DECISION MEMORANDUM

TO:COMMISSIONER HANSEN

COMMISSIONER NELSON

COMMISSIONER SMITH

MYRNA WALTERS

TONYA CLARK

DON HOWELL

STEPHANIE MILLER

DAVE SCHUNKE

RANDY LOBB

RICK STERLING

DAVID SCOTT

WORKING FILE

FROM:SCOTT WOODBURY

DATE:AUGUST 21, 1998

RE:CASE NO. UWI-W-98-3

COST OF SERVICE / RATE DESIGN

On July 6, 1998, the Idaho Public Utilities Commission (Commission) issued final Order  No. 27617 in United Water Idaho Inc. (United Water; Company) Case No. UWI-W-97-6, the revenue requirement phase of its general rate case.  In its Order, the Commission directed the Company to file a separate cost-of-service and rate design application within thirty (30) days from the date of the Order.

On August 13, 1998, in Case No. UWI-W-98-3 United Water filed an Application with the Commission requesting approval of the Company’s submitted cost of service allocation study and rate design proposal.  The proposed rate design includes the following features:

∙A customer charge recovering costs associated with billing, meters, service and fire protection;

∙A volumetric or commodity charge that is an inverted three block rate structure that would charge higher rates as volumes increase (departure from existing summer/winter rates).

In Order No. 27617 the Commission granted the Company leave to present information in its cost of service/rate design phase regarding a proposed adjustment related to Micron’s reuse/efficiency program.  Micron is the Company’s largest consumer of water.  The Company proposes to reduce the test year consumption figures for Micron based on projected use.  The effect would be to increase rates to remaining customers.  United Water presents a witness in this case regarding this issue.  The issue is whether the proposed change in consumption is sufficiently known and measurable to adjust test year data.

Filed with United Water’s Application in this case is the Company’s direct testimony and exhibits.  United Water requests that the Commission issue public notice of its Application and set a date for a prehearing conference.

Commission Staff recommends that the Commission issue a Notice of Application and establish an intervention deadline.

Commission Decision

What is the Commission’s preference regarding procedure?

Scott Woodbury

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