

DECISION MEMORANDUM

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

FROM: NEIL PRICE
DEPUTY ATTORNEY GENERAL

DATE: MAY 27, 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.

On May 16, 2016, Morning View filed an amendment to its Application to increase its rates and charges for water service.

APPLICATION

In its original 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 institute a “100% increase for customers who live on one acre and ½ acre lots.” Morning View further requests a “50% increase for customers renting in the mobile home park.” According to Morning View, the Company’s proposed increase would result in the following monthly rates for water service: \$98.96/month – customers with 1 acre lots, \$81.88/month – customers with half acre lots, and \$48.61/month – mobile home customers.

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.

Staff assisted the Company in the preparation of a Customer Notice that complies with the Commission's requirements. The Company stated that it would issue a similar notice in the local newspaper, the Jefferson Star.

STAFF RECOMMENDATIONS

Staff has reviewed the Company's Application and subsequent Amendment to its Application. As a small water company, Staff continues to work closely with representatives of the Company in order to obtain additional supporting documentation, as referenced in its original Application.

Staff recommends that the Commission process the Company's Application through Modified Procedure with an August 19, 2016 comment deadline, and a September 2, 2016 deadline for the Company to submit reply comments, if necessary. Staff will conduct a public workshop for Morning View customers in Rigby, Idaho on July 12, 2016.

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, Notice of Modified Procedure 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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