

# IPUC Annual Report 2011

## Idaho Water Utilities

The commission regulates 29 privately held water systems, or only about 1 percent of the approximate 2,100 water systems in the state. The regulated systems vary in size from companies with about 78,000 customers to companies with as few as 22 customers. These companies provide industrial, commercial and residential customers throughout the state with drinking water as well as water for irrigation, recreation and manufacturing.



Most of the unregulated systems are operated by homeowner associations, water districts, co-ops and cities. The rates listed here represent only the residential customer class and may not reflect the actual rates paid by a specific customer.

**(bh)** = business hours    **(ah)** = after hours    **(nm)** = non-metered    **(g)** = gallons    **(cf)** = cubic feet

Utility Name	Number of Customers	New Hook-up Fee	Reconnect Fee	Residential Monthly Rates	Last Rate Revision	Sur-charge
1. Algoma	25	\$0.00	\$ 25	\$ 27 per month \$44.50 (commercial)	7/4/2008	
2. Aspen Creek	25	\$1,000	\$15bh/\$25ah After 30 days --\$75	\$25 up to 15,000 gal \$1 each 1,000 gals over	9/25/2002	
3. Bar Circle "S"	160	\$400 if line, meter in place \$2500 if not	\$ 20bh/\$40 ah	\$27.43 up to 7,500 gal \$1.74 each 1,000 gal over	1/1/2010	
4. Bitterroot	117	\$750	\$ 25 bh/ah	\$21 up to 15,000 gal \$1.73 each 1,000 gal over	2/1/2006	\$1.24 BF \$2.67 Valve
5. Brian	46	None approved	\$ 12.50 bh/ah	\$17.50 up to 4,000 gal \$1.51 each 1,000 gal over	8/12/2011	
6. Capitol Water Corp.	2,875	None approved	\$15	Starts at \$12.65/mo in winter and \$28.70/mo summer for non-metered. Metered rates start at \$8.50/mo	5/1/2009	Annual Power Cost Adjustment at 0.81% of bill
7. Country Club Hills Utility	132	\$500	\$14 bh \$28 ah	\$17 up to 30,000 gal \$0.60 each 1,000 gal over	6/1/2005	
8. Diamond Bar Estates	51	\$310 /existing \$2,500 to install	\$ 15 bh \$ 30 ah	\$ 29.00→5,500 gal .80 each 1,000 gal over	12/1/2007	
9. Eagle Water Company	3,400	\$845 includes \$100 study surcharge and \$500 loan surcharge.	\$15 bh/ \$30 ah	Monthly flat rate starting at \$11.75 (nm); \$ 7.84 up to 600 cf. metered and \$0.45 for each add 100 cf	2/23/2009	
10. Evergreen	36	\$600	None approved	\$ 15 up to 7,500 gal \$0.35 each 1,000 gal over	01/06/95	
11. Falls Water	3,593	Minimum \$500 depending on meter size	\$20/bh and \$40/ah	\$16.10 (depending on meter size) up to 12,000 gal and \$0.611 Each 1,000 gal over	03/16/10	

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Utility Name	Number of Customers	New Hook-up Fee	Reconnect Fee	Residential Monthly Rates	Last Rate Revision	Sur-charge
12. Grouse Point	23	None approved	\$20bh/ \$40ah	\$22 up to 8,000 gal \$0.50 each 1,000 gal over	1/4/2004	
13. Happy Valley	24	\$500	\$ 20bh/ah	\$27.00 up to 20,000 gal \$0.70 each 1,000 gal over	8/3/2001	
14. Island Park	334	\$200 authorized \$1100 unauthzed	\$20bh/\$20ah	\$280/year nm	11/05/2008	
15. Kootenai Heights Water	11	None approved	\$50	\$38.50 up to 10,000 gal \$3.10 each 1000 gal over	6/21/2007	
16. Mayfield Springs	100	\$725	\$35bh/\$70ah	1" meter \$22 up to 10,000 gal \$0.30 each 1,000 gal over 2" meter \$50 up to 20,000 gal \$0.30 each 1,000 gal over	10/10/2008	
17. Morning View	96	None approved	\$ 25 bh/-ah	¼ acre-\$ 27.41/mo. ½ acre-\$ 35.94/mo. 1 acre-\$ 44.48/mo	9/01/2007	\$5 for Reserve Account
18. Murray Water Works	33	\$800	\$25 March-Oct \$50 Oct-Feb	\$ 26/mo	7/15/2003	Rate case pending
19. Pack Saddle Estates	35	\$430	\$ 25 if 45 days or less; \$130 for more than 45 days	\$34.24/mo	6/3/1996	
20. Picabo	28	\$500	\$ 15 involuntary \$ 25 voluntary	\$41/mo summer \$22/mo winter	7/1/2004	Irrigation (April-Sept) \$19/mo
21. Ponderosa	29	\$2,500	\$ 35 bh/ah	Resident: \$ 48/mo Seasonal: \$ 25/mo	7/1/2003	
22. Resort	389	None approved	\$ 20 bh/\$60ah 4X that after 30 days	\$ 44.80/mo per 1 ERU	3/15/2005	
23. Rickel	27	\$6,000	\$25 bh/ah	\$ 30 up to 15,000 gal \$1.10 each 1,000 gal over	5/01/1997	
24. Rocky Mountain Utility Company	38	\$150	\$20 bh Or \$40 ah	\$39/50/mo	01/01/09	
25. Spirit Lake	305	\$2,500	\$ 16 bh/\$32 ah	\$12.50 up to 9,000 gal \$0.10 each 100 gal over	10/30/09	
25. Stoneridge	193	\$1,200	\$18.50bh/\$33.50ah 30-days plus varies Per size of service	\$24/mo based on size \$0.79/1,000 gal	7/02/2007	Happy Valley res Pay \$16.83/mo
26. Sunbeam	22	None approved	None approved	\$12 up to 12,000 gal \$1.20 each 1,000 gal over	5/31/1983	Does not file annual report
27. Teton Springs	272	\$600 for 1" res/larger Based on size	\$20 if disconnected 30 days or less/ \$40 after hours	\$118/per quarter	2/2/2009	
28. Troy Hoffman	144	\$458/1"	\$20/bh \$40/ah	\$11.80/first 5,000 gal \$1.10 each 1,000 gal	1/1/2011	
29. United Water Idaho	78,892	See Tariff	\$20/ bh \$30/ ah	Starting at \$20.10 bi-monthly Winter -- \$1.44 per 100 cf Summer - \$1.44 per 100 cf Up to 300 cf and \$1.798 For each 100 cf over	2/1/2012	

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Case No. TRH-W-10-01, Order No. 32152  
January 3, 2011

## **Rates increase for Troy Hoffman Water customers**

The monthly minimum rate for the approximate 150 customers of Troy Hoffman Water Corporation increased from \$5.50 to \$11.50 per month effective Jan. 1, 2011.

Rates have not increased for 14 years for the company, which serves customers in Coeur d'Alene. When the company filed its case last June, it asked for an increase in the monthly charge from \$5.50 to \$13.31, plus another \$1.45 for every 1,000 gallons used in excess of 3,000 gallons. The commission ultimately approved the \$11.50 monthly minimum but applied it to the first 5,000 gallons. Customers will pay \$1.10 for every 1,000 gallons used in excess of 5,000 gallons per month.

The commission received 25 written comments from customers and four testified at a telephonic hearing. Customers opposed the size of the increase, especially given the poor economic conditions.

"We recognize that for some customers any increase may result in economic hardship," the commission said. "While we have an obligation to customers to establish rates that are fair and reasonable, this commission at the same time has a statutory obligation to Troy Hoffman to set rates at a level sufficient to allow the company to recover its reasonable expenses of operation and to receive a reasonable return on prudent capital investments in utility plant and facilities. Carrying out this duty is necessary for the company to be financially sound and capable of providing its customers with safe and reliable water service."

The commission approved an annual revenue requirement of \$41,834, an increase of \$17,682. Major repairs totaling \$40,795 were made to the well pump and motor, electrical service and well house during 2009. Commission staff reviewed the repairs to determine if they were necessary and reasonably priced.

Within one year, the company must test the accuracy of its newly installed production flow meter and randomly test at least 10 percent of its customer service meters. The company must also review and update all its customer notices, bills and other documents to ensure they are consistent with commission rules and regulations and change its business hours from 7 a.m. to 4 p.m. to 8 a.m. to 5 p.m.

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Case No. BRN-W-11-01, Order No. 32324  
August 15, 2011

## **Rates increase for Boise's Brian Water customers**

The Idaho Public Utilities Commission has approved a rate increase for the 46 households served by Boise-based Brian Water Corporation.

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The increase raises the basic monthly charge from the current \$12.50 to \$17.50 for the first 4,000 gallons used per month. The commission also approved an additional commodity charge of \$1.51 for every 1,000 gallons used above 4,000 gallons.

Brian Water serves customers in the Warm Springs area of eastern Boise.

The commission re-stated its 2007 directive to the company to read meters monthly rather than bi-monthly. The company has failed to do so, the commission noted, and must do so now to avoid facing civil penalties. "In failing to institute monthly billing, Brian Water not only exacerbates its cash flow problems, but also subjects the company to potential penalties," the commission said.

Further cash flow problems are attributed to the company's failure to more timely collect bills. The commission directed Brian Water to use commission rules to enforce bill collection and implement a 1 percent per month late fee on any unpaid balance.

The Brian Water system was built in the early 1960s and has two production wells, one a primary well and one a back-up well. Because of the age of the system, water loss is high. Further, the Idaho Department of Environmental Quality has stated that the system's nitrate levels exceed the federal maximum contamination level. The company is considering a new, deeper well. The commission said that when the company builds a new well it should include the costs of a flow meter which would allow the company to reduce loss and better manage its water resource.

The commission said it also included enough additional revenue (\$4,590 of additional annual revenue for a total yearly revenue requirement of \$17,532) to allow the company to begin replacing its aging meters. The money allowed in the new rates should permit the company to replace five meters each year.

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Case No. UWI-W-11-02, Order No. 32443  
January 24, 2012

## **Commission adopts settlement of United Water rate case**

The approved a settlement to the United Water Idaho rate case that will increase rates for Boise area water customers by an average 8 percent effective Feb. 1 followed by a 2.5 percent increase on Feb. 1, 2013. For an average residential customer, the monthly increase will be about \$2.28 per month in 2012 and another 72 cents per month in 2013.<sup>1</sup>

United Water, which serves about 84,000 customers in the Boise metro area, filed last August for a near 20 percent one-time increase of about \$5.82 per month, or about \$7.6 million in additional yearly revenue. The settlement allows a \$3 million revenue increase in 2012 and \$950,000 in 2013 or about 52

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<sup>1</sup> For the average customer who uses a 5/8" to 3/4"-inch meter, the fixed customer charge would increase from \$18.10 every two months to \$20.10 in 2012 and \$20.80 in 2013. The commodity charge, which varies according to consumption, would increase from \$1.35 per hundred cubic feet (ccf) in the winter months to \$1.44 per ccf in 2012 and \$1.464 in 2013. During the months of May through September, all use above 3 ccf would be billed at \$1.80 per ccf in 2012 (up from \$1.69) and to \$1.83 in 2013.

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percent of United Water's original request. Further, the agreement precludes any other rate increases until 2014 at the earliest.

Parties proposing the settlement to the commission included commission staff, United Water and the Community Action Partnership Association of Idaho (CAPAI), which represents low-income customers.

The commission acknowledged the more than 250 comments filed by concerned customers, none favorable to the request. Most of the comments expressed concern about United Water seeking more revenue because declining water use resulted in less revenue. About 38 percent of United Water's \$7.6 million request in new revenue was attributed to declining water sales. The settlement approved by the commission removed nearly all the revenue increase requested attributable to reduced water use. The agreement calls for future meetings between staff and United Water to discuss revenue and earnings instability associated with reduced water use.

Parties to the settlement also did not agree on an appropriate return on equity (ROE). United Water requested an overall rate of return of 8.43 percent (it is currently earning 5.64 percent) and an ROE of 10.5 percent. Commission staff's recommended ROE was significantly below anything approved by the commission for an Idaho utility in the last 20 years. A specified level of return is not included in the stipulation, one reason why a lower overall revenue requirement could be achieved.

Commission staff thoroughly reviewed United Water's expenses and investments. The staff adjustments approved by the commission totaled a nearly \$4 million reduction in the company's revenue request. "The stipulation we approve is for a significantly reduced amount and spreads recovery of that reduced amount over two years," the commission said.

However, further reductions were difficult to find because much of the company's request was driven by additional investment for pipelines, filtration and pumping, which are required to provide adequate service. United Water claims it has invested more than \$20 million in its system since its last rate case. Improvements include a new supply treatment facility, a 600,000-gallon water storage tank, 1.7 miles of new 24-inch water main and replaced water mains, service lines and meters. The company is also investing \$5.5 million in a new customer information system. "There is no dispute that the company has made capital improvements that are properly recovered in rates, and that its costs have increased since its last rate increase, while its revenues have declined," the commission said.

Customers also objected to an increase in the fixed customer charge from \$9.05 per month to \$10.05. United Water's customer charge is notably higher than customer charges for other electric and gas utilities operating in Idaho.

Cost-of-service studies for water companies typically show a higher degree of fixed costs to deliver water than is necessary to deliver electricity or natural gas. Much of United Water's cost is in the infrastructure it operates and maintains, and those costs exist independent of the amount of water used. Revenue not collected in the customer charge must be recovered in the charge for water used (commodity charge), which, for many customers, would dramatically increase billing, particularly in the summer.

Both commission staff and CAPAI supported the increase to the customer charge over shifting those costs to the commodity charge. CAPAI said it generally prefers to place the bulk of any rate increase on the actual water used to enhance a customer's ability to control his or her bill.

United Water agreed to increase the cap on the amount of annual benefits it will make available to assist low-income customers from \$50 to \$65. Further, the company agreed to remove the upper limit of matching funds it will contribute to the “UW Cares.” The company currently will match up to \$20,000 of customer contributions to UW Cares. Under the proposed stipulation, the company has agreed to match whatever customers contribute, even beyond \$20,000. That means funds will be available to meet the needs of all United Water customers who apply for the UW Cares program.

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Case No. UWI-W-W-11-01, Order No. 32201

March 11, 2011

## **Commission approves agreement between water utilities**

The commission approved a United Water Idaho petition to renew and expand an interconnection agreement with the City of Eagle that allows both utilities to supply water to each other during emergency situations.

The agreement allows United Water and the City of Eagle to modify their existing interconnection to enable a two-way flow between the two systems during those times when excess water supply may be needed for fire suppression, a significant pipe break, unexpected pump shutdown or scheduled maintenance of large facilities.

The maximum instantaneous supply that United Water will supply to the City of Eagle is 1,500 gallons per minute and the maximum daily supply is 1.44 million gallons per day. The City of Eagle will be able to provide 825 gallons per minute and up to 1.1 million gallons per day.

The cost to modify the system to allow the two-way flow is \$19,995. United Water will pay \$14,496 and the City of Eagle, \$5,499.

The agreement provides that both companies will use their best efforts to ensure that water furnished is potable and in compliance with all federal and state laws and regulations in effect at the time water supply is delivered to either party.

“The agreement helps maintain United Water’s supply to customers in the event of emergencies, and allows United Water to reasonably provide water to the city, without degrading its own supply or water quality,” the order states.

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Case No. ISL-W-11-01, Order No. 32268

June 22, 2011

## **Island Park Water ordered to cease incorrect billing**

The commission is ordering Island Park Water Company to cease all billing practices that are in conflict with the tariff approved by the commission in November 2008.

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Some of the water company's 334 customers recently complained to the commission that they were being charged \$280 per lot rather than commission-approved \$280 per customer (or connection). Commission staff investigated to substantiate the customers' complaints.

In response, the commission's order directs the company to do the following:

- Cease all billing practices that conflict with the tariff.
- Refrain from terminating service to customers who did not pay bills that conflict with the tariff.
- Send corrected invoices to all customers who were billed incorrectly and simultaneously provide copies to the commission.
- Repay customers for any amounts collected based on a rate exceeding the rate allowed by the tariff.
- Send a copy of a current customer list to the commission.
- Provide commission staff with a specific date and time that the commission's auditors may visit the company.

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Case No. UWI-W-11-03, Order No. 32391

November 7, 2011

## **Unclaimed deposits will be used to benefit water customers**

The commission granted United Water Idaho's request to transfer about \$95,600 in unclaimed customer deposits into a program that assists low-income and disadvantaged customers of the Boise area water utility.

The unclaimed deposits are from developers of water main extensions to subdivisions that were never completed. United Water said it made every effort to contact the developers who made deposits of \$80,817.48 in 2007 and \$14,771.71 in 2008.

State law allows unclaimed customer deposits of more than year after service is terminated to be directed into low-income assistance programs if the commission certifies to the state treasurer that a utility participates in a financial assistance program.

United Water will include the unclaimed deposits in its UW Cares program, administered by the El-Ada Community Action Partnership. Since 2005, UW Cares has provided more than \$77,000 in grants to 1,600 qualified customers. About \$74,000 of that has come from shareholders and another \$3,000 from voluntary customer contributions.