

KARL T. KLEIN
DEPUTY ATTORNEY GENERAL
IDAHO PUBLIC UTILITIES COMMISSION
PO BOX 83720
BOISE, IDAHO 83720-0074
(208) 334-0320
IDAHO BAR NO. 5156

RECEIVED
2013 NOV 14 AM 11:03
IDAHO PUBLIC
UTILITIES COMMISSION

Street Address for Express Mail:
472 W. WASHINGTON
BOISE, IDAHO 83702-5918

Attorney for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE APPLICATION OF)
TROY HOFFMAN WATER CORPORATION)
FOR AUTHORITY TO INCREASE ITS RATES)
AND CHARGES FOR WATER SERVICE IN)
THE STATE OF IDAHO.)
_____)**

**CASE NO. TRH-W-13-01
COMMENTS OF THE
COMMISSION STAFF**

The Staff of the Idaho Public Utilities Commission comments as follows on Troy Hoffman Water Corporation's Application to increase rates and charges for water service.

BACKGROUND

On June 5, 2013, Troy Hoffman Water Corporation (Troy Hoffman, Company) filed an Application with the Idaho Public Utilities Commission (Commission) requesting authority to increase its rates and charges for water service. Troy Hoffman provides water service to 146 residential customers and one commercial customer in the City of Coeur d'Alene, Idaho.

Troy Hoffman proposes a revenue increase of \$12,714 (33.56%) for residential and commercial water customers. The current and Company's proposed rates are shown below:

| | Current Rates | Proposed Rates |
|-------------|--|--|
| Residential | \$11.80 per month plus \$1.10 per 1,000 gallons for all consumption in excess of 5,000 gallons per month | \$15.76 per month plus \$1.47 per 1,000 gallons for all consumption in excess of 5,000 gallons per month |
| Commercial | \$15.50 per month plus \$1.10 per 1,000 gallons for all consumption in excess of 5,000 gallons per month | \$20.70 per month plus \$1.47 per 1,000 gallons for all consumption in excess of 5,000 gallons per month |

The Company asks that the new rates take effect on January 1, 2014.

STAFF ANALYSIS

Staff Audit

Troy Hoffman reports to the Commission using cash accounting procedures for revenue and operating expenses, and accrual for rate base calculations. The Company has no formal budgeting process but it does have an informal plan to replace plant in service as it fails.

This is Staff's second audit of Troy Hoffman since Mr. Murren and Mr. Stadley acquired it. Documentation for most expenses was available. Labor hours and call-outs for the backhoe were only available from memory with no auditable record.

Staff's recommended adjustments are summarized on Attachment A. They are as follows:

Adjustment 1 - Plant in Service

The only new capital placed in service since the last rate case is a new roof on the pump house. Invoices verify the new roof cost of \$2,700. Staff recommends a 35-five year useful life with a half year convention for depreciation expense and accumulated depreciation.

The Company requested two pro forma adjustments to plant in service. The first consists of \$2,254 for new valves. The Company said it would place the first two valves in service in the spring of 2014. These valves will not be used and useful before new rates will be effective. Staff thus recommends that this adjustment be removed. This is a \$2,254 decrease to plant in service, or about a \$191 revenue requirement decrease.