

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF FALLS WATER CO., INC. TO AMEND) **CASE NO. FLS-W-15-01**
ITS CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY) **ORDER NO. 33356**
)

On March 16, 2015, the Commission received an Application from Falls Water Co., Inc. (“Falls Water” or “Company”) to amend its existing Certificate of Public Convenience and Necessity (CPCN) pursuant to *Idaho Code* § 61-526 and Rule 112 of the Idaho Public Utilities Commission Rules of Procedure.

On May 8, 2015, the Commission issued a Notice of Application and Notice of Modified Procedure. *See* Order No. 33298. The Notice established a comment deadline of July 7, 2015, and a July 14, 2015 deadline for the Company’s reply comments. *Id.* Commission Staff (“Staff”) was the only party to submit comments regarding Falls Water’s Application.

FALLS WATER’S APPLICATION

In its Application, Falls Water states that it is engaged in a general water business in and about Bonneville County, Idaho, with its principal place of business located at 2180 North Deborah Drive, Idaho Falls, Idaho.

Falls Water’s Application seeks to enlarge and extend the boundary of the area in which it is currently authorized to provide water service. The Company states that its Application is submitted in response to Commission Order No. 32663 requiring Falls Water to amend its CPCN to include customers currently being served by the Company that are outside of its original service area. Falls Water claims that over the past 16 years various developers have built additional residences adjacent to its original service area.

Falls Water’s proposed new service area is adjacent to the City of Ammon (“City”), which has its own public water system. The Company attached a Memorandum of Understanding with the City delineating an agreed upon service boundary between the City’s water system and its own water system. Falls Water states that service to the new areas will be provided through water mains and service lines installed by various developers through its standard “Main Extension Contract.” Falls Water claims that its revenue requirement will not be

affected by the addition of the new service area. Falls Water states that it has an adequate water source to provide service to the amended service area in a safe and reliable manner. Falls Water submits that the extension of its facilities to serve the new service area is consistent with the public convenience and necessity.

Falls Water submitted the following documents in support of its Application: certified copy of the Company's Articles of Incorporation, including any amendments; map; legal description of the proposed six area groups to be added to their current service area (Exhibit A, Exhibit B-1 through Exhibit B-6 attached); and Memorandum of Understanding with the City of Ammon (Exhibit C).

STAFF COMMENTS

Staff confirmed that the Company is organized under the laws of the State of Idaho. The Company has maintained its business formation and is in "good standing" according to the Idaho Secretary of State website. Falls Water seeks to enlarge and extend the boundary of the territory in which it is currently authorized to provide water service. Service has expanded since the Seventh Amended CPCN No. 236 due to various developments and construction of water service lines.

Falls Water's proposed new service territory is adjacent to the City of Ammon which has its own public water system. The Company attached a MOU with the City delineating an agreed upon service boundary between the City's water system and its own water system. The MOU was signed by the mayor of Ammon and a representative of Falls Water in May and June of 2006. The MOU contains: (1) a mapped boundary at the Stone Arbor Subdivision with two main line interconnection points; (2) a surveyed description of the south boundary line; and (3) a mapped boundary near the South Ammon Road and the John Adams Parkway, where the two service areas were coordinated to maintain the integrity of each system.

Falls Water plans to provide service to the new areas through water mains and service lines installed by various developers through its standard "Main Extension Contract." Staff reviewed the Company's tariff and notes that Appendix A of the current tariff includes the Uniform Main Extension Rule for Water Utilities Based on Order 7830 (Case No. U-1500-22).

The Application identifies certain portions of the proposed acquisitions that include plant in service installed and paid for by other developers. Those portions of the acquisitions

meet the requirements for contributed capital. See IDAPA 31.36.01.103. Therefore, Staff recommended that the acquisition be recorded as contributions in aid of construction (“CIAC”).

In Case No. FLS-W-12-01, Staff audited Falls Water’s general ledger accounts for plant in service. During the audit, Staff found that these general ledger accounts contained clearly identified entries for CIAC. These entries record each item of plant in service, the acquisition date, the amount and amortization of CIAC. Based on the Company’s current practices, Staff believes the general ledger accounts, accounting procedures, and supporting documentation of Falls Water will be adequate to account for CIAC for the proposed additions to its service territory.

Staff noted that the proposed service territory is currently served by the Company or, if undeveloped, is situated in locations adjacent to, or surrounded by, territories served by the Company. Staff also concluded that the proposed addition to Falls Water’s service territory would not interfere with the operations of any other water utility under the Commission’s jurisdiction. See *Idaho Code* § 61-526. Consequently, Staff recommended the Commission approve Falls Water’s Application to amend its CPCN to include the revised legal descriptions as submitted by the Company in its Application.

COMMISSION FINDINGS

The Idaho Public Utilities Commission has jurisdiction over Falls Water, a water utility, and the issues presented in Case No. FLS-W-15-01 pursuant to Idaho Code, Title 61, specifically *Idaho Code* § 61-526, and the Commission’s Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

The Commission reviewed Falls Water’s Application, including the Company’s MOU with the City of Ammon, and Staff’s comments analyzing the Company’s request to enlarge its service territory. We find that the legal description and maps of the expanded service boundaries are consistent with existing developments.

“In issuing certificates for a small water company or in setting rates for a small water company, it will be presumed that the capital investment in plant associated with the system is contributed capital, i.e., that this capital investment will be excluded from rate base.” IDAPA 31.36.01.103. We find that the Company’s acquisition of plant in service that was installed and paid for by developers shall be recorded as contributions in aid of construction. The Commission further finds that Falls Water’s general ledger accounts, accounting procedures, and

supporting documentation will appropriately account for CIAC for the Company's proposed addition to its service territory.


The Commission finds that Falls Water's request to enlarge its service territory comports with the public convenience and necessity and will not cause injury or otherwise interfere with the service undertaken by adjacent utilities. *See Idaho Code* § 61-526. Therefore, the Commission approves Falls Water's request to expand its service territory to include the additional area described more fully in Exhibit A to its Application.

ORDER

IT IS HEREBY ORDERED that the Application of Falls Water Co., Inc. seeking to amend its Certificate of Public Convenience and Necessity No. 236 to include the legal description of additional service area, more fully described in the Company's Application and exhibits, is approved.

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 12th
day of August 2015.



PAUL KJELLANDER, PRESIDENT




MARSHA H. SMITH, COMMISSIONER



KRISTINE RAPER, COMMISSIONER

ATTEST:



Diane M. Holt
Assistant Commission Secretary

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