

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)
FALLS WATER COMPANY, INC. FOR) **CASE NO. FLS-W-03-01**
AUTHORITY TO INCREASE ITS RATES AND)
CHARGES.) **NOTICE OF APPLICATION**
)
)

YOU ARE HEREBY NOTIFIED that on July 25, 2003, Falls Water Company, an Idaho not-for-profit corporation and holder of Certificate of Public Convenience and Necessity No. 236, filed an Application with the Idaho Public Utilities Commission (Commission) requesting authority to increase its revenue requirement by \$129,564.25 (38%). As set forth in its Application, the proposed increase reflects the increased costs of maintenance and replacement of 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.

Falls Water requests the following change in water rates and charges:

Schedule No. R-1—residential metered service

Metered rates to increase 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.

Schedule No. R-2—residential flat rate service

Monthly charges to increase from \$13.73 to \$18.00.

Schedule No. R-3—residential multi-family

Existing flat rate of \$13.73 per vacant or occupied unit will be changed 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.

Schedule No. C-2—metered commercial service

Existing rate of \$10 for the first 20,000 gallons and \$0.32984 per thousand gallons in excess of 20,000 gallons will be changed to \$14.50 for the first 17,000 gallons and \$0.40 per thousand gallons in excess of 17,000.

Falls Water certifies that notification of the Company's intent to file its Application has been included with its 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 the Company's Application.

Falls Water states that the need for filing its Application has come about due to the fact that the Company is currently operating at a loss. The requested increase in charges, it states, will result in revenues 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.

Falls Water states that the aging of many of the infrastructure assets of the Company is requiring more repair and replacement. Currently, about 900 of the 1500 meters in the system are in need of replacement over the next ten years. The annual replacement cost for 93 ¼" meters is \$13,050. Routine maintenance, the Company states, is not being done with the frequency that it should be done. Maintenance on fire hydrants is not being completed as promptly as needed due to lack of funds and manpower. For the same reason, Falls Water states that 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. The Company states that a new field employee was hired in 2003 and that another employee is needed. A study by its engineer compared the Falls Water Company employee total to the number of employees in other comparably sized water systems and found that Falls Water was 1.5 employees short of the average number of employees at the other water systems.

Included with the Company's 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

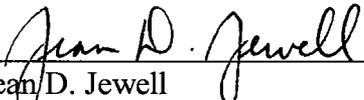
7. Proposed tariff schedules in legislative format

Falls Water requests that the proposed changes in rates take effect on October 15, 2003. The Company requests that its Application be processed under the Commission's Rules of Modified Procedure, i.e., by written submission rather than by hearing. Reference Commission Rules of Procedure, IDAPA 31.01.01.201-204.

YOU ARE FURTHER NOTIFIED that the Commission in Order No. 29317 has suspended the Company's proposed October 15, 2003, effective date and has determined that the Company shall continue charging existing rates and charges until such time as the Commission issues an Order accepting, rejecting or modifying the Application in Case No. FLS-W-03-01.

YOU ARE FURTHER NOTIFIED that the Company's Application can be reviewed at the Company's office, 405 11th Street, Idaho Falls, Idaho 83404-4899 (telephone: 208 522-1300), at the Commission's offices, 472 West Washington, Boise, Idaho, during regular business hours, or on the Commission's website, www.puc.state.is.us.

DATED at Boise, Idaho this 20th day of August 2003.



Jean D. Jewell
Commission Secretary

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