



# FALLS WATER COMPANY

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July 25, 2007

Idaho Public Utilities Commission  
ATTN: Commission Secretary  
P.O. Box 82720-0074  
Boise, Idaho 83720

FLS-W-07-01

Subject: Application to Increase Rates and Charges

Dear Commission Secretary:

Enclosed are an original and seven copies of an application together with supporting exhibits requesting an increase in rates and charges of Falls Water Co., Inc. An extra copy is also enclosed. Please date stamp and return this extra copy to the company for our records.

The Company has informed its customers of this application through a notice included with customer bills mailed on July 25, 2007. The Company has arranged for publication of the notice of this application in the Post Register Newspaper in Idaho Falls. A copy of the notice is also enclosed (The same notice was sent to the customers and printed in the Post Register).

Also enclosed is a computer disc containing the application, exhibits and work papers in electronic media to aid the Commission Staff in its review of this application.

Sincerely,

K. Scott Bruce  
Manager

2007 JUL 27 PM 12:48  
IDAHO PUBLIC  
UTILITIES COMMISSION

K. Scott Bruce  
Falls Water Company, Inc.  
1770 Sabin Dr.  
Idaho Falls, ID 83406  
Tel. (208) 522-1300  
Fax (208) 522-4099  
E-mail: [scott1@fallswater.com](mailto:scott1@fallswater.com)  
Representative for Falls Water Company, Inc.

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE APPLICATION OF )  
FALLS WATER COMPANY )  
FOR AN ORDER AUTHORIZING INCREASES IN ) CASE NO. FLS-W-07-1  
THE COMPANY'S RATES AND CHARGES FOR )  
WATER SERVICE IN THE STATE OF IDAHO ) APPLICATION**

COMES NOW Falls Water Company Inc., (“Falls Water”, “Applicant” or “Company”) and hereby makes application to the Idaho Public Utilities Commission for an Order approving revisions to Applicant’s schedules of rates and charges for water service in the State of Idaho to become effective with service provided on and after September 1, 2007. Applicant is requesting the Commissions authorization to: 1) Increase the water rates it charges its customers by approximately 46.2%. The Company is proposing to increase its metered customer base rate from \$11.53 to \$16.47 (43%) and it’s commodity rate from \$0.48 to \$0.73 per thousand gallons (52%) to place more emphasis on the commodity rate in the interest of encouraging conservation. The Company is not requesting any increase in its current flat rate Schedule R-2. The Company last increased its basic rates and charges pursuant to Commission Order No. 30027 (Case No. FLS-W-05-1) dated April 27, 2006; 2) Increase it’s new customer connection fees from \$825.00 to \$930.00 for 1.5” meters and from \$900.00 to \$1,205.00 for 2 “ meters and; 3) Request language in the Commission’s Order that recognizes the change in the corporate organization of the Company and clarifies the Company’s right to distribute earnings, if any, to stockholders.

Applicant is requesting this Application be processed under the Commissions Rules of Modified Procedure. Applicant further requests an Order of the Commission authorizing the new rates be effective for all water delivered after the first meter reading on or about September 3, 2007.

## **GENERAL**

Applicant is a public utility water corporation within the meaning of the Idaho Public Utility Law, is duly organized and existing under the laws of the State of Idaho and is engaged in conducting a general water business in an area generally north of the City of Ammon and northeast of the City of Idaho Falls in Bonneville County, Idaho, having its principal office and place of business at 1770 Sabin Drive, Idaho Falls, Idaho. A copy of Applicant's Articles of Incorporation together with all amendments to date is on file with the Commission. Applicant's current Certificate of Convenience and Necessity is Certificate No. 236. Currently the Company provides water service to approximately 3,200 residential and commercial customers.

## **CONNECTION FEES**

Attached to this Application is Exhibit No. 6 composed of a single page in support of these connection fee requests. Materials and labor costs have increased resulting in installation costs that exceed the fees authorized in the Company's current Commission approved tariffs.

## **GENERAL RATE INCREASE REQUEST**

Enclosed, with this Application, are Exhibits Number 1 through 4 in support of the increase in water revenue requested. Applicant is proposing the year 2006 as the test year in this case adjusted to normalize and proform the test year for known and measurable changes that have or will occur in the near future.

### **RATE BASE**

Exhibit No. 1 presents the Company's calculation of rate base. Lines 1, 4, 8 and 11 of this exhibit present the balances of accounts on the books of the Company at December 31, 2006. On lines 2, 5, 9 and 12 are adjustments to the year end account balances to correct for some prior period accounting errors that have been corrected on the Company's books during 2007. The Corrected year-end 2006 Net Utility Plant at December 31, 2006 \$568,924.34 is shown on line 15 Column (C).

Lines 16 and 17 of this exhibit increase the Company's investment in plant for several projects that are either completed, in process or scheduled for completion within 12 months of the date of this application. None of these projects produce incremental revenue. The first of these projects (line 16) is the three (3) year program to convert the Company's flat rate customers to meters. The adjustment on this line recognizes the cost incurred in 2007 and those that will be incurred in 2008 to finish the program. This program is in conformance with the Commissions Order Number 30027 (Case No. FLS-W-05-1) dated April 27, 2006. In that case, the Company announced its plan to convert flat rate customers to meters over a six (6) year period. PUC Staff proposed that the Company complete the project more quickly and proposed a three (3) year period. The Company replied it would comply but requested a temporary surcharge to help pay the

increased cost. The Commission did not authorize a surcharge in its order but expressed its desire "...to see the meters purchased and installed sooner than later, preferably much sooner than six years." (Order at page 11) The Company commenced a conversion program later that year and will finish by mid year 2008.

Line 17 of this exhibit is an adjustment for four (4) line-looping projects the Company is planning. These four projects are necessary to improve system reliability, pressure and quality of service. The projects have been engineered and are currently out for bid. The adjustment shown here is based upon the Company's outside engineer's estimate of cost. The Company will inform the Commission of any changes once bids are received and contracts signed. The Company expects to complete these projects in 2007.

Line 18 is an allowance for working capital equal to 1/8th of operating expenses shown on Exhibit No. 2. Total Rate Base for this case of \$1,010,876.82 is shown on line 19.

#### RESULTS OF OPERATIONS

Exhibit No. 2 presents the Company's Results of Operations adjusted for known and measurable changes. Column (A) of the exhibit presents the actual recorded results on the Company's books for the year 2006. These actual results are adjusted in Columns (B) through (K) to develop the adjusted results shown in Column (L) that is used to determine the Company's revenue requirement on Exhibit No. 4.

The adjustment shown in Column (B) of Exhibit No. 2 adjusts the Company's revenues to recognize the number of customers connected to the system at the end of the test year. This adjustment also recognizes the effect of converting all flat rate customers to metered rates. These adjustments are consistent with the use of a year-end rate base and the adjustment to rate base for the cost of the metering project shown on Exhibit No. 1. This adjustment increases the Company's test year income by \$27,891.78 shown on line 59.

Column (C) of this exhibit adjusts the Company's labor costs for wage and salary levels at current pay rates and increases to take effect on December 18, 2007. The adjustment also includes the addition of a new administrative employee who will be hired within the next several months. This adjustment decreases the Company's test year income by \$168,622.53 shown on line 59 Column (C).

The Company is currently negotiating a lease for new office, warehouse and maintenance space and will be moving to a new location before the end of the year 2007. The Company's current office space is cramped and is not large enough to accommodate the addition of another administrative employee. The Company currently uses a trailer and shed at the location of one of its wells for storage and maintenance purposes. Well-head protection regulations require the Company to move these programs to another location.

Column (D) of Exhibit No. 2 recognizes the increased cost of leasing new space to consolidate the Company's administrative, warehouse and maintenance functions in one location. This adjustment decreases the Company's test year income by \$24,643.50 as shown on line 59 Column (D).

Exhibit No. 2 Column (E) adjusts the Company's source of supply costs to recognize increases in electric power costs, chemical costs and increases in well site maintenance and fee increases. This adjustment recognizes the effect on electric power and chemical costs for the year-end 2006 level of customers served based upon historical average costs per customer. Contract maintenance and fee increases are based upon current costs. This adjustment decrease the Company's income by \$26,325.78 as show in Column (E) line 59.

The administrative adjustment shown in Column (F) of Exhibit No. 2 recognizes increased costs of office materials, contract billing services, postage, utilities and janitorial service. This adjustment is based upon the current level of costs adjusted for the year-end level of customers and the move to a new office location. This adjustment decreases the Company's income by \$11,704.53 shown on line 59 Column (F).

Column (G) of Exhibit No. 2 sets forth the increased contract services costs associated primarily with the growth of the water system and the aging infrastructure. Leak repair requiring excavation and repair of roads, sidewalks and landscaping account for the majority of the increased costs. Water testing expense has increased with the growth of the system. These costs are levelized over the frequency of the testing periods. Fees charged for contract service have also increased. This adjustment decreases the Company's income by \$30,122.58 shown in Column (G) line 59.

The Adjustment for equipment and vehicle expense shown in Column (H) of Exhibit No. 2 recognizes the addition of a vehicle for maintenance and increased costs of equipment rent. The additional vehicle was required for a new maintenance employee hired by the Company. The increased cost of equipment rent is due to the increased number of repairs required due to growth and the aging of the Company's plant as well as increases in the hourly rate for rental equipment. This adjustment decreases the Company's income by \$13,987.39 as shown on line 59 of Column (H).

The Company is proposing to amortize its cost for preparing this rate case over a period of two years. The Company's history shows that it has been on a two year frequency cycle between rate cases. The adjustment in Column (I) of Exhibit No. 2 includes one half (1/2) of the Company's costs to date for this case. The Company will update this adjustment before the Commission issues its order in this case. This adjustment decreases the Company's income by \$3,200.00 as shown in Column (I) line 59.

The adjustment shown in Column (J) of Exhibit No. 2 is necessary to be consistent with the adjustment to plant in service adjustments to rate base on Exhibit No. 1. This adjustment reflects the additional depreciation expense the Company will

experience associated with the line-looping construction projects and the completion of the conversion of flat rate customers to meters. This adjustment reduces the Company's income by \$25,684.58 as shown on line 59 of Column (J).

The final adjustment proposed by the Company is shown in Column (K) of Exhibit No. 2. This adjustment recognizes changes in the property taxes paid by the Company based upon the year 2007 tax rates. The adjustment also includes recognition of additional irrigation taxes the Company will pay to Progressive Irrigation District. The Company has entered into an agreement with the district to pay the annual assessments on properties within the Company's service area that are no longer utilizing the District's surface water. In return, the Company may use the water to provide future pressurized irrigation or recharge ponds as mitigation to protect the Company's ground water rights. This adjustment decreases the Company's income by \$5,553.37 as shown in Column (K) line 59.

Column (L) of Exhibit No. 2 presents the Company's proforma results of operations for use in this case. The proforma results reflect a loss of \$232,008.59 as shown in Column (L) line 59.

#### COST OF CAPITAL

Exhibit No. 3 presents the Company's capital structure and calculation of the weighted cost of capital at December 31, 2006. An adjustment to the Company's equity component of the capital structure is shown on line 4. This adjustment is consistent with the adjustment discussed earlier to correct accounting errors from prior periods regarding amortization of contributions in aid of construction. The Company is requesting a return on its common equity of 12%. This return is equal to the return granted the Company in its last case and is the same as returns granted recently by the Commission for other small water companies. The overall weighted cost of capital for Falls Water Company is 7.2%.

#### REVENUE REQUIREMENT

Exhibit No. 4 presents the calculation of the revenue requirement for Falls Water Company. Lines 1 through 5 of this exhibit develop the net operating deficiency of \$304,820.16 shown on line 5 utilizing the rate base, rate of return and operating results from Exhibits No. 1, 2 and 3. Lines 6 through 9 of Columns (B) and (C) calculate the revenue increase necessary to overcome the income deficiency. The revenue gross-up calculation is performed in two steps. Column (B) calculates the incremental revenue requirement of \$235,995.35 necessary to overcome the Company's operating loss. These incremental revenues will not result in any income tax obligation since the revenue would simply bring the Company to a break even point where revenue equal expenses. The only costs associated with these revenues would be increased exposure to bad debts, increased regulatory fees and increased bank charges for credit card payments. Column (C) calculates the incremental revenue requirement of \$94,709.40 necessary to produce the net operating income requirement of \$72,811.58. These incremental revenues will be subject to income taxes in addition to the bad debt exposure, regulatory fees and bank service charges. The total revenue increase requirement of \$330,704.75 is shown on line 10. This represents an increase in the Company's revenues of 46.18%.

## RATE DESIGN

Exhibit No. 5 shows the calculations to develop a rate design that will produce the required revenues. The Company is not proposing any change to the flat rate customers at this time. These customers will within a year be converted to meters and will begin paying at the metered rate. When the last customer is converted, the Company will file a Tariff Advice letter with the Commission proposing that the Residential Flat Rate Schedule 2 be cancelled.

The Company has placed more emphasis on the commodity rate than on the basic charge in an effort to encourage conservation. As shown on lines 26 and 27 of this exhibit, the Company's current base rates produce 62% of revenues and commodity rates produce 38% of revenues. The Company proposal drops the ratio of base charges from 62% to 60% and increases the ratio of commodity charges from 38% to 40%.

The Company is proposing to increase the base rate for all metered schedules from \$11.53 to \$16.47. This is an increase of 43%. The Company proposes to increase the commodity rate for all metered schedules from \$0.48/000 gallons to \$0.73/000 gallons. This is an increase of 52%.

The proposed rate design will produce \$1,046,995.89 in revenues. The revenue generated is within \$107.89 of the revenue requirement of \$1,046, 888.00.

As shown on lines 28 through 30, the average residential metered customer will experience an increase in their average bill of approximately 46.27%. The average multifamily residential customer will experience an increase in their average bill of 46.59%. The average commercial customer will experience an increase in their average bill of 49%. Flat rate customers will not see an increase at this time.

## TARRIFS

Exhibit No. 7, a four (4) page exhibit, is a marked-up copy of the Company's current rate schedules showing the proposed changes in rates for Schedules R-1, R-3, C-2 and M. Exhibit No. 8, a four (4) page exhibit is composed of the Company's new proposed rate schedules,

## CONTACT INFORMATION

Questions regarding this application should be addressed to:

K Scott Bruce, Manager  
Falls Water Co.  
1770 Sabin Dr.  
Idaho Falls, Idaho 83404

Robert E. Smith  
2209 N. Bryson Rd.  
Boise, Idaho 83713

Ph: (208) 522-1300  
e-mail [scott1@fallswater.com](mailto:scott1@fallswater.com)

Ph: (208) 761-9501  
e-mail [utilitygroup@yahoo.com](mailto:utilitygroup@yahoo.com)

Please provide copies of all correspondence, notices and orders to the above individuals.

Respectfully submitted,

*K. Scott Bruce*

K Scott Bruce  
Manager

**Falls Water Company, Inc.**  
**Calculation of Rate Base**

Rate Base 2006	(A)	(B)	(C)
<b>Net Assets</b>			
1 Utility Plant in Service	2,573,701.87		
2 Net Correcting Entry to Utility Plant in Service	99,794.37 *		
3 Corrected Total of Utility Plant in Service	<u>2,673,496.24</u>		
4 Less: Contributions in Aid of Construction	1,512,893.13		
5 Correcting Entry to Contributions in Aid of Construction	158,680.44 **		
6 Corrected Total of Contributions in Aid of Construction	<u>1,671,573.57</u>		
7 Subtotal of Investor Owned Assets for Rate Base			1,001,922.67
8 Less: Accumulated Depreciation	491,076.85		
9 Correcting Entry to Accumulated Depreciation	18,889.34 ***		
10 Corrected Total of Accumulated Depreciation		509,966.19	
11 Less: Accum Amort of Contribution in Aid of Construction	43,633.91		
12 Correcting Entry to Accum Amort of CIAC	33,333.95 ****		
13 Corrected Accum Amort of CIAC		<u>76,967.86</u>	
14 Total Accum Depr net of Accum Amort of CIAC			<u>432,998.33</u>
15 Corrected Net Utility Plant @ 12/31/2006			568,924.34
16 Proforma additions to Plant (2007 & 2008 Meter Conversions)			181,522.80
17 Proforma Additions to Plant (Line Loop Extensions)			152,800.00
18 Working Capital (1/8 of Operation and Maintenance Expenses)			<u>107,629.68</u>
19 Rate Base			<u>\$ 1,010,876.82</u>

\* Correcting entry to capitalize labor in 2004 and 2005 for the installation of meters in new construction.

\*\* Correction to reflect assets purchased with CIAC funds.

\*\*\* Correction to recognize Accumulated Depreciation Assets Purchased with CIAC funds.

\*\*\*\* Correction to recognize Accumulated Amortization of Assets Purchased with CIAC funds.

Falls Water Company  
Results of Operations  
Test Year Ended 12/31/2006

	(A) Per Books 2006	(B) Annualize Revenue	(C) Proform Labor Costs	(D) Proform Rental Exp	(E) Source Supply Adj	(F) Admin Adj	(G) Contract Services Adj	(H) Equip & Vehicle Adj	(I) Rate Case Expense Adj	(J) Proform Depr. Expense	(K) Property & Irrig Tax Adj	(L) Adjusted Test Year
1 Ordinary Income/Expense												
2 Income												
3 400 - Operating Revenue												
4 460 - Unmetered Revenue	116,570.61	(116,570.61)										693,756.06
5 461.1 - Metered Residential	551,296.26	142,459.80										21,592.19
6 461.2 - Commercial Revenue	19,421.02	2,171.17										835.00
7 474 - Other Utility Revenue	835.00	-										716,183.24
8 Total 400 - Operating Revenue	688,122.89	28,060.35										716,183.24
9 Total Income	688,122.89											
10 Expense												
11 601.5 - Labor Field	108,518.03		72,746.15									181,264.18
12 601.7 - Labor Meter Reading	8,045.67		(8,045.67)									-
13 601.8 - Labor Office	47,765.09		11,527.71									59,292.80
14 601.9 - Admin - Labor	56,313.52		71,687.54									128,001.06
15 603 - Salary Officers & Directors	2,304.00		(2,304.00)									-
16 604 - Employee Benefits	33,807.48		23,010.79									56,818.27
17 610 - Purchased Water	1,112.00				20,392.88							1,112.00
18 615 - Electrical Power	89,380.23				1,600.77							109,773.11
19 618 - Chemicals	3,215.44				4,332.13							4,816.21
20 620.2 - Source M&S	6,387.84											10,719.97
21 620.6 - Distribution M&S	37,105.71					1,877.84						37,105.71
22 620.7 - Postage	12,416.05					7,541.75						14,293.89
23 620.8 - Office	16,748.29					(346.60)						24,290.04
24 620.81 - Telephone Expense	13,170.66					63.91						12,824.06
25 620.82 - Bank service charges	1,667.09					1,704.74						1,731.00
26 620.83 - Office Utilities Expense	2,931.41											4,636.15
27 631.1 - Engineering	1,282.50						653.66					1,282.50
28 631.2 - Accounting	2,471.34											3,125.00
29 631.3 - Attorney	7,016.00											7,016.00
30 635 - Testing	4,465.00											8,099.69
31 636.2 - Source Contract Repairs	-											1,400.00
32 636.3 - Trash	659.88											357.48
33 636.6 - Distribution Contract Repairs	10,615.25											19,804.75
34 636.7 - Data Processing	3,444.00											272.00
35 636.8 - Contract Service - Consulting	20,000.00											4,000.00
36 641 - Rental of Property	11,868.00											20,108.20
37 642 - Rental of Equipment	13,762.50											6,345.70
38 650 - Transportation Expense	27,371.54											7,641.69
39 656 - Insurance Expense	10,633.00											12,097.00
40 660 - Advertising Expense	2,081.45											2,081.45
41 665 - Regulatory Commission Expenses	1,679.55											4,879.55
42 670 - Bad Debt Expense	8,387.22											8,688.20
43 675.1 - Training Expenses	2,515.27											2,515.27
44 675.2 - Dues & Publications	962.75											1,275.00
45 675.4 - DEQ Fee Expense	11,986.34											10,988.00
46 675.9 - Uncategorized Expenses	-											125.00
47 Total Expense	582,090.10											861,037.41
48 Net Ordinary Income	106,032.79											(144,854.16)

Falls Water Company  
Results of Operations  
Test Year Ended 12/31/2006

	(A) Per Books 2006	(B) Annualize Revenue	(C) Proform Labor Costs	(D) Proform Rental Exp	(E) Source Supply Adj	(F) Admin Adj	(G) Contract Services Adj	(H) Equip & Vehicle Adj	(I) Rate Case Expense Adj	(J) Proform Depr. Expense	(K) Property & Irrig Tax Adj	(L) Adjusted Test Year
49 Other Expense												
50 403 - Depreciation Expense	47,537.64									25,684.56		73,222.22
51 408 - Taxes												
52 408.11 - Property Taxes	6,598.40											
53 409.10 - Fed Income Tax	-											
54 408.11 - State Income Tax	-											
55 Total 408 - Taxes	6,598.40											30.00
56 408.10 - Regulatory Fee	1,611.86	168.57										12,151.77
57 Total Other Expense	55,747.90											1,780.43
58 Net Other Income	(55,747.90)											87,154.42
59 Net Income	\$ 50,284.89	27,891.78	(168,622.53)	(24,643.50)	(26,325.78)	(11,704.53)	(30,122.58)	(13,987.39)	(3,200.00)	(25,684.56)	(5,553.37)	(232,008.59)

Falls Water Company, Inc.  
 Capital Structure and Overall Rate of Return  
 Cost of Capital as of December 31, 2006

Line No.	Description	(A) Amount	(B) Percent of Total Capital	(C) Cost	(D) Component
1	Total Long Term Debt	\$248,944	43.51%	3.25%	1.41%
2	Long Term Loan - FPG	\$94,382	16.50%	6.00%	0.99%
3	Common Equity	\$ 166,536			
4	Correcting Adjust*****	\$ 62,255	<u>\$228,791</u>	12%	<u>4.80%</u>
5	Total	\$572,118	100.00%		7.20%

\*\*\*\*\* Adjustment from prior periods required because Company failed to recognize amortization of Contributions is Aid of Construction coincident with depreciation expense on assets.

FALLS WATER COMPANY  
CALCULATION OF REVENUE REQUIREMENT

	(A)	(B)	(C)
1 Rate Base	\$ 1,010,876.82		
2 Required Rate of Return	<u>7.20%</u>		
3 Net Operating Income Requirement	\$ 72,811.58		
4 Net Operating Income Realized	<u>(232,008.59)</u>		
5 Net Operating Income Deficiency	\$ 304,820.16		
6 Revenue Increase necessary to overcome loss		Non-Tax \$ 232,008.59	Taxable
7 Revenue Increase Necessary For Income Requirement			\$ 72,811.58
8 Gross-up Factor		<u>1.02</u>	<u>1.30</u>
9 Revenue Increase Requirement		<u>\$ 235,995.35</u>	<u>\$ 94,709.40</u>
10 Total Revenue Increase Required			\$ 330,704.75
11 Adjusted Test Year Revenue			<u>716,183.24</u>
12 Percent Increase Required			46.18%

Falls Water Company  
Calculation of Rates  
By Customer Class

**Proposed Rates:**

Metered Commercial:			
1	Number of Customers	52	
2	X Proposed Rate of \$16.47	<u>\$ 856.44</u>	
3	X 12 Months		\$ 10,277.28
4	Annual Excess Usage in 1000's of Gallons	29,995	
5	Annual Excess @ \$0.73 per 1000 gal.		<u>\$ 21,896.15</u>
6	Total for Metered Commercial		\$ 32,173.43
Metered Residential & Multi-family Residential:			
7 Multi-family Residential:			
8	Number of Customers	79	
9	X Proposed Rate of \$16.47	<u>\$ 1,301.13</u>	
10	X 12 Months		\$ 15,613.56
11	Annual Excess Usage in 1000's of Gallons	\$ 15,514.63	
12	Annual Excess @ \$0.73 per 1000 gal.		<u>\$ 11,325.68</u>
13	Total for Metered Residential		\$ 26,939.24
Metered Residential:			
14	Number of Customers	3,071	
15	X Proposed Rate of \$16.47	<u>\$ 50,579.37</u>	
16	X 12 Months		\$ 606,952.44
17	Annual Excess Usage in 1000's of Gallons	521,823	
18	Annual Excess @ \$0.73 per 1000 gal.		<u>\$ 380,930.78</u>
19	Total for Metered Residential		\$ 987,883.22
20	Total Revenue at Proposed Rates		<u><u>\$ 1,046,995.89</u></u>
21	Total Gross Revenue Required		1,046,888.00
22	Variance of Gross Revenue from Proposed Rates Over/(Under)		\$ 107.89

Proposed Rates:			
23	Metered Customer - Base Charge for 12,000 Gal	\$ 16.47	
24	Metered Customer Commodity Charge	\$ 0.73	
25	Rates as a percentage of gross revenues:	Proposed	Present
26	Base Charge - Fixed	60%	62%
27	Commodity - Variable	40%	38%

Rate Tariff	Tariff Description	Avg Annual Bill at the Present Rates	Avg Annual Bill at the Proposed Rate	Percentage of Change From Present
28 R-1	Metered Residential Customers	\$ 219.92	\$ 321.68	46.27%
29 R-3	Metered Multi-Family Residential Customers	\$ 232.63	\$ 341.00	46.59%
30 C-2	Metered Commercial Customers	\$ 415.23	\$ 618.72	49.00%

Falls Water Company  
Detail of Connection Costs

Component	(A) Costs 1 1/2" Meters	(B) Costs 2" Meters
1 Meter	\$ 492.96	\$ 687.35
2 MXU	\$ 150.00	\$ 150.00
3 Fittings	\$ 194.13	\$ 274.92
4 Total Parts	\$ 837.09	\$ 1,112.27
5 Labor	\$ 74.25	\$ 74.25
6 20X12 Barrel Extension	\$ 22.06	\$ 22.06
7 Total	\$ 933.40	\$ 1,208.58
8 Requested Rates	<b>\$ 930.00</b>	<b>\$ 1,205.00</b>
9 Currents Rates	\$ 825.00	\$ 900.00
10 Increase	\$ 105.00	\$ 305.00
11 Percent Increase	13%	34%

Tariff No. 1  P.U.C.I. No. Canceling P.U.C.I. No.                      Original Sheet No.	
Name of Utility  <b>FALLS WATER COMPANY, INC.</b>	
<p style="text-align: center;"><b>SCHEDULE NO. R-1</b></p> <p style="text-align: center;"><b>RESIDENTIAL METERED SERVICE</b></p> <p><b>RATE:</b>            <del>\$11.53</del> <u>\$16.47</u> PER BILLING CYCLE MINIMUM CHARGE  <del>\$0.48</del> <u>\$0.73</u> PER THOUSAND GALLONS ADDITIONAL          FOR ALL WATER USED IN EXCESS OF 12,000 GALLONS          PER BILLING CYCLE.</p> <p style="text-align: center;">AVAILABLE TO ALL RESIDENTIAL CUSTOMERS EXCEPT THOSE          QUALIFYING FOR RATE SCHEDULE R-2.</p>	
Issued: <b>April 28, 2006</b>	Effective: <b>April 1, 2006</b>
Issued by <b>FALLS WATER COMPANY, INC.</b> By _____ Title <b>MANAGER</b> <b>K. Scott Bruce</b>	





Tariff No. 5	
P.U.C.I. No. Canceling P.U.C.I. No.	Original Sheet No.
Name of Utility	
<b>FALLS WATER COMPANY, INC.</b>	

**SCHEDULE NO. M****NON-RECURRING CHARGES:****RE-CONNECT FEES:**

During office hours	\$ 20.00
After office hours	\$ 40.00

**FIELD COLLECTION FEE:**

Fee assessed when a personal visit is made by a Company representative in order to terminate service for non-payment of the account and the customer at such time makes a partial or full payment on the bill.

Field Collection Fee	\$ 15.00
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**HOOKUP CHARGES:**

$\frac{3}{4}$ " Meter	\$500.00
1" Meter	\$600.00
1 $\frac{1}{2}$ " Meter	<del>\$825.00</del> <u>\$ 930.00</u>
2" Meter	<del>\$900.00</del> <u>\$1,205.00</u>

The Company shall follow the "Rules and Regulations of the Idaho Public Utilities Commission Governing Customer Relations of Natural Gas, Electric and Water Public Utilities Under the Jurisdiction of the Idaho Public Utilities Commission."

Issued: **April 28, 2006**Effective: **April 1, 2006**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	
<b>FALLS WATER CO, INC.</b>	
 <b>SCHEDULE NO. R-1</b>  <b>RESIDENTIAL METERED SERVICE</b>  <b>RATE:            \$16.47 PER BILLING CYCLE MINIMUM CHARGE \$0.73 PER THOUSAND GALLONS ADDITIONAL FOR ALL WATER USED IN EXCESS OF 12,000 GALLONS PER BILLING CYCLE.</b>   <b>AVAILABLE TO ALL RESIDENTIAL CUSTOMERS EXCEPT THOSE QUALIFYING FOR RATE SCHEDULES R-2 AND R-3.</b>	
Issued:	Effective:
Issued by: <b>FALLS WATER CO, INC.</b> By: _____ <b>K. Scott Bruce</b>	Title: <b>MANAGER</b>

Tariff No. 3  P.U.C.I. No. Canceling P.U.C.I. No.                      Original Sheet No.	
Name of Utility  <b>FALLS WATER CO, INC.</b>	
<p style="text-align: center;"><b>SCHEDULE NO. R-3</b></p> <p style="text-align: center;"><b>RESIDENTIAL MULTI-FAMILY</b></p> <p><b>RATE:            \$16.47 PER BILLING CYCLE MINIMUM CHARGE \$0.73          PER THOUSAND GALLONS ADDITIONAL FOR ALL          WATER USED IN EXCESS OF 12,000 GALLONS PER          BILLING CYCLE.</b></p> <p><b>METERS ARE READ YEAR ROUND.</b></p> <p><b>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. RATES WILL BE BASED ON A PER BUILDING          METERED BASIS.</b></p>	
<b>Issued:</b>	<b>Effective:</b>
<b>Issued by: FALLS WATER CO, INC.</b> <b>By: _____ Title: MANAGER</b> K. Scott Bruce	

Tariff No. 4	
P.U.C.I. No. Canceling P.U.C.I. No.	Original Sheet No.
Name of Utility	
<b>FALLS WATER CO, INC.</b>	

**SCHEDULE NO. C-2**

**METERED COMMERCIAL SERVICE READ YEAR-ROUND**

**RATE:** \$16.47 PER BILLING CYCLE MINIMUM CHARGE \$0.73  
PER THOUSAND GALLONS ADDITIONAL FOR ALL  
WATER USED IN EXCESS OF 12,000 GALLONS PER  
BILLING CYCLE.

AVAILABLE TO ALL NON-RESIDENTIAL CUSTOMERS.

Issued:	Effective:
Issued by: <b>FALLS WATER CO, INC.</b> By: _____ K. Scott Bruce	Title: <b>MANAGER</b>

Tariff No. 5  P.U.C.I. No. Canceling P.U.C.I. No.                      Original Sheet No.	
Name of Utility  <b>FALLS WATER CO, INC.</b>	

**SCHEDULE NO. M**

**NON-RECURRING CHARGES:**

**RE-CONNECT FEES:**

During office hours	\$ 20.00
After office hours	\$ 40.00

**FIELD COLLECTION FEE:**

Fee assessed when a personal visit is made by a Company representative in order to terminate service for non-payment of the account and the customer at such time makes a partial or full payment on the bill.

Field Collection Fee	\$ 15.00
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**HOOKUP CHARGES:**

¾" Meter	\$500.00
1" Meter	\$600.00
1 ½" Meter	\$930.00
2" Meter	\$1,205.00

The Company shall follow the "Rules and Regulations of the Idaho Public Utilities Commission Governing Customer Relations of Natural Gas, Electric and Water Public Utilities Under the Jurisdiction of the Idaho Public Utilities Commission."

Issued:	Effective:
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Issued by: <b>FALLS WATER CO, INC.</b> By: _____ K. Scott Bruce	Title: <b>MANAGER</b>
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