

DECISION MEMORANDUM

**TO: COMMISSIONER HANSEN
COMMISSIONER SMITH
COMMISSIONER KJELLANDER
JEAN JEWELL
COMMISSION STAFF
LEGAL**

FROM: LISA NORDSTROM

DATE: JULY 3, 2003

**RE: IN THE MATTER OF THE APPLICATION OF MURRAY WATER WORKS
TO INCREASE ITS CONNECTION FEE. CASE NO. MUR-W-03-1.**

On April 28, 2003, the Commission received a request from Murray Water Works to increase its hookup fee from \$125 to \$800. The Murray Water Works system serves the original town site of Murray located on National Forest Highway No. 9 in Shoshone County, Idaho. Murray is situated on Pritchard Creek approximately 16 miles northeast of the City of Wallace near the Montana Border. The public system predates the Commission and serves approximately 30 residential customers. The Commission issued a Notice of Application, Modified Procedure and Comment Deadline on May 30, 2003. Order No. 29250. The only comments received by the Commission as of the June 27th deadline were those submitted by Commission Staff.

THE APPLICATION

The system recently changed ownership and the Commission issued Mr. and Mrs. Arlen Lish Certificate No. 404 on September 25, 2002. Order No. 29119. The new owners accepted the tariffs that were in place at the time of the transfer of ownership. The Company has since reviewed the tariffs relative to the operation of the system, more specifically, the cost to install a new service connection. The current connection fee is \$125.00 for materials, and either the customer can install their own service or pay the Company \$25.00 per hour for the installation.

Even though the Company does not anticipate any new connections in the near future, it requests a revision to its connection fee tariff for two reasons. First, the Company wishes to eliminate the customer's ability to install their own service connection. The Company owns and is

responsible for the maintenance of the utility mains and services to the customers' property lines. The Company wants to retain control of the method of installation for mains and services. Second, the Company reports that the cost to install a new service is greater than the connection fee presently recovers. Consequently, the Company requests the one-time connection fee be increased from \$125 and \$25 per hour for installation to a flat fee of \$800 for both materials and installation.

STAFF COMMENTS

Staff reviewed the Company's Application and supporting documentation. It is fairly common for regulated water companies to request that only its representatives be allowed to perform maintenance or install new services on its mains. Staff believes that the level of effort and material costs as described by the Company's cost estimate to install new service connections are reasonable. Although the Company estimated the total cost at \$945.26, it is asking for only an \$800 hookup fee. According to Staff, an \$800 hookup fee is within the normal range of hookup fees of other regulated water companies. In addition to filing this tariff, the Company worked with the Consumer Assistance Staff to bring its billing statements, disconnection notices and rules summary into compliance with IPUC Utility Customer Relations Rules, IDAPA 31.21.01000 and Utility Customer Information Rules, IDAPA 3121.02000.

Staff recommends approval of the Company's Application and stated that it stands ready to assist the Company in updating the associated tariff pages as necessary to properly show the appropriate one-time hookup fee.

COMMISSION DECISION

Does the Commission wish to approve Murray Water Work's request to increase its connection fee?

Lisa D. Nordstrom

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