

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF TERRA GRANDE WATER FOR) **CASE NO. TGW-W-05-2**
APPROVAL OF TARIFF SCHEDULE)
NUMBER 2 AND 3 FOR NEW SERVICE)
CONNECTIONS AND RECONNECTION) **ORDER NO. 29835**
FEES)

On May 24, 2005, Terra Grande submitted tariff Schedules No. 2 and No. 3 regarding new service connections and reconnection fees, respectively. Schedule No. 2 was processed as a tariff advice. Comments were sought regarding Schedule No. 3, through Modified Procedure. The Commission Staff filed comments. The Company filed reconnection cost information and an affidavit of Barbara Child, the owner of Terra Grande Water. With this Order the Commission approves reconnection fees for the Company.

THE COMPANY'S PROPOSED RECONNECTION FEE

Terra Grande proposed a reconnection fee of \$65 during the office hours of 8:00 a.m. to 5:00 p.m., Monday through Friday, and \$100 for after business hours reconnections. As support for the proposed fees, the Company provided a letter from D&D Plumbing stating that connecting or reconnecting a water service requires a service call, which is billed at a \$65 minimum for up to one hour including travel time. The letter also stated that all after business hours work is charged at \$97.50 per hour. The Company also filed additional reconnection cost information including an affidavit from the Company's owner, Barbara Child, as well as several copies of invoices showing charges to the Company from D&D Plumbing for reconnections and disconnections to the system.

The Company stated that it simply needed to recover the actual costs of the reconnection services performed, and if it does not it will suffer financial hardships. The Company provided evidence that there have been seven disconnections and seven reconnections to the system from October 2004 to the present time. The licensed plumber that performs this service for Terra Grande charges \$65 for each service call, which generally means that Terra Grande will be charged \$65 to shut off someone's water service, as well as \$65 to reconnect the water service. The Company stated that disconnection and subsequent reconnection after payment of a delinquent account is a necessary collection tool that the Company must utilize.

The Company is typically charged \$130 for a disconnection and subsequent reconnection if two service calls are required. The Company stated that, as a small water company, the inability to recover these costs would be detrimental to its financial integrity and hamper its ability to operate and maintain the water system.

STAFF COMMENTS

Commission Staff filed comments on July 13, 2005. Staff stated that the reconnection fees requested by Terra Grande are excessive, and recommended a reconnection fee of \$20 during business hours, and \$30 after business hours.

Staff stated that a review of the approved reconnection tariffs for other water companies shows an average reconnection charge of approximately \$20 during business hours, and \$30 after business hours. Staff also looked at the time, effort, and costs likely to be incurred by Terra Grande to reconnect a customer, and concluded that a \$20 fee is more appropriate. Staff stated that the rates charged by D&D are consistent with hourly rates charged by licensed plumbers for service to a residential customer. However, from Staff discussions with Ms. Child, and with Terra Grande's plumber, some of the work being done on service calls may include installing a valve, vault, or other equipment and goes beyond what Staff would normally include in a reconnection charge. Staff also reported that it found an "unusual service condition" where only 50% of the customers of Terra Grande have a vault with a shut-off valve installed. The Company is installing new vaults and meter sets on an as needed basis.

Staff further stated that the reconnection work, consisting of accessing and turning a valve when there is no meter to be removed, does not require an hour of time. Staff calculated that the travel time from D&D to the Terra Grande service area is 4.5 miles with a driving time of 10 minutes. Staff estimated a time of 30 minutes to perform a reconnection, including travel time, to be reasonable. Additionally, Staff stated that there is no reason that this work needs to be performed by a licensed plumber, and calculated that a helper or other employee could be used for this work. Staff calculated that an employee being paid \$20 per hour with a wage multiplier of 2.0 for overheads and profit would result in a cost to Terra Grande of \$20 for the half-hour service.

FINDINGS AND CONCLUSIONS

Terra Grande Water is a water corporation providing water service to the public within the State of Idaho, *Idaho Code* §§ 61-124, 61-125, and is operating as a public utility.

Idaho Code § 61-129. The Commission has jurisdiction over this matter as authorized by Title 61 of the Idaho Code, and more particularly *Idaho Code* §§ 61-501, 61-502, 61-503, 61-520, 61-523.

The Commission finds Terra Grande's requested reconnection fees to be unreasonable. We further find that the reconnection fees of \$20 during business hours, and \$30 for after business hours are reasonable. Our review of approved reconnection fees in the filed tariffs of approximately 20 other water companies reveals that reconnection fees during business hours range from \$10 to \$30, with an average of \$20. Likewise, after business hours reconnection fees, for the companies that charge them, range from \$15 to \$60, with an average of \$30. Furthermore, we find that the actual job of going out to a residence to turn a valve for a reconnection does not require a licensed plumber, nor extraordinary effort, and find Staff's price calculation to be reasonable. A reconnection fee is not the proper mechanism for the Company to seek recovery of the costs associated with installing a vault, shut-off valve, or other equipment that may be necessary at a particular residence. Consequently, based upon our review of the evidence presented, we find that the reconnection fees of \$20 during business hours, and \$30 for after business hours are just and reasonable.

ORDER

IT IS HEREBY ORDERED that Terra Grande Water is authorized to charge a reconnection fee of \$20 for reconnections performed during the hours of 8:00 a.m. to 5:00 p.m., Monday through Friday, and a fee of \$30 for reconnections performed after business hours. The Company shall submit a revised tariff Schedule No. 3 conforming to this Order no later than August 15, 2005.

THIS IS A FINAL ORDER. Any person interested in 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. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *See Idaho Code* § 61-626.

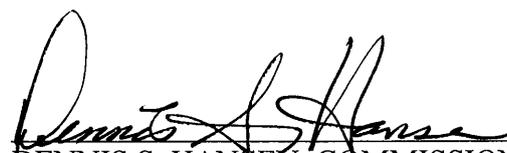
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 28th
day of July 2005.



PAUL KJELLANDER, PRESIDENT

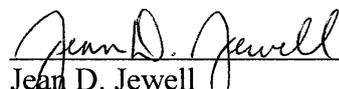


MARSHA H. SMITH, COMMISSIONER



DENNIS S. HANSEN, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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