

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF FALLS WATER COMPANY FOR AN) **CASE NO. FLS-W-07-01**
ORDER AUTHORIZING INCREASES IN)
THE COMPANY'S RATES AND CHARGES) **NOTICE OF APPLICATION**
FOR WATER SERVICE)
) **NOTICE OF**
) **INTERVENTION DEADLINE**
)
) **ORDER NO. 30404**

On July 27, 2007, Falls Water Company filed a general rate case Application seeking authority to increase its metered rates an average of 46.2%. Falls Water serves approximately 3,200 customers near Ammon and Idaho Falls. Because the Company is in the process of converting its flat rate (unmetered) customers to metered service, the Company is not requesting any increase in its flat rate service under Schedule R-2. If approved, the Company's revenues would increase \$330,705 annually. The Company proposes that its new rates become effective with service provided on and after September 1, 2007.

NOTICE OF APPLICATION

A. Revenue

YOU ARE HEREBY NOTIFIED that Falls Water maintains that its overall revenues are no longer reasonable given the Company's increased costs. The Company further maintains that it is in the process of complying with Order No. 30027 that requires the Company to convert its existing flat-rate customers to metered service by mid-2008. Application at 2-3. The Company maintains that installing the meters will increase its rate base by approximately \$181,522. The Company further states that it is constructing four separate line-looping projects to improve system reliability, pressure and quality of service. Falls Water expects to complete these projects in 2007 at a cost of \$152,800. Application at 3, Exh. 1. Finally, the Company proposes a number of pro forma adjustments to its results of operation which would increase the Company's test year expenses by \$144,854. Exh. 2.

YOU ARE FURTHER NOTIFIED that Falls Water seeks a return on its rate base of 7.2%, utilizing a return on common equity of 12%. Application at 5; Exh. 3. The Company proposes using a 2006 test year.

B. Rate Design

YOU ARE FURTHER NOTIFIED that in its Application, Falls Water proposes to increase the rates for its metered customers but is not proposing any rate changes to its flat-rate customers. At such time as these latter flat-rate customers are converted to metered service (by mid-2008), they will begin to pay the metered rate. Application at 6. The Company is proposing to increase both the monthly minimum charge and the commodity rate for all metered customers. The Company proposes increasing the monthly minimum charge for metered customers from \$11.53 to \$16.47, an increase of 43%. *Id.* The Company proposes to increase the commodity rate for all metered service from 48¢ per 1,000 gallons to 73¢ per 1,000 gallons, an increase of 52%. *Id.*

YOU ARE FURTHER NOTIFIED that the Company maintains that average residential metered customers will experience an increase in their average bills of approximately 46.27%. If approved, the Company's new metered rates would result in average residential customers' annual bills (tariff R-1) increasing from \$219.92 to \$321.68, an annual increase of 46.27%. The average annual bill for multi-family residential customers (R-3) would increase from \$232.63 to \$341.00, an average annual increase of 46.59%

YOU ARE FURTHER NOTIFIED that average commercial customers will experience an increase in their rates of 47%. *Id.*, Exh. 5. The average annual bill for metered commercial customers (tariff C-2) would increase from \$415.23 to \$618.72, or an average annual increase of 49%.

YOU ARE FURTHER NOTIFIED that the Company is also proposing an increase in its customer connection charge for metered service. The Company is proposing that the connection charge for a 1.5-inch meter connection increase from \$825 to \$930, a 13% increase. The Company is also proposing to increase the cost of its 2-inch meter connection charge from \$900 to \$1,205, an increase of 34%. Exh. 6.

YOU ARE FURTHER NOTIFIED that consistent with Utility Customer Information Rule 101, the Company filed a copy of its customer notice. The Company maintains that the

customer notice was included with the bills mailed on July 25, 2007. The Company also made arrangements for publication of the customer notice in the Post Register newspaper.

YOU ARE FURTHER NOTIFIED that the Application, supporting workpapers, and exhibits have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices. The Application and workpapers are also available on the Commission's Website at www.puc.idaho.gov under the "File Room" and then "Water Cases."

YOU ARE FURTHER NOTIFIED that Falls Water's intrastate revenue requirement, and every component of it, both rate base and expense, are at issue. The Commission may grant, deny, or modify the revenue requirement requested and may find a revenue requirement different from that proposed by any party is just, fair and reasonable.

YOU ARE FURTHER NOTIFIED that the rates and charges for all Falls Water retail customers, both recurring and non-recurring, including those of any special contract customers, are at issue, and every component of every existing and proposed rate and charge is at issue. The Commission may approve, reject or modify the rates and charges proposed and may find that rates and charges different from those proposed by any party are just, fair and reasonable.

YOU ARE FURTHER NOTIFIED that the Commission may approve, reject or modify existing or proposed relationships between and among rates and charges within, between or among customer classes or rate groupings. The Commission may approve, reject or modify existing or proposed relationships among and between customer classes or rate groupings.

YOU ARE FURTHER NOTIFIED that the Commission may abolish, reduce or create rate blocks or categories of rates and charges; abolish, create or reduce components of rates and charges; abolish, reduce or create customer classes or rate groupings; and abolish, reduce or create absolute or relative differences among and between existing customer classes or rate groupings of customers.

YOU ARE FURTHER NOTIFIED that the tariffs, practices, rules, services, instrumentalities, equipment, facilities, classifications and customer relations procedures of Falls Water are at issue, and the Commission may address any of them in its final Order.

DEADLINE FOR INTERVENTION

YOU ARE FURTHER NOTIFIED that persons desiring to intervene in this matter for the purpose of presenting evidence or cross-examining witnesses at hearing must file a Petition to Intervene with the Commission pursuant to this Commission's Rules of Procedure 72 and 73, IDAPA 31.01.01.072 and .073. Persons intending to participate at hearing must file a Petition to Intervene **no later than 14 days from the service date of this Order**. Persons seeking intervenor status shall also provide the Commission Secretary with their electronic mail address to facilitate further communications in this matter.

YOU ARE FURTHER NOTIFIED that persons desiring to present their views without parties' rights of participation and cross-examination are not required to intervene and may present their comments without prior notification to the Commission or to other parties.

YOU ARE FURTHER NOTIFIED that once the deadline for intervention has passed, the Commission Secretary shall issue a Notice of Parties. The Notice of Parties shall assign exhibit numbers to each party in this proceeding.

YOU ARE FURTHER NOTIFIED that after the Notice of Parties is issued, the Commission anticipates that the parties will informally convene to devise a recommended schedule to process this case. Once a schedule is developed, the Commission will subsequently issue a Notice of Hearing. In addition to the schedule, the parties may discuss discovery logistics, electronic service, and other scheduling matters.

YOU ARE FURTHER NOTIFIED that the Commission has jurisdiction over this matter pursuant to Title 61 of the Idaho Code and specifically *Idaho Code* §§ 61-302, 61-307, 61-502, 61-503, 61-507, 61-622, and 61-623. The Commission may enter any final Order consistent with its authority under Title 61.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

SUSPENSION OF PROPOSED EFFECTIVE DATE

Due to the complexity of this case and other constraints on the Commission's time, the Commission finds that it cannot adequately review Falls Water's requested rate increase before the proposed effective date of September 1, 2007. Pursuant to *Idaho Code* §§ 61-307, 61-622 and 61-623, the Commission hereby suspends the proposed rates for a period of thirty (30)

days plus five (5) months from September 1, 2007, or until such time as the Commission enters an Order accepting, rejecting, or modifying the request in this matter.

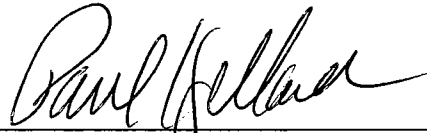
ORDER

IT IS HEREBY ORDERED that the proposed schedule of rates and charges submitted by Falls Water in this matter are suspended for a period of thirty (30) days plus five (5) months from September 1, 2007, or until such time as the Commission enters an Order accepting, rejecting, or modifying the request in this matter.

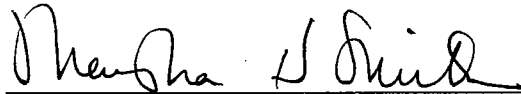
IT IS FURTHER ORDERED that persons desiring to intervene in this case for the purpose of presenting evidence or cross-examination at hearing shall file a Petition to Intervene with the Commission no later than fourteen (14) days from the service date of this Order.

IT IS FURTHER ORDERED that after the Notice of Parties is issued, the Staff shall convene an informal prehearing conference with the parties to discuss the processing of this case.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 13th day of August 2007.



PAUL KJELLANDER, PRESIDENT

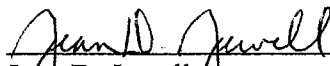


MARSHA H. SMITH, COMMISSIONER



MACK A. REDFORD, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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