

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF FALLS WATER COMPANY FOR) **CASE NO. FLS-W-06-01**
AUTHORITY TO BORROW \$1,200,000)
FROM THE STATE DRINKING WATER)
FUND) **ORDER NO. 30120**
)

On July 28, 2006, Falls Water Company (Falls Water) filed an Application requesting authority to borrow not more than \$1,200,000 from the State Drinking Water Revolving Fund administered through the Idaho Department of Environmental Quality (DEQ). The terms for the loan amount of \$1,200,000 are expected to include an annual interest rate of 3.25% for 20 years with semi-annual payments of principal and interest of \$41,033.67. The terms are also expected to include a reserve provision where by the end of the fifth year of the loan, an amount equal to one annual payment will be established in the reserve. The loan will be closed in approximately one year when construction is expected to be completed.

Staff reviewed Falls Water's Application and believes the loan will be used primarily to meet new growth requirements while assuring adequate fire flows and pressures. The funds will be used to purchase land and water rights; drill the well (20-inch diameter, approximately 350 feet deep); purchase and install a 300 HP pump and controls, emergency generator, transfer switch and diesel tank; build a building sufficient to house the well and generator plus be expandable for a booster pump station and chlorination; and for fencing and engineering costs. The capital investment for rate base and the revenue requirement will be reviewed in the next rate case for inclusion in rates.

Staff recommended that the Commission approve the DEQ loan request of \$1,200,000. Staff also recommended that Falls Water provide copies of the final DEQ loan documents, any compliance reports and calculations that may be required, and the actual final costs in summary format similar to the engineering estimate. The final investment cost records will be reviewed during audit with the rate impact to be established in the next rate case.

Falls Water filed its Application pursuant to *Idaho Code* §§ 61-901 and 902. Filing fees have been paid as provided by *Idaho Code* § 61-905. After reviewing the Application and Staff's recommendation, we find it appropriate to approve Falls Water's Application. The

Company's filing satisfies the requirements of *Idaho Code* §§ 61-901, *et seq.* and the Commission's Rules of Procedure 141-150, IDAPA 31.01.01.141-150. The purpose of the requested borrowing authority is appropriate and we find this Application should be approved pursuant to *Idaho Code* § 61-902.

The issuance of an Order authorizing the proposed issuance does not constitute agency determination/approval of the type of financing or the related costs for ratemaking purposes. The Commission does not have before it for determination in this case and, therefore, does not determine the effect of issuance on rates to be charged by Falls Water to consumers in the State of Idaho.

ORDER

IT IS HEREBY ORDERED that Falls Water Company's Application for authorization to borrow not more than \$1.2 million from the State Drinking Water Revolving Fund is approved.

IT IS FURTHER ORDERED that if provided by the terms of the loan, Falls Water shall establish a reserve account equal to one (1) year's repayment of principle and interest due. The reserve must be established within five (5) years.

IT IS FURTHER ORDERED that Falls Water shall file with the Commission, as soon as they become available, all final loan-related documents, any compliance reports and calculations that may be required. The actual final costs in summary format similar to the engineering estimate shall also be filed when available.

IT IS FURTHER ORDERED that the foregoing authorization is without prejudice to the regulatory authority of the Commission with respect to rates, utility capital structure, service, accounts, valuation, estimates for determination of cost or any other matter which may come before this Commission pursuant to its jurisdiction and authority as provided by law.

IT IS FURTHER ORDERED that nothing in this Order and no provisions of Chapter 9, Title 61, Idaho Code, or any act or deed done or performed in connection therewith shall be construed to obligate the State of Idaho to pay or guarantee in any manner whatsoever any security authorized, issued, assumed or guaranteed under the provisions of Chapter 9, Title 61, Idaho Code.

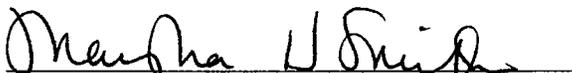
IT IS FURTHER ORDERED that issuance of this Order does not constitute acceptance of Falls Water's exhibits or other material accompanying the Application for any purpose other than the issuance of this Order.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* § 61-626.

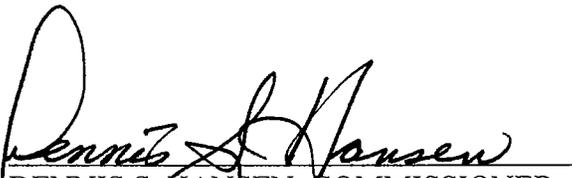
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 29th day of August 2006.



PAUL KJELLANDER, PRESIDENT

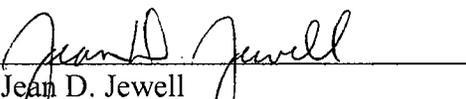


MARSHA H. SMITH, COMMISSIONER



DENNIS S. HANSEN, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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