DECISION MEMORANDUM

TO:COMMISSIONER HANSEN

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TERRI CARLOCK

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DAVID SCOTT

WORKING FILE

FROM:SCOTT WOODBURY

DATE:MAY 23, 1997

RE:CASE NO. FLS-W-97-1

APPLICATION FOR AUTHORITY TO INCREASE RATES AND CHARGES

On May 19, 1997, Falls Water Company, Inc., an Idaho not for profit corporation and holder of Certificate of Public Convenience and Necessity No. 236 applied to the Idaho Public Utilities Commission for authorization to increase its charges for water service.

Falls Water requests authorization of a general 34.9% increase in water rates as follows:

◆Increase flat rate residential customer monthly charges from $8.80 plus $0.35 for DEQ fee to $11.65 plus $0.35 for DEQ fee for a total monthly rate of $12.00.

◆Increase residential and commercial metered rates from $8.80 plus $0.35 (DEQ) for the first 40,000 gallons and $0.17 per thousand gallons in excess of 40,000 gallons to $11.65 plus $0.35 (DEQ) for the first 40,000 gallons and $0.30 per thousand gallons in excess of 40,000.

◆Increase hook-up fees from $300 to $500.

◆Institute a service charge for delinquent accounts in the amount of 1.5% per month with a $2 minimum.

Except for these changes, it is the Company’s intention that the tariffs on file with the Commission remain the same.

Falls Water in its Application states as follows:

The need for filing this Application has come about due to the fact that the Applicant Company is currently operating at a loss.  The requested increase in charges will result in revenue 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.  As stated above, Falls Water Company, Inc. is an Idaho not for profit corporation and is therefore not authorized to make any distributions of profits to owners, but can utilize profits for expansion and improvement.

The Applicant has not made Application for a rate increase since October 1989.  At that time an increase of 11.4% or $0.90 per customer per month was granted.  The management of Falls Water has tried to be frugal and conservative in order to maintain the rates as low as possible.  The age of some of the system, however, is requiring more frequent repairs and has caused this inevitable Application.

Falls Water requests that the changes in rates take effect as soon as possible but at the beginning of a calendar month to avoid partial monthly increases.  Falls Water requests that its Application be processed under the Commission’s Rules of Modified Procedure.

Included with the Company’s Application are the following attachments, schedules and proposed tariffs:

1.  Copy of customer notification of filing

2.  Three year balance sheet

3.  Three year detail of operating expenses

4.  Three year detail of revenues and income statement

5.  Calculation of rate base

6.  Statement of income at present and proposed rates

7.  Explanation of rate calculations

8.  Proposed tariff schedules and legislative format

Commission Decision

Falls Water requests that its Application for an increase in rates and charges be processed pursuant to Modified Procedure, i.e. by written submission rather than by hearing.  Reference Commission Rules of Procedure, IDAPA 31.01.01.201-204.  This is an unusual request for a general rate increase and seemingly contrary to the hearing requirement of Idaho Code61-502, 61-503.  Does the Commission find the Company’s proposed procedure to be appropriate?  If not, what is the Commission’s preference?

Scott Woodbury

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