharge.

"We find this situation presents challenges to a small water utility's economic viability and often compromises its capability to satisfy its statutory duty to maintain adequate service," the commission said.

Consequently, the commission is allowing the company to establish an emergency reserve fund of nearly \$7,000 per year to be used only for emergencies and major unplanned capital expenditures that add up to greater than 10 percent of the company's annual revenue requirement. The company must provide an auditable paper trail of the expenses and provide the commission with written notice when it uses the fund. The amount of the fund is 5 percent of the company's revenue requirement, not including operations and maintenance expense. It may accumulate over the years, but cannot exceed the company's authorized annual revenue requirement.

Teton Springs also sought an "availability charge" on customers owning undeveloped lots. Teton Springs is only at one-third of expected build-out. In declining the request, the commission cited a 1982 order it issued after the Hayden Pines water utility sought to assess a charge on all billable lots with water available to them. While hook-up fees can be charged, the commission said, customers cannot be billed for water service they are not receiving. Such a charge would amount to a tax and a public utility does not have the constitutional right to levy a tax. "The economic consequences of developing a water service infrastructure for a resort community initially must remain with the developer," the commission said. "This risk cannot be passed on to the universe of potential future customers or owners of undeveloped lots."

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To address revenue loss because of the resort community's seasonal disconnects, the commission granted Teton Springs authority to charge a reconnection fee to customers who re-connect after more than a 30-day absence.

The rates approved by the commission are as follows:

-- **Single-family residential**, \$240 per quarter. The company requested \$150 per quarter and a \$75 per quarter "availability charge" for undeveloped lots.

--**Multi-family residential**, \$80 per quarter. The company requested \$150 per quarter.

--**Commercial**, \$240 per quarter for properties served by a one-inch service line. The amount increases as the size of the service line increases. The company requested \$450 and an availability charge of \$225 on undeveloped commercial lots.

The commission also directed the company to submit a plan to meter all customers. The flat rates will likely be eliminated once meters are installed and customers billed based primarily on consumption.

Commission approves Eagle Water charge, but will review expenses

Case No. EAG-W-09-01, Order No. 30734

February 27, 2009

The Commission is allowing Eagle Water Company to assess its customers a 48 percent surcharge on consumption of more than 600 cubic feet per month. The surcharge is to pay down a near \$1 million loan needed to meet expenses for a number of capital improvement projects that have been completed or are near completion.

However, the Commission is also beginning a process to review the company's improvements to determine their prudence. The surcharge, which became effective Feb. 23, is subject to refund if the commission finds the expenses were not prudent or necessary to serve customers.

The surcharge replaces a 42.5 percent surcharge that expired last October. At that time, Eagle Water petitioned the commission to continue that surcharge, but the commission denied the request noting that the proposed extension of the former surcharge was for new expenses that had yet to be reviewed. The former surcharge paid for an engineering study that preceded the capital improvement projects included in the new surcharge.

The commission gave the company authority to borrow up to \$995,000 from the Idaho Banking Company at 6.75 percent over seven years and to access the remaining balance of about \$120,000 in the former surcharge fund. Monies collected from the surcharge will go to pay down the loan.

Eagle Water Co. serves about 3,000 residential customers and 415 business customers in Eagle and the surrounding area. It is not the same as the City of Eagle Water, a municipal water system.

The new surcharge increases customers' commodity charge from 45 cents for every 100 cubic-feet of water used beyond 600 cubic-feet (about 4,500 gallons) to 67 cents. The \$7.84 per month for the first 600 cubic-feet of use remains the same.

Capital projects completed include the rebuilding of one well and the construction of a seventh well. Improvements still in progress include construction of a new eighth well and a new motor and generator for the new booster station. According to Eagle Water, the capital improvement projects will total \$1.53 million plus another \$98,100 for legal and engineering expenses.

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The improvements will provide the company with enough back-up water so that it will no longer need to pay the City of Eagle's municipal water system \$10,000 per month for providing back-up support during emergencies. The state Department of Environmental Quality placed Eagle Water Co. under a moratorium that prohibited the company from adding new customers until the system's capacity was increased. The moratorium was lifted when Eagle Water entered into an agreement with the City of Eagle to provide back-up water in times of emergency.

PUC to conduct workshop regarding Eagle Water surcharge

Case No. EAG-W-09-01, Order No. 30878

August 14, 2009

The Commission approved an application by Eagle Water Co. to continue a 48 percent surcharge on consumption of more than 600 cubic feet per month to pay for capital improvements and expenses.

Eagle Water Co. serves about 3,415 customers in Eagle and the surrounding area. It is not the same as the City of Eagle Water, a municipal water system.

The surcharge will fund about \$600,000 in improvements and expenses and is anticipated to expire in about 4 to 4 ½ years. The company asked for \$1.5 million in improvements.

The largest amount approved for the surcharge fund was \$215,000 related to the construction of a new well. Another \$360,000 in costs related to the new Well No., 7 will be put in permanent base rates.

Another \$110,000 was an expense owed the City of Eagle's municipal water system to provide a tie-in to that system so that the company would have enough back-up supply in case of emergencies. The state Department of Environmental Quality (DEQ) placed Eagle Water Co. under a moratorium that prohibited the company from adding new customers until the system's capacity was increased. The moratorium was lifted when Eagle Water entered into an agreement with the City of Eagle to provide back-up water in times of emergency. The company is developing a new well – Well No. 8 – that will eliminate the interconnection requirement with the City of Eagle. The well is built and tested, but is temporarily capped because the pump house has not been built.

Eagle Water Co. wanted to include \$211,500 in land acquisition and drilling costs for the new well in the surcharge fund, but the commission denied that request because the well is not yet benefitting customers. When the well is placed in service, the company may then seek to recover costs, the commission said. The company wanted to recoup those funds earlier because of cash-flow problems, but the commission said it had previously approved a bank loan for Eagle Water that was intended to provide the company with access to revenue.

Other items approved for the surcharge included \$107,400 for a booster station at Well No. 2; \$60,700 for rebuilding Well No. 4; \$43,765 for a pressure reducing valve required by DEQ; \$45,000 in legal fees; and \$22,800 for capital costs related to the tie-in to Eagle City's water system.

The commission urged Eagle Water to reduce its reliance on surcharges and, at its next application, submit a case for redesigned base rates.

Kootenai County water company expands territory

Case No. BCS-W-08-01, Order No. 30731

February 27, 2009

The Commission approved an expansion of the territory served by a Kootenai County water company to include a new subdivision of 47 five-acre residential lots.

Bar Circle “S” Water Company, which serves about 156 households seven miles north of Coeur d’Alene, sought authority to add the proposed 237-acre subdivision to be built in two phases.

The company claims the added territory, which is about 1,300 feet from the existing Bar Circle “S” territory, won’t adversely affect existing customers and won’t require construction of additional sources of water supply. Construction costs for the added mains, valves, fire hydrants, service line taps, meter boxes, meter bases and line extensions needed to interconnect to the existing water system will be paid by the subdivision developer. The only cost to be borne by the company will be the cost of the meters at the time service is requested.

Commission staff expressed concern about the company’s ability to serve the second phase of the development and whether the state Department of Environmental Quality would require a back-up well or additional water source. The company said it has acquired a permit for a 10- to 12-inch well to replace a 6-inch well that is not now serviceable and that the back-up well will be in operation by the time the second phase of the development is built.

Rates increase 4.3 percent for Capitol Water customers

CAP-W-08-02, Order No. 30713

April 8, 2009

Rates for the approximate 2,700 Boise customers of Capitol Water Co. will increase by 4.3 percent. The company asked the Commission for a 7.8 percent increase.

Capitol Water has about 2,560 residential customers and 150 commercial customers in an area bounded roughly by Northview Street north to Ustick Road and from North Maple Grove east to Curtis Road.

Capitol Water asked for the increase to cover \$102,000 in expenses to relocate distribution pipes, fire hydrants and customer service connections to accommodate the Ustick Road widening. In addition, the company sought \$11,235 to pay for the October 2008 failure of a pump that is now back in service and asked the commission to let it put a mechanism in place that would allow Capitol Water to increase its rates whenever increases in electric rates for Idaho Power are approved.

The commission allowed recovery of expenses for the Ustick widening project and for the pump failure repairs but denied the company’s request to increase rates when electric rates increase. The commission said the company’s electric rates did not increase as dramatically as claimed, actually dropping from 2005 to 2007 and slightly increasing in 2008.

Capitol Water last had a rate case in 2006. On Jan. 1 of this year, a customer surcharge of \$3.55 per month was removed from customer bills. In place since 2002, the surcharge paid for \$500,000 in improvements, including one well replacement and an upgrade to the company’s distribution system.

PUC OKs changes to Spirit Lake East charges; denies monthly billing

Case No. SPL-W-09-01, Order No. 30938

November 4, 2009

The Commission granted a petition by Spirit Lake East Water Company to revise its tariff by adding fees for late payments, returned checks and reconnecting service. However, the commission denied the company's request to begin billing its customers on a monthly, rather than quarterly, basis.

Spirit Lake East Water Company services about 330 customers in the Spirit Lake area.

The tariff revisions approved include a late-payment charge of 1 percent per month of the unpaid balance; a \$20 returned check fee; a reconnection fee of \$32 for reconnection within 30 days of disconnection and \$52 for customers disconnected more than 30 days. A reconnection made hours other than normal business hours will be \$65.

The commission said the charges are similar to the amounts charged by other utilities.

A change to monthly billing should be made only after all the costs of the conversion are known and measured against the benefits and after the public has had sufficient time to comment, the commission said.

"It may be, as the company asserts, that a change to monthly billing will produce a more consistent revenue stream, send clearer signals to the company's customers about their water usage, provide better data about water usage or loss, and allow for earlier discovery of leaks on a customer's side of the meter. These benefits do not come without costs," the commission said. There will be expenses to change the existing billing system and its software program. In addition, the costs for reading meters and recording all readings would increase. Those costs were not quantified in the company's application. "The proposal to change to monthly billing is not approved, but will be reserved for a rate case when the additional costs and benefits can be adequately evaluated," the commission said.

Commission begins process of reviewing United Water request

Case No. UWI-W-09-01, Order No. 30901

September 17, 2009

The Commission is beginning an up to six-month process to review United Water Idaho's application for a rate increase.

The Boise-based company, which serves 83,900 customers in Ada County, applied earlier this month for the increase, its first rate adjustment application in three years. If the increase were approved in its entirety, an average residential customer would pay about \$4.37 more per month, or about 15.2 percent.

United Water claims the increase is warranted because it has made numerous major capital investments since its 2006 rate case, including \$2 million in treatment facilities, more than \$12 million replacing aging infrastructure, \$1.4 million in booster station improvements and more than \$700,000 in auxiliary power generators at various sites. To recover its investment, the company claims it will need to increase its annual revenue by \$5.6 million.

State statutes require that regulated utilities be allowed to recover their prudently incurred costs of doing business plus a reasonable rate of return. The company's application states that the proposed changes in rates would produce a rate of return of 8.49 percent. The rate of return approved by the commission must not be unreasonably high for customers, but high enough to attract investors for major capital projects and upgrades. When the commission denies cost recovery to a utility it must be able to legally demonstrate why the denied costs were not prudently incurred or needed to serve customers. Utilities, as well as other parties in the case, can appeal commission decisions to the state Supreme Court.