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IDAHO PUBLIC
UTILITIES COMMISSION

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF FALLS WATER COMPANY, INC.)
FOR AUTHORITY TO INCREASE ITS)
RATES AND CHARGES)

CASE NO. *FLS-03-01*

APPLICATION

FALLS WATER COMPANY, INC. AN Idaho not-for-profit corporation and holder of Certificate of Public Convenience and Necessity No. 236 from the Idaho Public Utilities Commission hereby applies to the Commission for authorization to increase its charges for water service.

Application is made to the Commission to authorize a general 38.0% increase in water rates as follows:

Increase flat rate residential customer monthly charges from \$13.73 to \$18.00.

Increase the residential metered rate from \$10.00 for the first 20,000 gallons and \$0.32984 per thousand gallons in excess of 20,000 gallons to \$14.50 for the first 17,000 gallons and \$0.40 per thousand gallons in excess of 17,000.

Increase the commercial metered rate from \$10.00 for the first 20,000 gallons and \$0.32984 per thousand gallons in excess of 20,000 gallons to \$14.50 for the first 17,000 gallons and \$0.40 per thousand gallons in excess of 17,000.

Change the residential multi-family rate to eliminate a flat rate charge of \$13.73 per vacant or occupied unit to a metered rate of \$14.50 for the first 17,000 gallons and \$0.40 per thousand gallons in excess of 17,000. The rate would apply to all duplexes, four-plexes, and apartment buildings where individual units in a building are not metered separately and/or living units cannot be sold separately.

Except for these changes, the tariffs on file with the Commission will remain the same.

Falls Water requests that such changes in rate shall take effect on October 15, 2003.

Falls Water Company, Inc. requests that this application be considered by the Commission under the rules of Modified Procedure

Applicant hereby certifies that a notification of our intent to file this application has been included with our July 25, 2003 water bills mailed to all customers. A similar notice was released to the local television stations and newspapers. A copy of the notice is included with this application

Applicant further states that it stands ready for immediate consideration of this application.

The need for filing this application has come about due to the fact that the applicant company is currently operating at a loss. The requested increase in charges will result in revenue sufficient to pay for the current operating expenses and provide a small return, which will be held by the corporation for system improvements and replacement. As stated above, Falls Water Company, Inc. is an Idaho not-for-profit corporation and is therefore not authorized to make any distributions of profits to owners, but can utilize profits for expansion and improvement.

Applicant last made application for a rate increase on July 9, 2001. A increase of 9.94% was granted from that application. The management of Falls Water Company, Inc. has tried to keep costs down in order to maintain low water rates. However, the aging of many of the infrastructure assets is requiring more repair and replacement. Currently, about 900 of the 1500 meters in the system are in need of replacement over the next 10 years. The annual replacement cost for ninety ¾" meters is \$13,050.00. Routine maintenance is not done with the frequency that it should be done. Maintenance on fire hydrants is not completed as promptly as it is needed due to a lack of funds and manpower. For the same reason, approximately 50 street valves are in disrepair and an additional 25 new valves have yet to be installed to correct deficiencies of needed street valves in older portions of the water system. A new field employee was hired in 2003 and another is needed. A study by our engineer, compared Falls Water Company, Inc. employee total to the number of employees in other comparably sized water systems and found that on Falls Water Company, Inc. was 1.5 employees short of the average number of employees at the other water systems.

Included with the application are the following attachments, schedules, and proposed tariffs:

1. Copy of customer notification of this filing
2. Three year Balance Sheet.
3. Three year Income Statement.
4. Calculation of Rate Base.
5. Comparison of Income at Present Rates and Income at Proposed Rates.

6. Explanation of Rate Calculations.
7. Proposed Tariff Schedules in Legislative Format

Falls Water Company, Inc. respectfully requests favorable consideration of this application. Please direct any questions or correspondence related to this application to the applicant as indicated on page 1.

Dated this 17th day of July 2003.

Respectfully submitted,

FALLS WATER COMPANY, INC.



Kelly D. Howell, President

NOTICE TO FALLS WATER COMPANY, INC. CUSTOMERS

Falls Water Company, Inc. has filed an application with the Idaho Public Utilities Commission (IPUC) for a proposed rate increase.

Falls Water Company, Inc. seeks permission to increase rates to reflect the increased costs of maintenance and replacement of its aging infrastructure and improving its customer service response.

If the proposed increase is approved, metered residential customers would experience an average monthly increase of \$6.39 (46%). Metered commercial customers would experience an average monthly increase of \$15.96 (79%). Unmetered residential customers would experience a monthly increase of \$4.27 (31%). Multi-family residential customers would experience an average monthly decrease of \$9.99 (-73%) per unit.

If approved the proposed increase would increase total revenues by \$129,564.25 (38%). This proposal is subject to public review and approval by the IPUC. A copy of the application is on file in our office for examination. If you have any comments or questions, please contact either Falls Water Company or the Idaho Public Utilities Commission:

Idaho Public Utilities Commission
PO Box 83720
Boise, ID 83720-0074
(800) 432-0369

Falls Water Company, Inc.
2025 E First Street
Idaho Falls, ID 83401-4411
(208) 522-1300

Falls Water Rate Application – Attachment #1

FALLS WATER COMPANY, INC.
Balance Sheet
for years ending December 31, 2000, 2001, and 2002

	<u>December 31, 2000</u>	<u>December 31, 2001</u>	<u>December 31, 2002</u>
ASSETS			
Current Assets			
Checking/Savings			
129 · FWC-BofCommerce	0.00	0.00	5,178.85
130 · FWC-First Security Bank	11,924.66	6,607.09	0.00
Total Checking/Savings	11,924.66	6,607.09	5,178.85
Other Current Assets			
129.1 · FWC Growth Fund	0.00	0.00	6,000.00
132 · Undeposited Funds	0.00	1,028.18	1,556.17
140 · Accts Receivable			
141 · Cust Accts Receivable	21,843.45	28,686.87	34,384.41
143 · Uncollectable Allowance	-1,642.45	-1,300.00	-1,300.00
Total 140 · Accts Receivable	20,201.00	27,386.87	33,084.41
Total Other Current Assets	20,201.00	28,415.05	40,640.58
Total Current Assets	32,125.66	35,022.14	45,819.43
Fixed Assets			
101 · Utility Plant			
303 · Land & Land Rights	3,328.58	3,328.58	3,328.58
304 · Structures and Improvements	0.00	8,707.15	8,707.15
307 · Wells	52,805.40	52,805.40	52,805.40
310 · Generators	16,693.04	16,693.04	16,693.04
311 · Pumping Equipment	143,276.46	187,719.18	195,807.45
320 · Purification System	15,865.23	15,865.23	15,865.23
330 · Tanks	494.35	494.35	494.35
331 · Water Mains	91,770.14	91,770.14	133,121.03
334 · Meters	96,601.14	118,735.38	134,082.25
340 · Office Furn & Fixt	5,344.37	7,475.84	7,475.84
341 · Transportation Equipment	13,261.28	13,261.28	13,261.28
343 · Tools & Equipment	9,582.50	9,582.50	10,842.50
Total 101 · Utility Plant	449,022.49	526,438.07	592,484.10
108 · Plant Depreciation	-271,968.77	-293,711.83	-316,826.12
Total Fixed Assets	177,053.72	232,726.24	275,657.98
TOTAL ASSETS	209,179.38	267,748.38	321,477.41
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable			
232 · Accts Payable	0.00	15,031.84	49,282.60
Total Accounts Payable	0.00	15,031.84	49,282.60
Other Current Liabilities			
231 · FWC Accounts Payable			
231.2 · Payable to MHE/Labor Gravco	41,139.80	0.00	0.00
231.3 · Payable to WCC/CD Crossing	38,950.00	0.00	0.00
231.4 · Payable to WCC/Well3	22,880.25	0.00	0.00
231.5 · Payable to WCC/Generator	12,075.00	0.00	0.00
231.6 · Payable to WCC/Repairs	8,316.17	0.00	0.00
231.7 · Payable to WCC/Well6B	10,923.00	0.00	0.00
231.8 · Payable on Summit Park	0.00	0.00	19,022.93
231.9 · Crimson Valley Water Main	0.00	0.00	2,500.00
Total 231 · FWC Accounts Payable	134,284.22	0.00	21,522.93
233 · A/P to Associated Companies	0.00	0.00	6,047.20
236 · Taxes Payable			
236.3 · Other Taxes Payable	0.00	2,819.50	1,364.33
Total 236 · Taxes Payable	0.00	2,819.50	1,364.33
Total Other Current Liabilities	134,284.22	2,819.50	28,934.46
Total Current Liabilities	134,284.22	17,851.34	78,217.06
Long Term Liabilities			
223 · Advances from Associated Co.	0.00	134,284.22	122,541.12
271 · Contrib. in Aid of Construction	0.00	0.00	44,200.00
272 · Accum Amort - Contrib Aid Const	0.00	0.00	-658.08
Total Long Term Liabilities	0.00	134,284.22	166,083.04
Total Liabilities	134,284.22	152,135.56	244,300.10
Equity			
201 · Capital Stock	25,000.00	25,000.00	25,000.00
215 · Retained Earnings	69,779.05	95,717.96	90,187.21
Net Income	-19,883.89	-5,105.14	-38,009.90
Total Equity	74,895.16	115,612.82	77,177.31
TOTAL LIABILITIES & EQUITY	209,179.38	267,748.38	321,477.41

FALLS WATER COMPANY, INC.
Comparative Income Statement
for the calendar years of 2000, 2001, 2002

	<u>Jan - Dec 2000</u>	<u>Jan - Dec 2001</u>	<u>Jan - Dec 2002</u>
Ordinary Income/Expense			
Income			
400 - Operating Revenue			
460 - Unmetered Revenue	87,270.00	87,487.59	104,171.37
461.1 - Metered Residential	198,794.33	210,877.57	227,542.35
461.2 - Commercial Revenue	3,673.00	7,590.53	7,283.73
469 - Hookup Fees	24,179.78	22,951.43	0.00
474 - Other Utility Revenue	0.00	322.00	1,460.00
400 - Operating Revenue - Other	0.00	0.00	0.00
Total 400 - Operating Revenue	<u>313,917.11</u>	<u>329,229.12</u>	<u>340,457.45</u>
Total Income	313,917.11	329,229.12	340,457.45
Expense			
601.5 - Labor Field	27,513.71	39,380.70	49,783.80
601.7 - Labor Meter Reading	4,800.00	4,800.00	5,280.00
601.8 - Labor Office	36,000.00	36,000.00	36,000.00
601.9 - Admin - Labor	47,410.40	50,400.00	52,000.00
610 - Purchased Water	0.00	2,224.00	1,112.00
615 - Electrical Power	58,852.70	80,602.20	70,857.81
620.2 - Source M&S	10,942.88	5,340.69	4,924.25
620.6 - Distribution M&S	18,855.23	12,621.95	10,215.59
620.7 - Postage	8,894.68	5,440.00	6,372.46
620.8 - Office	5,633.54	9,382.63	6,538.90
620.81 - Telephone Expense	8,818.00	9,525.66	6,380.12
620.82 - Bank service charges	1,341.43	1,696.91	743.48
631.1 - Engineering	5,222.85	2,680.00	36,210.00
631.2 - Accounting	966.00	1,175.00	1,000.00
631.3 - Attorney	855.59	707.78	367.00
635 - Testing	4,359.41	8,837.38	5,808.45
636.2 - Source Contract Repairs	42,506.09	2,056.28	1,311.18
636.3 - Trash	164.45	179.40	169.29
636.6 - Distribution Contract Repairs	7,750.43	9,155.30	4,299.08
636.7 - Data Processing	11,300.00	11,725.00	11,800.00
636.9 - Contract Others	135.00	65.00	0.00
641 - Rental of Property	1,200.00	1,250.00	1,300.00
642 - Rental of Equipment	0.00	1,431.26	3,111.54
650 - Transportation Expense	2,535.07	3,886.29	7,028.66
656 - Insurance Expense	0.00	0.00	3,918.00
660 - Advertising Expense	832.40	1,511.11	2,081.32
670 - Bad Debt Expense	1,715.02	1,793.55	4,619.16
675.1 - Training Expenses	390.00	500.00	290.00
675.2 - Dues & Publications	762.00	825.00	860.00
675.4 - IDHW Fee Expense	8,335.00	7,720.00	7,860.01
Total Expense	<u>318,091.88</u>	<u>312,913.09</u>	<u>342,242.10</u>
Net Ordinary Income	-4,174.77	16,316.03	-1,784.65
Other Income/Expense			
Other Income			
421 - Non-Utility Income	3,425.66	2,734.50	25,125.03
Total Other Income	<u>3,425.66</u>	<u>2,734.50</u>	<u>25,125.03</u>
Other Expense			
403 - Depreciation Expense	15,494.37	20,345.51	22,030.60
408 - Taxes			
408.11 - Property Taxes	2,793.48	2,854.50	3,647.40
409.11 - State Income Tax	30.00	30.00	30.00
Total 408 - Taxes	<u>2,823.48</u>	<u>2,884.50</u>	<u>3,677.40</u>
408.10 - Regulatory Fee	809.91	905.02	848.42
426 - Misc. Nonutility Expenses	0.00	0.00	18,513.20
427.2 - Interest on Short-Term Debt	0.00	20.64	0.00
427.3 - Interest Expense	7.02	0.00	8,022.80
615.1 - Electrical Power - Black Hawk	0.00	0.00	5,927.24
615.2 - Andco Well - Electricity	0.00	0.00	657.29
620.21 - Source M&S - Black Hawk Estates	0.00	0.00	494.66
620.61 - Black Hawk Distr M&S	0.00	0.00	843.55
620.62 - Andco Distr M&S	0.00	0.00	0.00
620.811 - Telephone - Black Hawk Estates	0.00	0.00	320.12
635.2 - Testing - Andco System	0.00	0.00	15.00
Total Other Expense	<u>19,134.78</u>	<u>24,155.67</u>	<u>61,350.28</u>
Net Other Income	-15,709.12	-21,421.17	-36,225.25
Net Income	<u>-19,883.89</u>	<u>-5,105.14</u>	<u>-38,009.90</u>

FALLS WATER COMPANY, INC.
Calculation of Rate Base
for rate case submitted July 24, 2003

Rate Base	<u>2002</u>
Utility Plant in Service	592,484.10
Working Capital (1/8 of Operating Expenses)	<u>42,780.26</u>
Subtotal	635,264.36
Less: Accumulated Depreciation	<u>293,711.83</u>
Total Rate Base	<u><u>341,552.53</u></u>
Return on Rate Base	
Return @12% (Total Rate Base x 12%)	\$ 40,986.30

Falls Water Rate Application -- Attachment #4

Falls Water Company, Inc.
Comparison of Income at Present Rate and Income at Proposed Rate
for explanation of adjustments proposed by rate case.

	<u>Jan - Dec 02</u>	Adjustments	Proposed	
Ordinary Income/Expense				
Income				
400 - Operating Revenue				
460 - Unmetered Revenue	104,171.37	19,812.63	123,984.00	See Note 1
461.1 - Metered Residential	227,542.35	104,008.45	331,550.80	See Note 1
461.2 - Commercial Revenue	7,283.73	5,743.17	13,026.90	See Note 1
474 - Other Utility Revenue	1,460.00	-	1,460.00	
Total 400 - Operating Revenue	<u>340,457.45</u>	<u>-</u>	<u>470,021.70</u>	
Total Income	340,457.45		470,021.70	
Expense	338,997.45			
601.5 - Labor Field	49,783.80	58,777.00	108,560.80	See Note 2
601.7 - Labor Meter Reading	5,280.00	347.52	5,627.52	See Note 3
601.8 - Labor Office	36,000.00	(26,700.00)	9,300.00	See Note 4
601.9 - Admin - Labor	52,000.00	2,168.00	54,168.00	See Note 3
603 - Salary Officers & Directors	0.00	13,704.00	13,704.00	See Note 5
604 - Employee Benefits	0.00	10,800.00	10,800.00	See Note 6
610 - Purchased Water	1,112.00	-	1,112.00	
615 - Electrical Power	70,857.81	-	70,857.81	
620.2 - Source M&S	4,924.25	2,145.02	7,069.27	See Note 7
620.6 - Distribution M&S	10,215.59	3,682.00	13,897.59	See Note 7
620.7 - Postage	6,372.46	5,627.54	12,000.00	See Note 8
620.8 - Office	6,538.90	646.12	7,185.02	See Note 9
620.81 - Telephone Expense	6,380.12	-	6,380.12	
620.82 - Bank service charges	743.48	(743.48)	0.00	See Note 10
631.1 - Engineering	36,210.00	(21,000.00)	14,704.28	See Note 11
631.2 - Accounting	1,000.00	-	1,000.00	
631.3 - Attorney	367.00	276.46	643.46	See Note 7
635 - Testing	5,808.45	526.63	6,335.08	See Note 7
636.2 - Source Contract Repairs	1,311.18	4,811.31	6,122.49	See Note 7
636.3 - Trash	169.29	20.55	189.84	See Note 12
636.6 - Distribution Contract Repairs	4,299.08	2,769.19	7,068.27	See Note 7
636.7 - Data Processing	11,800.00	(5,800.00)	6,000.00	See Note 13
641 - Rental of Property	1,300.00	3,050.00	4,350.00	See Note 14
642 - Rental of Equipment	3,111.54	-	3,111.54	
650 - Transportation Expense	7,028.66	-	7,028.66	
656 - Insurance Expense	3,918.00	980.00	4,898.00	See Note 12
660 - Advertising Expense	2,081.32	-	2,081.32	
670 - Bad Debt Expense	4,619.16	-	4,619.16	
675.1 - Training Expenses	290.00	100.00	390.00	See Note 7
675.2 - Dues & Publications	860.00	40.00	900.00	See Note 9
675.4 - IDHW Fee Expense	7,860.01	-	8,180.00	
Total Expense	<u>681,239.55</u>	<u>-</u>	<u>398,284.23</u>	
Net Ordinary Income	-340,782.10		71,737.47	
Other Income/Expense				
Other Income				
421 - Non-Utility Income	25,125.03	(17,173.98)	7,951.05	See Note 15 & 16
Total Other Income	<u>25,125.03</u>	<u>-</u>	<u>7,951.05</u>	
Other Expense				
403 - Depreciation Expense	22,030.60	-	22,030.60	
408 - Taxes				
408.11 - Property Taxes	3,647.40	971.76	4,619.16	See Note 12
409.11 - State Income Tax	30.00	-	30.00	
Total 408 - Taxes	<u>3,677.40</u>	<u>-</u>	<u>4,649.16</u>	
408.10 - Regulatory Fee	848.42	-	848.42	
426 - Misc. Nonutility Expenses	18,513.20	(13,179.68)	5,333.52	See Note 16
427.3 - Interest Expense	8,022.80	492.65	8,515.45	See Note 18
615.1 - Electrical Power - Black Hawk	5,927.24	(5,927.24)	0.00	See Note 15
615.2 - Andco Well - Electricity	657.29	(657.29)	0.00	See Note 17
620.21 - Source M&S - Black Hawk Estates	494.66	(494.66)	0.00	See Note 15
620.61 - Black Hawk Distr M&S	843.55	(843.55)	0.00	See Note 15
620.62 - Andco Distr M&S	0.00	-	0.00	See Note 17
620.811 - Telephone - Black Hawk Estates	320.12	(320.12)	0.00	See Note 15
635.2 - Testing - Andco System	15.00	(15.00)	0.00	See Note 17
Total Other Expense	<u>61,350.28</u>	<u>-</u>	<u>41,377.15</u>	
Net Other Income	-36,225.25		-33,426.10	
Net Income	<u>-377,007.35</u>		<u>38,311.37</u>	

Notes:

- 1) Increase is based on Proposed rate changes
- 2) Hired 1 new employee 28,043.81
2003 pay raise for System Operator 2,524.49
Proposed salary for another maintenance worker 28,208.70
Total of proposed change \$ 58,777.00
- 3) 2003 pay raise
- 4) Realignment of office staff duties and costs
- 5) Salary for 2 officers (2 x \$571.00 per month). Was part of Office Labor cost
- 6) Health Insurance benefits for employees 4 employees at \$225.00 each per month
- 7) Amount is based on 3 year average of expenses in this category.
- 8) Mailings of monthly billings by 3rd party @ about \$900.00 per month (\$10,800 annually) and \$1,200 for misc mailings (ie. Collection notices, new customer information, etc.)
- 9) Based on 3 year trend in category.
- 10) Closed Bank account with service charge & opened new account.
- 11) Estimated engineering costs for 2003
- 12) Change based on actual fee increases from Vendor
- 13) Data Processing fee is changing to a leased buyout of the billings software and computers used in Falls Water Co offices.
- 14) Increase is based on \$50.00 increase in well lot lease from Evan's Grain Co. and \$250.00 per month office space rental
- 15) Falls Water Co will cease operating & maintaining Black Hawk Estates Water system on February 1, 2004. Category amount reflects the removal of associated revenues and/or expenses.
- 16) Removed one time revenue & expense item from category
- 17) Fall Water Co is not operating or maintaining the Andco Water System. All associated revenues and/or expenses have been removed from categories.
- 18) Interest Expense increase is due to purchase of 2002 Chevy van.

Falls Water Rate Application -- Attachment #5

Calculation of Rate by Customer Class:

Present Rates:

Flat Rate Customers:

Number of Customers	574	
X Present Rate of \$13.73	<u>\$ 7,881.02</u>	
X 12 Months		\$ 94,572.24

Multi-family Residential::

Number of Customers	58	
X Present Rate of \$13.73	<u>\$ 796.34</u>	
X 12 Months		<u>\$ 9,556.08</u>

Total Flat Rate Residential Revenues \$ 104,128.32

Metered Commercial:

Number of Customers	30	
X Present Rate of \$10.00	<u>\$ 300.00</u>	
X 12 Months		\$ 3,600.00
Annual Excess Usage in 1000's of Gallons	19,517	
Annual Excess @ \$0.33 per 1000 gal.		<u>\$ 6,440.61</u>
Total for Metered Commercial		\$ 10,040.61

Metered Residential:

Number of Customers	1,352	
X Present Rate of \$10.00	<u>\$ 13,520.00</u>	
X 12 Months		\$ 162,240.00
Annual Excess Usage in 1000's of Gallons	234,426	
Annual Excess @ \$0.33 per 1000 gal.		<u>\$ 77,360.58</u>
Total for Metered Residential		\$ 239,600.58

Total Revenue at Present Rates \$ 353,769.51

Falls Water Rate Application -- Attachment 6 (page 1 of 2)

Calculation of Rate by Customer Class:

Proposed Rates:

Flat Rate Customers:

Number of Customers	574	
X Present Rate of \$18.00	<u>\$ 10,332.00</u>	
X 12 Months		\$ 123,984.00

Multi-family Residential::

Number of Customers	4	
X Present Rate of \$14.5	<u>\$ 58.00</u>	
X 12 Months		\$ 696.00
Annual Excess Usage in 1000's of Gallons	4,591	
Annual Excess @ \$0.40 per 1000 gal.	<u>\$ 1,836.40</u>	
Total for Metered Commercial		\$ 2,532.40

Metered Commercial:

Number of Customers	30	
X Present Rate of \$14.50	<u>\$ 435.00</u>	
X 12 Months		\$ 5,220.00
Annual Excess Usage in 1000's of Gallons	19,517	
Annual Excess @ \$0.40 per 1000 gal.	<u>\$ 7,806.90</u>	
Total for Metered Commercial		\$ 13,026.90

Metered Residential:

Number of Customers	1,352	
X Present Rate of \$14.50	<u>\$ 19,604.00</u>	
X 12 Months		\$ 235,248.00
Annual Excess Usage in 1000's of Gallons	234,426	
Annual Excess @ \$0.40 per 1000 gal.	<u>\$ 93,770.40</u>	
Total for Metered Residential		\$ 329,018.40

Total Revenue at Present Rates

\$ 468,561.70

Falls Water Rate Application -- Attachment 6 (page 2 of 2)

Tariff No. 1	
P.U.C.I. No. Canceling P.U.C.I. No.	Original Sheet No.
Name of Utility	
FALLS WATER COMPANY, INC.	

SCHEDULE NO. R-1

RESIDENTIAL METERED SERVICE

RATE: \$10.00 \$14.50 PER MONTH MINIMUM

**~~\$0.32984~~ \$0.40 PER THOUSAND GALLONS ADDITIONAL
FOR**

**ALL WATER USED IN EXCESS OF ~~20,000~~ 17,000
GALLONS PER MONTH**

AVAILABLE TO ALL RESIDENTIAL CUSTOMERS EXCEPT THOSE
QUALIFYING FOR RATE SCHEDULE R-2.

Issued **July 15, 2003**

Effective **October 15, 2003**

Issued by **FALLS WATER COMPANY, INC.**

By _____ Title **MANAGER**
K. Scott Bruce

Tariff No. 1	
P.U.C.I. No. Canceling P.U.C.I. No.	Original Sheet No.
Name of Utility	
FALLS WATER COMPANY, INC.	

SCHEDULE NO. R-3

RESIDENTIAL MULTI-FAMILY

RATE: ~~\$13.73 PER COMPLETED DWELLING UNIT PER MONTH WHETHER VACANT OR OCCUPIED~~ \$14.50 PER MONTH MINIMUM

\$0.40 PER THOUSAND GALLONS ADDITIONAL FOR ALL WATER USED IN EXCESS OF 17,000 GALLONS PER MONTH

~~AVAILABLE TO RESIDENTIAL APARTMENT BUILDINGS AND MOBILE HOME PARKS WITH FOUR OR MORE UNITS.~~ **AVAILABLE TO RESIDENTIAL DUPLEXES, FOUR-PLEXES, AND APARTMENT BUILDINGS WHERE INDIVIDUAL UNITS IN A BUILDING ARE NOT METERED SEPERATELY OR LIVING UNITS CANNOT BE SOLD SEPERATELY.**

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K. Scott Bruce

Tariff No. 1	
P.U.C.I. No. Canceling P.U.C.I. No.	Original Sheet No.
Name of Utility	
FALLS WATER COMPANY, INC.	

SCHEDULE NO. C-2

METERED COMMERCIAL SERVICE READ YEAR-ROUND

RATE: \$10.00 \$14.50 PER MONTH MINIMUM

**\$0.32984 \$0.40 PER THOUSAND GALLONS ADDITIONAL
FOR ALL WATER USED IN EXCESS OF ~~20,000~~ 17,000
GALLONS PER MONTH**

AVAILABLE TO ALL NON-RESIDENTIAL CUSTOMERS.

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By _____ Title **MANAGER**
K. Scott Bruce