

KRISTINE A. SASSER
DEPUTY ATTORNEY GENERAL
IDAHO PUBLIC UTILITIES COMMISSION
PO BOX 83720
BOISE, IDAHO 83720-0074
(208) 334-0357
BAR NO. 6618

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IDAHO PUBLIC
UTILITIES COMMISSION

Street Address for Express Mail:
472 W. WASHINGTON
BOISE, IDAHO 83702-5983

Attorneys for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)	
ROCKY MOUNTAIN UTILITY COMPANY,)	CASE NO. ROC-W-08-1
INC. FOR A CERTIFICATE OF PUBLIC)	
CONVENIENCE AND NECESSITY)	
)	COMMENTS OF THE
)	COMMISSION STAFF
)	

COMES NOW the Staff of the Idaho Public Utilities Commission, by and through its Attorney of record, Kristine A. Sasser, Deputy Attorney General, and in response to the Notice of Public Workshop and Notice of Modified Procedure issued in Order No. 30601 on July 29, 2008, submits the following comments.

BACKGROUND

On May 13, 2008, Rocky Mountain Utility Company, Inc.¹, filed an Application for a Certificate of Public Convenience and Necessity seeking authority to provide domestic, culinary water service as a public utility near Rigby, Idaho. The Application states that the Company owns a water system currently providing water to Pepperwood Crossing Subdivision located four

¹ Rocky Mountain Utility Company provides water service to residents in/near the City of Rigby, Idaho, and is in no way associated with Rocky Mountain Power.

miles south of Rigby, and serving 38 residential customers. The Company's Application requested a monthly rate of \$42 per customer per month which generates \$23,184 annually. In addition to Pepperwood Crossing, the Company seeks to certify three other subdivisions not yet developed.

The Commission approved an interim monthly flat rate of \$28.50 pending a final order of the Commission. Order No. 30576. Accompanying Commission Order No. 30576 was a Notice of Application and Notice of Intervention. No party petitioned to intervene.

STAFF ANALYSIS

REVENUE REQUIREMENT ANALYSIS

Audit

Staff examined the books and records of the Company since it began operation in December 2006. The water company is owned and operated by Rocky Mountain Utility Company, Inc. This Company also owns and operates a sewer company that serves the same service area as the water company. During the course of the audit, Staff looked at the appropriate allocation of expenses between the sewer and water companies. There are also two other affiliated companies that share expenses with the water company and Staff examined the allocation of expenses among the affiliates and the water and sewer companies. The two affiliates are Landmark Development and Silver Creek Construction Co.

Rate Base

The Company's records reflect plant in service in the amount of \$436,285. This amount is offset by developer contributions in the same amount of \$436,285. Therefore, the Company has no rate base.

The Company has not requested that any of its plant in service be considered rate base, and has not asked for any rate of return on the developer's investment as part of its requested revenue requirement. The Company has, however, requested that it receive depreciation/refurbish costs in the amount of \$9,437 annually. This amount represents the annual depreciation the water system investment would accrue if the investment were included in rate base.

Staff is opposed to the Company being allowed to recover any depreciation for the initial investment costs of the water system. The Commission has consistently held that the developer's capital investment in the water system be considered contributed capital and not included in rate base. The Commission's rules state:

103. PRESUMPTION OF CONTRIBUTED CAPITAL (Rule 103).

In issuing certificates for a small water company or in setting rates for a small water company, it will be presumed that the capital investment in plant associated with the system is contributed capital, - i.e., that this capital investment will be excluded from rate base.

IDAPA 31.36.01.103, Policies and Presumptions for Small Water Companies.

If the initial capital investment is considered contributed capital, and not included in rate base, it should not earn any rate of return, nor should the cost be recaptured by the collection of a depreciation expense included in rates. To allow the Company to capture the cost of the initial investment through the depreciation expense would violate the "contributed" principle of Rule 103. Furthermore, the Company has not stated any specific water system need that would necessitate the collection of this additional \$9,437 in customer rates. If there is a need in the future that would require additional funding, the Company may petition the Commission at that time with a specific request associated with those expenditures. Staff's recommended revenue requirement is intended to provide the Company with adequate funding to satisfy the Company's need for cash flow and financial stability.

One of the original reasons for the presumption of contributed capital in Rule 103 was to recognize that the developer generally recovered the initial capital investment for the water system in the sale of the individual lots served by the water system. In this case, the Company's record is void of any evidence that the developer has not recovered its initial capital investment when it sold the lots in the development. Therefore, the presumption of Rule 103 should govern and the Company's request for \$9,437 in depreciation expense should not be allowed.

Expenses

The Company records show annual operating and maintenance expenses of \$32,995. Attachment A sets forth a detailed comparison of the Company's expected expenses of \$40,365

(\$32,995 in Column [2] plus \$7,370 in Column [3]) and Staff's recommendations for the level of expenditures to be included in the annual revenue requirement (Column [6]).

Staff reviewed all of the Company's expenditures and determined that they were all related to the operation of the water company with the exceptions noted in Column [5] of Attachment A, Staff's Adjustments. Company expenditures shown on Attachment A with no adjustments were deemed acceptable to Staff for this case. Staff recommends annual operating and maintenance expenses of \$26,679, which incorporates the following adjustments:

1. Labor: The Company has included \$7,282 in labor expense. This is the amount actually paid to the water system operator in 2007. Beginning in 2008, the water company will pay the water system operator \$500 per month for the basic services he provides as the system operator. Since this represents the annual expense that will be incurred by the Company in 2008, Staff is recommending that the annual labor expense be \$6,000.
2. Management Fee: The Company has not included any expenses in 2007 for management fees. This fee will be paid to Jim Bernard for his services as the president of the water company. In 2007, additional compensation was paid for labor that will be eliminated because of the services that will now be provided by Mr. Bernard. Staff recommends \$500 per month for Mr. Bernard's services, or \$6,000 annually. The total labor and management fee is therefore \$12,000 annually.
3. Bookkeeping: The Company has not recognized any cost for bookkeeping in the past. The office assistant who worked for Landmark Development and Silver Creek Construction did all of the bookkeeping and provided office services to the water company. The office assistant provides the following services for the water company: bookkeeping, billing, answering the phone, customer relations, deposits preparation, mail opening, and primary contact for customers.

Staff examined the work the office assistant provided to the water company as well as the work she provided to the two affiliates and the sewer company. She spends approximately 25% of her time doing tasks for the sewer and water companies. Her gross annual compensation is \$38,438. If she spends 25% of her time on the sewer and water companies, Staff recommends that one-half of the 25%, or 12.5%, of her gross annual compensation be allocated to the water company. This

equals \$4,804. The amount of \$4,800 annually for the services provided by the office assistant is reasonable for inclusion in the revenue requirement.

4. Telephone Service: The Company had expenses for two telephone lines shared by the sewer and water companies. The Company reflected in its workpapers \$1,250 for telephone service. One line is the business phone line for both the sewer company and the water company. The other line is located in the well house of the water company, but is also used by both companies. The total monthly expense for these two lines is \$174 (\$2,090 annually). Staff recommends that the water company be allocated one-half of this amount, or \$1,045 on an annual basis.
5. Water Testing: The Company requested \$6,000 for annual testing. However, some of the tests that were initially performed are not annual tests, but are only required on a two year, three year, or five year basis. The annualized amount for testing the water company's well is \$1,220. Staff determined this annualized expense by determining the tests required by DEQ over the next five years and then determining the cost of those tests. The total cost over the five year period is divided by five to determine the annualized cost of \$1,220.
6. Insurance: The water company has received quotes for liability insurance on the well lot and other water company property. The premium for this insurance will be \$800 per year. Liability insurance is a reasonable business expense and an \$800 premium expense is acceptable to Staff.
7. Office Expenses: The water company during 2007 only incurred \$92 for office supplies. However, this did not reflect the actual amount of office supplies used by the water company because it used office supplies owned by its affiliates without reimbursement. Staff looked at the requirements of the Company, and determined that \$50 per month in office supplies is a reasonable amount to expend for the Company's operations. Therefore, Staff added \$508 to the Company's reported \$92 in office supplies, resulting in annual office expenses of \$600.
8. Park Maintenance: The Company included in its expenses park maintenance in the amount of \$3,900. The park that is being maintained is owned by the Subdivision

and should be an expense of the homeowners association and not an expense of the water company. Therefore, Staff eliminated this expense.

9. Maintenance on Well House: The well house and surrounding area must be maintained. The cost of maintaining the well house was included in the park maintenance. Staff isolated the costs associated with the maintenance on the well house from the park maintenance costs. Reasonable costs include the following: exterior and interior maintenance on the well house, mowing a small area of lawn, weed abatement in the immediate area around the well house, and cleaning the well house. An appropriate amount for well house maintenance would be \$50 per month, or an annual total of \$600.
10. Idaho PUC Fees: The water company has not included any expenditure for the Idaho Public Utilities Commission fee. This is a percentage of the annual gross revenues. The percentage rate is 0.2507%. Applying this percentage to Staff's recommended revenue requirement totals \$80 per year.
11. DEQ Fees: The water company has not included any expenditure for the DEQ fees it will be assessed. This DEQ fee will be approximately \$150 annually, and should be included in the annual expenses.
12. Emergency Fee: The Company has included an amount of \$1,020 as an emergency reserve. There is no reason or justification for this amount other than the title "emergency fee." This is not a known and measurable cost; therefore, it should not be allowed and should be excluded from the annual expenses. The approved revenue requirement is designed to meet all of the water company's just and reasonable expenses.
13. Depreciation/Refurbish Costs: The Company is claiming an expense in the amount of \$9,437 for depreciation and refurbishing cost to the water system's plant. As previously discussed, Staff has recommended that this amount not be allowed for the reasons discussed above.

Revenue Requirement

Staff is recommending a revenue requirement equal to the Company's annual expenses of \$26,679. The Company does not have any rate base and is not entitled to any return on

investment because of the contribution presumption of Rule 103. Therefore, the annual operating expenses are what the Company should recover in rates. The Staff recommends a total annual revenue requirement of \$26,679.

WATER SUPPLY AND RATES

Certificated Area

Rocky Mountain Utility currently serves Pepperwood Crossing Subdivision. The subdivision is located in Jefferson County about four miles south of the town of Rigby. The legal description of the property of Pepperwood Crossing Subdivision's Division I (also called Phases 1 & 2) is shown on Attachment B. According to the Company's Application, in the event the Pepperwood Subdivision is fully built-out, there will be an estimated 247 residential customers and eight commercial customers for Division I and Division II. Staff observes, however, that Division I is the only section that has the infrastructure built including the road, electric utility distribution, sewer and public water supply systems. Division II, although platted, does not have the infrastructure built. Division I has a total of 108 residential lots, one well lot and 13 commercial lots.

The Company also plans to develop other public water systems to serve three subdivisions in the general area south of Rigby, namely Autumn Heights, Mill Creek Estates, and Monarch Springs Subdivisions. The ultimate number of residential lots for these three additional subdivisions is 203. The Company is requesting that the Commission grant a Certificate of Public Convenience and Necessity for Division I and II of Pepperwood Crossing and the three additional, undeveloped, subdivisions named above.

Staff recommends that the Commission only issue a CPCN for the existing improved residential and commercial areas included in the Pepperwood Crossing Subdivision—Division I. This is the only area that has an existing water supply system. When the other areas are fully developed in the future, Staff recommends that the Company apply for modification of the Certificate with a corresponding Staff review of the adequacy of the water supply system serving the new areas at that time.

Water Supply System

Staff requested that the Company submit maps and drawings showing the location of residential and commercial lots, the well lot, the water distribution system and other engineering design information. However, the Company only submitted plats for the Pepperwood Crossing Subdivision and water distribution layouts. Additional water system information was obtained from Jeff Ireland, Certified Water System Operator for the Company and Jim Bernard, Owner-Manager of Rocky Mountain Utility. Staff inspected the water system on June 12, 2008.

The system is supplied by a single well located in Division I, Block 4, Lot 9 and was drilled to a depth of 200 feet, cased with 10-inch welded steel and surface-sealed with 60 feet of cement. The well has a submersible pump with a design capacity of 212 gpm at an operating discharge pressure of 60 psi. The pump motor is rated at 20 hp. The well is equipped with a 3-inch totalizing flow meter to measure instantaneous flow rates and the total volume of water pumped. The system is equipped with a pressure gage, pressure relief valve, air/vacuum relief valve, isolation valve, check valve, and other appurtenances for better system management and safety of operation. The electrical controls, discharge piping, and major appurtenances are housed in a locked shed. The walls are adequately insulated to prevent freezing of pipes.

The main lines are comprised of 8-inch and 6-inch PVC C900 pipes extending to various blocks of Division I. All dead end lines are equipped with 2-inch flush hydrants for future maintenance and flushing the system. A 1-inch service line is provided to each residential and commercial lot with a shut-off valve installed at the proximity of each lot's property line. The service lines and shut-off valves are installed approximately 5-feet deep to prevent freezing. Rocky Mountain did not install individual customer meters as part of the water distribution system in Pepperwood Crossing Division I. During the Staff meeting with Company personnel on August 12, 2008, the benefits of installing customer meters were discussed. Rocky Mountain expressed interest in considering the installation of customer meters in its future water supply systems to serve other developments such as the Pepperwood Crossing Division II, Autumn Heights, Mill Creek Estates, and Monarch Springs.

The Company has no separate irrigation system for watering residential and commercial lawns or the common area at the well site. Staff notes that the Company has several shares of surface water rights from Rudy Irrigation Canal Company which could be used in developing an irrigation system for the subdivision in the future. The Company has indicated that it intends to

transfer this right to the Pepperwood Homeowners Association when such association is formally organized. At present, the water delivered by Rocky Mountain Utility's water system is used for domestic purposes and watering lawns by the residential and commercial customers.

The overall water system appears to be well designed and constructed, and is expected to be adequate for the number of customers served.

Number and Types of Customers

The Pepperwood Crossing Division I development has a total of 109 residential lots (including one well lot) and 13 commercial lots. The size of residential and commercial lots ranges from approximately 1/3 acre to 2/3 acre and 1/2 to 1 acre, respectively. The Company indicated in its Application that there are 38 residential customers connected to the system and no commercial customers connected. This number was updated during Staff's meeting with Company personnel on August 12, 2008 as follows: total number of residential connections – 44; total number of commercial connections – 2; for a total of 46 customer connections. Therefore, the total number of customers used by Staff in estimating future revenues in rate analysis is 46.

Water Production and Consumption Data

As mentioned earlier, the well is equipped with a flow-measuring device to measure instantaneous flow rates and volume. Meter readings were started by the Company in January 2008 with the latest reading in July 2008. The monthly water consumption by the residential customers appears to be reasonable and comparable to other water systems. A spike in water usage occurred in July. See Attachment C. This is expected in new subdivisions because there are many new customers trying to establish new lawns requiring relatively large amounts of water usage for irrigation during that period. Staff recommends that the Company continue to regularly read and record well production flows for better system management.

Rate Design

As part of its Application for a Certificate of Public Convenience and Necessity, the Company is requesting that the Commission approve a new tariff rate of \$42. Presently the

Company is charging an interim monthly flat rate of \$28.50 per customer, approved by Commission Order No. 30576.

The Company proposes a monthly flat rate for all customers throughout the year. Although all service lines are of the same diameter, there appears to be a difference in the usage pattern between commercial and residential customers. However, in the absence of meters, and in order to keep rates simple, Staff does not oppose the Company's proposal for a single flat rate for all customers. While Staff does not oppose the Company's proposal, we recommend that the Company seriously consider installing individual meters in the future for several reasons. The primary reason is simply one of equity. Customers should be billed for the water they actually use. Records show that residential water use peaks in the summer season due to heavy irrigation use. Individual metering would allow the Company to match the variable cost of delivering water with revenue generated by that usage thereby improving cash flow. In addition, commercial customers with usage characteristics significantly different from residential customers could be served under the same metered rate schedule but would be billed according to usage. Finally, this system has only one operating well pump. As the subdivision reaches build out, it becomes increasingly important to use water efficiently, particularly during the summer irrigation season. Absent individual meters with appropriate commodity rates, demand could exceed the capacity of the system and distribution pressures could decline.

Based on the Staff-adjusted revenue requirement of \$26,679 for the test year 2007, Staff calculated the rates for residential and commercial customers. The flat monthly rate for residential and commercial customers is \$48.50. Staff recommends this tariff be implemented for Rocky Mountain Utility Company. Staff acknowledges that this recommendation is higher than the Company's proposal, but is necessary in order to meet the expected annual operation and maintenance expenses. The Company's proposal of \$42 per month recognizes additional customer growth over time to produce a lower initial rate for the limited number of customers currently connected to the system. Although recommending a rate sufficient to recover its current anticipated annual revenue requirement, Staff would not object to the lower rate until more customers are connected to the system and some economy of scale is achieved.

A comparison of the current rate, the Company's proposed rates and the Staff's rate proposal is shown in Attachment D.

Other Water Operation and Development Issues

A Sanitary Survey conducted by Idaho Department of Environmental Quality (IDEQ) on September 28, 2007, indicated that the system is in violation of Idaho rules for public water systems promulgated by IDEQ which requires a minimum of two wells for new community water systems served by ground water and intended to serve more than 25 homes. The Company is currently taking steps to correct this deficiency and has recently met with IDEQ to resolve this problem.

It was found during the course of Staff's investigation that the second well must be installed within the 10-acre site of the first operating well as a condition of the water rights permit according to the Idaho Department of Water Resources (IDWR) Eastern Region. The Company, however, indicated to Staff that it plans to drill the second well at an area within Pepperwood Crossing Division II which is beyond the originally approved 10-acre drilling site. IDWR notified Rocky Mountain Utility about this discrepancy and the Company has agreed to make the necessary filing to amend its water permit.

One residential customer of Rocky Mountain Utility wrote the Commission asking if the water system has a back flow system installed for health reasons, and if not, why not. The Commission does not regulate the back flow system requirements of public water systems. However, Staff checked with the IDEQ-Idaho Falls Region about this issue. Staff was apprised that public water system rules promulgated by IDEQ require that a check valve be properly installed in the discharge line to prevent reverse flow of water, protecting the well from any possible contamination within the distribution flowing back into the well. IDEQ also recommends that the Company develop a Cross Connection Control Program but does not monitor the program.

NON-RECURRING CHARGES

The Company did not request any non-recurring charges for approval by the Commission in its application. Non-recurring charges are designed to give appropriate price signals to customers and allow the Company to recover a reasonable portion of its costs to provide certain services or pursue collection of bills. Staff recommends that the Company incorporate the charges below into its Rate Schedules as part of its tariff.

Return Check Charge

A returned check charge applies when a check submitted for payment by the customer is not honored by the customer's financial institution. Staff recommends a \$20 returned check charge. This amount is consistent with charges approved by the Commission for other utilities and is the maximum allowed under Section 28-22-105, *Idaho Code*.

Reconnection Charge

A reconnection charge applies when a customer's service has been involuntarily disconnected and is assessed in addition to all past due amounts owed by the customer. Involuntary disconnection may occur for any of the reasons specified in the Commission's Utility Customer Relations Rules, including non-payment of bills. The charge allows the Company to recover a portion of the cost of dispatching personnel to reconnect service. The Company has stated that normal business hours are 8:00 a.m. to 5:00 p.m., Monday through Friday, not including holidays. Staff recommends a \$20 charge for reconnection during normal business hours and a \$40 charge for reconnection for other than normal business hours. The amounts are consistent with charges approved by the Commission for other utilities.

Field Collection Trip Charge

A field collection trip charge is assessed when, in order to avoid disconnection, a customer pays a Company representative during a visit to the customer's premise to terminate service. Staff believes that a charge to cover part of the cost for a field visit that results in payment of a bill is appropriate. Staff recommends that the Company be allowed a \$20 charge, which is in line with charges approved by the Commission for other utilities. This charge would be sufficient to deter customers from waiting until the last minute to pay their bills.

After-Hours Connection Charge

Staff believes a charge for dispatching personnel to connect service outside of business hours is appropriate. Staff recommends that the Company be allowed a \$40 charge, which is in line with charges allowed other small water companies and is consistent with the after-hours reconnection charge recommended by Staff.

Shut-Off At Customers Request

A shut-off charge is assessed when the Company responds to a customer's request to temporarily disconnect service for the purpose of repairs to the customer's plumbing. Staff believes a charge for dispatching personnel to a customer's residence in this circumstance is appropriate. Staff recommends that the Company be allowed a \$20 charge for each visit during normal business hours and \$40 charge for each visit after normal business hours. The charges are in line with those previously allowed to other small water companies and are consistent with the reconnection charges recommended by Staff.

Late Payment Charge

Late payment charges encourage timely payment by customers and allow the Company an opportunity to recoup the costs of collection of unpaid bills. The customer bills currently specify that payment should be made within 30 days of the billing date. While the Company did not ask for a late payment charge, Staff recommends a late payment charge of 12 percent per annum or 1% monthly on the unpaid balance owing at the time of the next monthly billing. The 1% monthly charge has been approved previously by the Commission and is a standard fee for many other utilities.

Hook-Up Service Fee

The Company did not initially request a hook-up fee to be collected at the time the customer makes an application to the Company. In response to Staff Production Request No. 16, the Company asked for a \$250 hook-up fee. After additional Staff investigation and discussions with the Company, it was found that the only activity involved in the process was to locate the Company's shut-off valve at the service line close to the customer's property. If the shut-off valve's standpipe is clearly visible, the time spent by Company personnel is minimal. However, if the standpipe is already covered by soil, debris or weeds, it may take more time for the Company to locate the service line/shut-off valve. The actual connection is done by the customer's contractor. Given the Company's limited involvement in actually connecting the customer's line, Staff believes that the \$250 hook-up fee requested by the Company is unreasonably high. Staff recommends a hook-fee of \$150 per customer connection.

CUSTOMER RELATIONS

Billing Documentation

The Utility Customer Relations Rules (UCRR), IDAPA 31.21.01.000 *et seq.*, includes the requirements for billing documentation. The Company bills customers on a monthly basis. The bill sample submitted by the Company indicates the service period and invoice date but does not indicate a due date. The sample bill states the terms for payment as "Net 30". Staff recommends that the Company update all of the monthly bills sent to customers to include the specific due date as required under the UCRR so that it is clear to customers when a bill payment is due. The sample notice of intent to terminate service and the final shut-off notices provided by the Company do not specify the actual amount of the reconnection charges, but instead leave a blank space to be filled in. Staff recommends that the notices sent to customers prior to termination list the reconnection charges as approved by the Commission. Staff notes that the notices also could be interpreted to limit the customer to a one-time payment arrangement, which is contrary to Rule 305 (1)(e) and Rule 313, UCRR. Staff recommends that the Company revise the payment arrangement section of its bills and notices to meet the rule requirements. Staff also recommends that all customer billing and collection documents include current information on how to contact the Company.

Customer Notice and Press Release

The Company sent a notice of the proposed application for a certificate of public convenience and necessity and the proposed rate increase in a mailing to all customers on May 9, 2008. A copy of the customer notice was submitted with the original application. The notice meets the requirements of the Utility Customer Information Rules (UCIR), IDAPA 31.21.02.000 *et seq.* The Company did not file a copy of a press release with the Commission at the time of the application as required in Rule 102, UCIR. Public notification for the customer workshop was done by the Commission through a press release issued July 29, 2008. The Company also mailed all customers a copy of the Commission's Notice of Public Workshop in a mailing on August 5, 2008. Order No. 30601. The workshop was held on Wednesday, August 13, 2008. There were seven customers in attendance. As of Sept. 9, 2008, the Commission has received one written comment regarding this case.

Rules Summary

The Utility Customer Information Rules (UCIR), IDAPA 31.21.02.000 *et seq.*, require that the Company send out a copy of its rules summary on an annual basis to all of its customers. Staff is willing to provide a sample copy of the rules summary to the Company in electronic format. The Company must send a copy with its updated billing statements and on an annual basis thereafter to comply with the rules.

Company Tariff

The Company did not submit a proposed tariff with its application. Staff recommends that the Company's tariff include the approved monthly water rates, non-recurring charges, and general rules and regulations using the model tariff developed by Staff. Staff is willing to assist the Company in the revision of its tariff to ensure that it is in compliance with Commission Rules and Regulations.

RECOMMENDATIONS

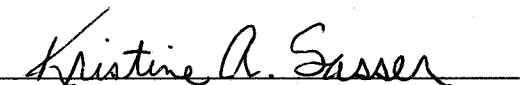
Based on the foregoing, Staff recommends:

1. The Commission issue a Certificate a Public Convenience and Necessity to Rocky Mountain Utility for only the developed property in Pepperwood Crossing Subdivision – Division I.
2. The Company's rate base be set at zero.
3. The Company's annual operation and maintenance expense be set at \$26,679.
4. The total revenue requirement for the Company is set at \$26,679.
5. The Company should not be allowed to collect depreciation/amortization on the contributed capital.
6. The Commission approve a flat rate of \$48.50 per month for residential and commercial customers.
7. The Company regularly record well production flows.
8. The Company consider installing individual customer meters.
9. The Commission approve the following non-recurring charges: a) hook-up fee of \$150 per customer connection; b) reconnection charges of \$20 for normal business hours and \$40 for other than normal business hours; c) returned check charge of \$20 per

occurrence; d) field collection charge of \$20; e) a charge for shut-off for maintenance at the customer's request of \$20 per visit during normal business hours and \$40 after hours; f) an after-hours service connection charge of \$40; and g) a late payment charge of 12% per annum or 1% per month.

10. The Company update all billing documentation to include the due date and all contact information.
11. The Company update its termination notices to include the Commission's approved reconnection charges. The language should be consistent with Commission rules.
12. The Company devise a rules summary based on the model to be provided by Staff and send a copy with approved rates and charges to all customers at the conclusion of this case and annually as required by the UCRR.
13. The Company prepare its tariff based on the approved rates and charges using the model developed by Staff for small water companies.

Respectfully submitted this 12TH day of September 2008.


Kristine A. Sasser
Deputy Attorney General

Technical Staff: Joe Leckie
Gerry D. Galinato
Chris Hecht

i:/umisc/comments/rocv08.1ksjlgcwh comments

**Rate Case
ROC-W-08-1
Schedule of Annual Operating Expenses**

Attachment A
Case No. ROC-W-08-1
Staff Comments
09/12/08

FINAL PLAT

LOCATED IN THE SE 1/4 OF SECTION 36, TOWNSHIP 4 NORTH, RANGE 38 EAST, JEFFERSON COUNTY, IDAHO

Project Name: Jim Bernard
 Job Number: 2004-53
 Scale: 1" = 100'
 CoGo File: BernardJim (CmtyRoad)
 Date: February 28, 2005
 Drawn By: K.L.T.
 Sheet Of: 2

TE THOMPSON ENGINEERING, INC.
 CONSULTING ENGINEERS
 RIGBY, IDAHO 83442

SURVEYOR
 Kevin L. Thompson, P.L.S.
 14 East 200 North
 Rigby, ID 83442
 (208) 745-4771

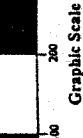
ACREAGE
 Total Subdivision — 31.53 Acres
 60 Lots — 22.74 Acres
 Dedicated County Road — 8.79 Acres

LEGEND
 • See 58" X 30" Iron Rod W/Cap No. 10563
 • See 1/2" X 24" Iron Rod W/Cap No. 10563
 - - - - - Adjacent Property Line
 - - - - - 12" Utility Easement

PEPPERWOOD CROSSING SUBDIVISION

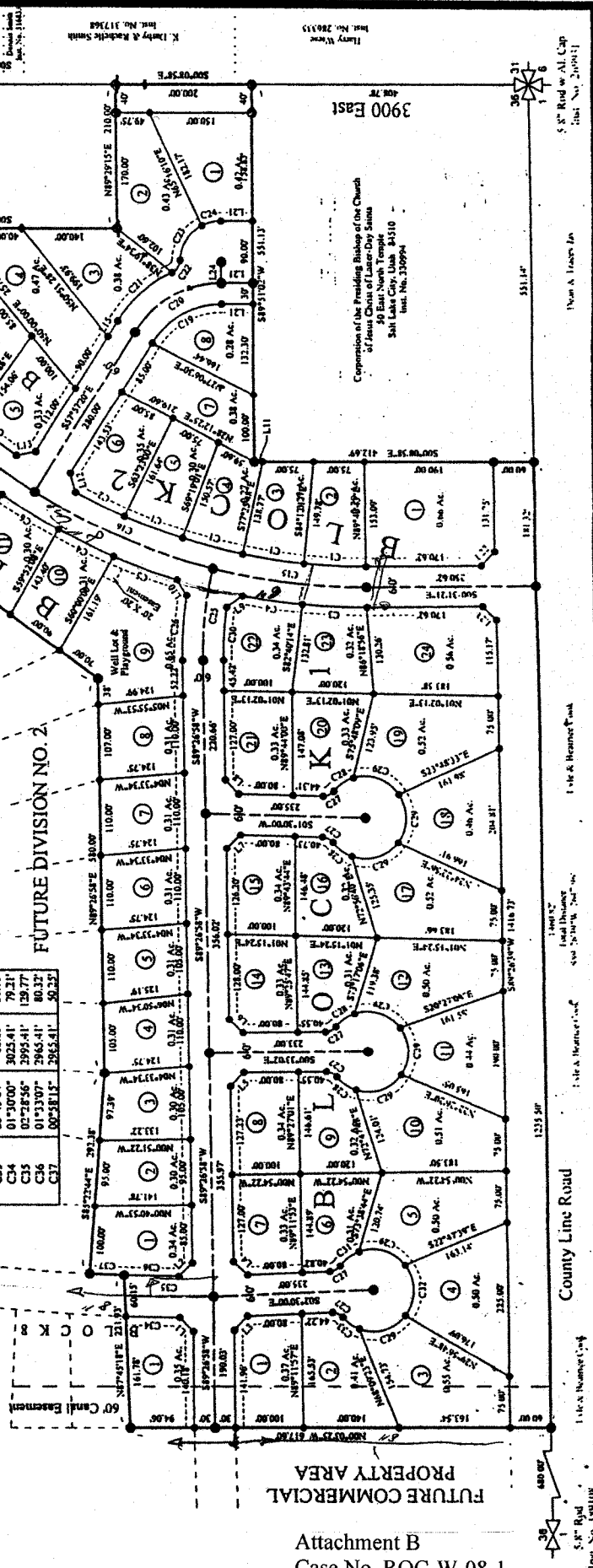
DIVISION NO. 1
 JEFFERSON COUNTY, IDAHO
 LOCATED IN THE SE 1/4 OF SECTION 36, T4N R38E, B.M. NOTE:

No Lot shall have Direct Access to County Line Road and 3900 East, but will have access only through the Interior Subdivision Streets.



Line No.	Bearing	Distance
L1	S44°57'11"W	28.05'
L2	N45°03'51"E	28.52'
L3	S45°03'11"E	21.80'
L4	N45°02'29"E	28.76'
L5	S45°33'02"E	28.28'
L6	N44°53'38"E	28.28'
L7	S45°31'31"E	21.77'
L8	N45°28'29"E	27.77'
L9	S35°03'11"W	26.35'
L10	S38°03'11"W	26.35'
L11	N75°21'30"E	29.10'
L12	N75°21'30"E	29.10'
L13	N11°16'10"W	10.65'
L14	S54°58'08"E	10.65'
L15	N57°57'20"W	26.53'
L16	S30°30'45"E	34.64'
L17	N51°43'55"E	24.49'
L18	S44°40'09"W	28.19'
L19	N45°19'22"W	28.37'
L20	N89°29'16"E	40.71'
L21	S00°05'58"E	46.41'
L22	N45°33'21"W	28.28'
L23	S44°26'39"W	28.28'
L24	N89°11'02"E	30.00'

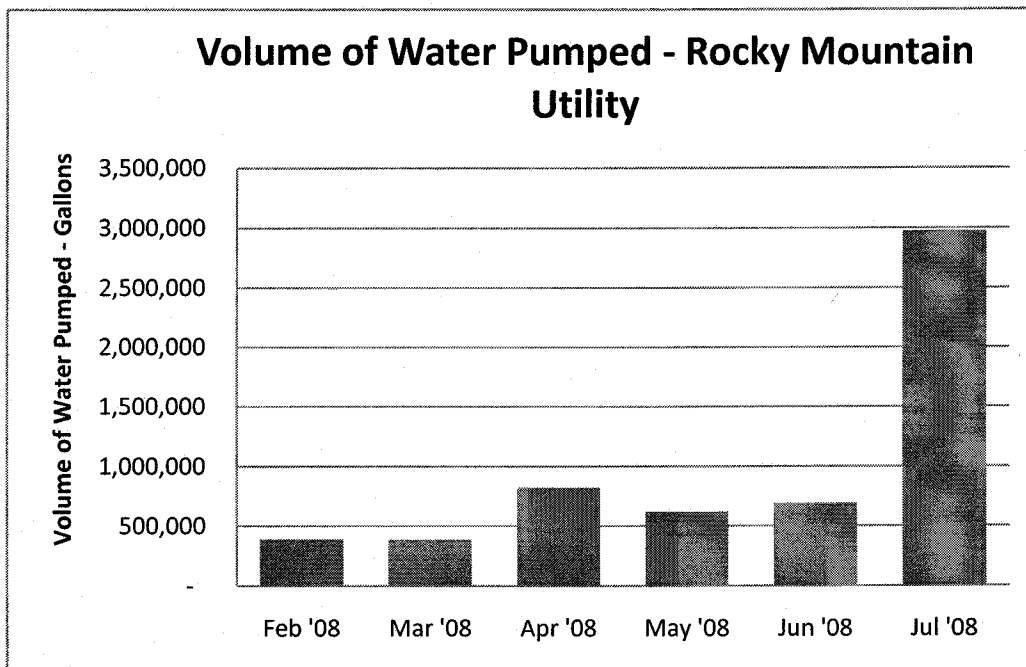
Curve No.	Delta	Radius	Arc
C1	06°00'00"	870.00'	91.11'
C2	05°13'40"	930.00'	79.38'
C3	05°00'00"	930.00'	94.79'
C4	06°00'00"	930.00'	98.96'
C5	06°00'00"	930.00'	97.39'
C6	07°03'01"	930.00'	114.44'
C7	30°00'00"	120.00'	62.83'
C8	05°53'54"	870.00'	84.50'
C9	06°55'58"	870.00'	105.27'
C10	04°55'19"	870.00'	74.74'
C11	24°00'00"	180.00'	75.40'
C12	21°51'21"	180.00'	67.61'
C13	14°30'00"	900.00'	27.77'
C14	18°06'01"	900.00'	28.32'
C15	27°56'35"	900.00'	43.07'
C16	60°00'00"	150.00'	157.08'
C17	05°13'40"	120.00'	121.07'
C18	57°48'22"	150.00'	151.34'
C19	34°41'59"	180.00'	107.60'
C20	64°03'20"	20.00'	22.36'
C21	60°00'00"	60.00'	62.83'
C22	27°16'44"	60.00'	28.92'
C23	14°29'40"	548.17'	138.67'
C24	09°48'58"	78.17'	99.05'
C25	33°19'04"	60.00'	34.89'
C26	72°00'00"	40.00'	75.40'
C27	08°54'03"	60.00'	35.41'
C28	33°19'04"	60.00'	79.89'
C29	76°00'00"	60.00'	30.18'
C30	28°49'04"	60.00'	79.21'
C31	01°30'00"	3025.41'	129.77'
C32	02°28'56"	2995.41'	80.32'
C33	00°53'07"	2965.41'	60.32'
C34	00°58'15"	2965.41'	50.32'



Attachment B
 Case No. ROC-W-08-1
 Staff Comments
 09/12/08

**VOLUME OF WATER PUMPED - ROCKY MOUNTAIN POWER
ROC-W-08-01**

Month	Total Volume Pumped (gal)
Feb '08	389,720
Mar '08	388,810
Apr '08	821,610
May '08	619,230
Jun '08	693,470
Jul '08	2,973,340
Total	5,886,180



ATTACHMENT C

Attachment C
Case No. ROC-W-08-1
Staff Comments
09/12/08

Rate Analysis						
Rocky Mountain						
ROC-W-08-01						
Annual Revenue Requirement =			\$ 26,679			
				Revenue	Average	
		Monthly	Total	Over or	Total	Percent
Rate	No. of	Flat Rate	Revenue	Under	Increase	Increase
Design	Customers	(\$/mo)	(\$/yr)	(\$/yr)	(\$/yr)	(%)
Current Tariff:						
Residential	44	\$ 28.50	\$ 15,048			
Commercial	2	\$ 28.50	\$ 684			
Total	46		\$ 15,732	\$ (10,947)		
Company Proposal						
Residential	44	\$ 42.00	\$ 22,176			
Commercial	2	\$ 42.00	\$ 1,008			
Total	46		\$ 23,184	\$ (3,495)	\$ 7,452	47.4%
Staff Proposal						
Residential	44	\$ 48.50	\$ 25,608			
Commercial	2	\$ 48.50	\$ 1,164			
Total	46		\$ 26,772	\$ 93	\$ 11,040	70.2%
% Alloc-Res =	95.7%					
% Alloc-Com =	4.3%					
%Total Alloc =						
	4.3%					

ATTACHMENT D

Attachment D
Case No. ROC-W-08-1
Staff Comments
09/12/08

CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 12TH DAY OF SEPTEMBER 2008, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. ROC-W-08-01, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

SHERI POULSEN
JENSEN POULSEN & COMPANY PLLC
PO BOX 50225
IDAHO FALLS ID 83405

JIM BERNARD
OWNER/ MANAGER
ROCKY MOUNTAIN UTILITY CO. INC.
3894 EAST 200 NORTH
RIGBY ID 83442



SECRETARY

CERTIFICATE OF SERVICE