

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

<b>IN THE MATTER OF MORNING VIEW</b>	)	
<b>WATER COMPANY’S APPLICATION TO</b>	)	<b>CASE NO. MNV-W-14-01</b>
<b>INCREASE ITS BORROWING</b>	)	
<b>AUTHORITY</b>	)	<b>ORDER NO. 33044</b>
	)	

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On May 6, 2014, Morning View Water Company (the “Company”) applied to the Idaho Public Utilities Commission for an Order allowing the Company to increase the amount of money that it is authorized to borrow from the Idaho Department of Water Resources (“IDWR”). The Application attached documents including: (1) IDEQ Loan documents, Acceptance and Agreement for Drinking Water Treatment Design and Construction; (2) a Budget Amendment Request; (3) a General Service Contract between Rocky Mountain Power and the Company. On May 19, 2014, the Company amended its Application to seek even more borrowing authority.

Based on our review of the record, we issue this Order approving the Application as noted below.

**THE APPLICATION**

In Order No. 31061, Case No. MNV-W-10-01, the Commission authorized the Company to borrow \$275,000 under the IDEQ’s Drinking Water Revolving Loan Program so it could upgrade its water system and correct problems identified in a 2009 facility plan and engineering report. With this Application, the Company seeks to increase that borrowing authority to \$410,000 so it can cover higher bid costs for the upgrade project, an administrator for the project, and have Rocky Mountain Power install power to a well. The Company would use the loan to fund various projects as follows:

1.	Treatment and Distribution	\$355,000
2.	Engineering	\$ 30,000
3.	Administration and Legal	<u>\$ 25,000</u>
	Total	\$410,000

The Company says its water loan qualifies for a 1.25% interest rate, a loan repayment term of 30 years, and a loan principal forgiveness of about \$78,500.

## **STAFF REVIEW AND RECOMMENDATIONS**

Staff reviewed the Company's Application and believes the increased loan approval will provide the Company with the capital it needs to make the improvements required by IDEQ. Staff notes that the level at which the Company will recover the underlying costs from customers will be evaluated in a separate proceeding when the Company completes the projects and applies to change rates to reflect the investments. According to Staff, if the \$410,000 loan, net of principal forgiveness, is repaid in equal monthly payments and included in rates, the increase to each customer could be around \$11.50 per month. Staff says it will audit the final investment cost records and the rate impact will be established in the next rate case(s). Based on its review of the Application, Staff recommended the Commission: (1) approve the loan request up to \$410,000; (2) direct that the remaining terms of Order No. 31061 be continuing; and (3) order the Company to provide copies of the following: final loan documents with IDEQ; all compliance reports and calculations that may be required; all approval letters; all executed agreements for the loan; any amendments to the loan application; and the actual final costs in summary format similar to the estimate prepared by 3H Construction or Aspen Engineers.

## **FINDINGS OF FACT AND CONCLUSIONS OF LAW**

The Commission has jurisdiction over the Company, a public utility and water corporation, under *Idaho Code* §§ 61-124, 61-125, 61-129, 61-301, 61-303, 61-501-502, 61-901, and the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.* Based on what we have been provided, we find that the Company 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, and that the Company's Application to increase its IDEQ borrowing authority should be approved.

We find the purpose of the requested borrowing authority is appropriate and that it is reasonable and prudent to increase the Company's borrowing authority from the amount set in Order No. 31061 to \$410,000 so the Company can continue making necessary upgrades to its water system. We find that the terms of Order No. 31061 should otherwise continue. In addition, we find it reasonable to direct the Company to expeditiously submit copies of: the final loan documents with IDEQ; all compliance reports and calculations that may be required; all approval letters; all executed agreements for the loan; any amendments to the loan application; and the actual final costs in summary format similar to the 3H Construction estimate and the engineering estimate prepared by Aspen Engineering and referenced in Order No. 31061.

The issuance of this Order granting additional borrowing authority to the Company is not a finding of fact or a conclusion of law that the particular use to which these funds are to be put is approved by this Order. The issuance of this Order also does not constitute agency determination or 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 thus does not determine, the effect of issuance on rates to be charged by the Company for service to consumers in the State of Idaho.

### **ORDER**

IT IS HEREBY ORDERED that the Company's Application to increase its borrowing authority from the levels allowed by Order No. 31061 is granted. The Company is authorized to borrow up to \$410,000 under the IDEQ's Drinking Water Revolving Loan Program so it can make necessary upgrades to its water system. The remaining terms of Order No. 31061 shall otherwise continue in full force and effect.

IT IS FURTHER ORDERED that the Company shall, promptly upon receipt, submit copies of the following documents to the Commission: the final loan documents with IDEQ; all compliance reports and calculations that may be required; all approval letters; all executed agreements for the loan; any amendments to the loan application; and the actual final costs in summary format similar to the above-referenced engineering estimate.

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

IT IS FURTHER ORDERED that nothing in this Order or any act or deed performed in connection with this Order 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 this Order.

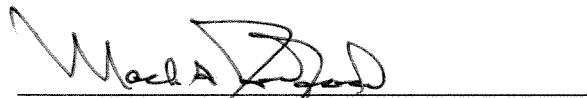
IT IS FURTHER ORDERED that this authorization is without prejudice to the Commission's regulatory authority regarding rates, service, accounts, evaluation estimates or determination of costs or any other matter which may come before the Commission pursuant to its jurisdiction and authority as provided by law.

THIS IS A FINAL ORDER. Any person interested in the Order (or in issues decided by this Order) may petition for reconsideration within twenty-one (21) days of the service date of

this Order with regard to any matter decided in this Order and in this case. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *See Idaho Code §§ 61-626 and 62-619.*

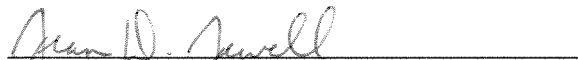
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 29<sup>th</sup> day of May 2014.

  
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PAUL KJELLANDER, PRESIDENT

  
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MACK A. REDFORD, COMMISSIONER

  
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MARSHA H. SMITH, COMMISSIONER

ATTEST:

  
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Jean D. Jewell  
Commission Secretary

O:MNV-W-14-01\_kk