

DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER
COMMISSIONER SMITH
COMMISSIONER REDFORD
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL**

FROM: DONOVAN E. WALKER

DATE: APRIL 20, 2007

**SUBJECT: DIAMOND BAR ESTATES WATER COMPANY'S APPLICATION TO
INCREASE RATES AND CHARGES, CASE NO. DIA-W-07-01**

On April 13, 2007, Diamond Bar Estates Water Company filed an Application to increase its rates for water service, its fees for installation of a meter, and implementation of a new customer connection charge. The Company requests an effective date for the new rates and charges of June 1, 2007. The Company also requests that its Application be processed by Modified Procedure.

THE APPLICATION

Diamond Bar Estates Water was granted a Certificate of Public Convenience and Necessity authorizing it to provide water service to the Diamond Bar Estates Subdivision in Kootenai County, Idaho, on May 30, 2003. Case No. GNR-W-02-03, Order No. 29247. The Company's initial rates and charges were also approved and set with Order No. 29247. The Company's authorized service territory was expanded to include the Boekel Estates Subdivision on August 2, 2004. Case No. DIA-W-04-01, Order No. 29556.

According to the Company's Application it is seeking authority to: (1) increase the water rate it charges customers by approximately 87.44%; (2) increase the fees for the first time installation of a meter to serve a new customer from \$200 to \$310; and (3) implement a new customer connection charge of either \$2,500 or \$5,500 where a service line to the property does not currently exist.

According to the Company's Customer Notice the Company is proposing to increase the base monthly charge for the first 7,500 gallons of water from \$21.00 per month to \$50.00 per

month. Additionally, the Company proposes to increase the charge for water usage in excess of 7,500 gallons per month from \$0.45 to \$0.52 per thousand gallons. The Company states that this increase is necessary so that it can recover its operating costs, and that it has been operating at a loss for a number of years. Diamond Bar Water provides service to approximately 43 customers.

STAFF RECOMMENDATION

Staff has reviewed the Company's Application and agrees that this matter would be appropriate for Modified Procedure. Because of Staff's current workload, and constraints on performing an audit and recommended workshop, Staff recommends suspending the Company's proposed effective date of June 1, 2007. Staff will not be available to schedule the required on-site audit and possible workshop until late June. Consequently, Staff recommends a comment deadline on Modified Procedure of August 10, 2007. Additionally, based upon the size and nature of the requested increase in rates and charges, Staff recommends that a workshop, pursuant to Rule 125, IDAPA 31.01.01.125, be held.

COMMISSION DECISION

Does the Commission wish to suspend the Company's proposed effective date of June 1, 2007, pursuant to *Idaho Code* § 61-622?

If so, does the Commission wish to authorize the use of Modified Procedure with a comment deadline of August 10, 2007?

Does the Commission wish to direct Staff to conduct a public workshop pursuant to Rule 125, IDAPA 31.01.01.125?

Donovan E. Walker