

DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER
COMMISSIONER RAPER
COMMISSIONER ANDERSON
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL**

**FROM: NEIL PRICE
DEPUTY ATTORNEY GENERAL**

DATE: MAY 13, 2016

**SUBJECT: APPLICATION OF MORNING VIEW WATER COMPANY FOR
AUTHORITY TO INCREASE ITS RATES AND CHARGES FOR WATER
SERVICE IN IDAHO, CASE NO. MNV-W-16-01**

On May 2, 2016, Morning View Water Company (“Morning View” or “Company”) filed an Application with the Commission “to increase its water rates.” *Application* at 1. The Company proposes a June 1, 2016 effective date.

APPLICATION

Morning View states that it is a corporation “duly qualified to do business in Idaho.” The Company asserts that it provides water service to 107 residential customers in or about the City of Rigby in Jefferson County, Idaho. Morning View is seeking Commission authorization to increase its monthly rate for water service from approximately \$30 per customer to \$100 per customer.

The Company states that an increase is warranted due to certain “major” investments in new plant, including the construction of a new well house and new water mains, increasing the value of the Company’s total plant in service to \$630,322. *See* Exhibit No. 1, Schedule A. Morning View states that its rates for water service “have not been adjusted for several years.” Morning View proposes a test year ending December 31, 2015.

Morning View attached the following exhibits to its Application: Exhibit No. 1, Schedule A, Plant in Service; Exhibit No. 1, Schedule B, Accumulated Depreciation; Exhibit No. 1, Schedule C, Rate Base Summary; Exhibit No. 2, Schedule A, Revenues; Exhibit No. 2, Schedule B, Expenses; Exhibit No. 2, Schedule C, Income Statement; Exhibit No. 3, Cost of Capital and Rate of Return; Exhibit No. 4, Revenue Requirement. The Company states that it will submit Exhibit Nos. 5 through No. 10 “at a future date.”

Morning View also included two copies of its monthly schedule of water use for each customer on the system. The Company declared that it will include the following at a later date: monthly schedule of water pumped from each of the Company's wells; schedule showing each of the Company's wells, the size of the motor, pumping capacity in gallons per minute (GPM), depth of the well and depth to water aquifer; and schedule showing each of the Company's reservoirs showing the type of construction, means of system pressurization and capacity.

Morning View states that its workpapers, Exhibit Nos. 1 through 4, disclose the Company's actual revenues and expenses, as well as the known changes to its test year financial data. The Company further explained that its proposed rate of return of 7.41% will produce the Company's proposed revenue requirement. *See* Exhibit No. 4.

Morning View noted that it intended to notify customers of its Application by mail on May 3, 2016. Staff assisted the Company in the preparation of a Notice that complies with the Commission's requirements. The Company stated that it would issue a similar notice in the Jefferson Star newspaper on May 6, 2016.

STAFF RECOMMENDATIONS

Staff has reviewed the Company's Application. As a small water company, Staff will continue to assist the Company to provide additional supporting documentation, as referenced in its Application, in order to comply with the minimum requirements to process its Application for a rate increase. Staff recommends an August 19, 2016 comment deadline, and a September 2, 2016 deadline, for the Company to submit reply comments, if necessary. Staff intends to conduct a public workshop for Morning View customers in mid-July (a specific date will be named later).

COMMISSION DECISION

1. Does the Commission wish to suspend Morning View's proposed effective date of June 1, 2016, for its proposed increase in its rates for a period of 30 days plus 5 months, pursuant to *Idaho Code* § 61-622?
2. Does the Commission wish to issue a Notice of Application and Notice of Schedule with an August 19, 2016 deadline for public comments, and a September 2, 2016 reply comment deadline?



Neil Price
Deputy Attorney General

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