



FALLS WATER COMPANY

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IDAHO PUBLIC
UTILITIES COMMISSION

March 26, 2018

Idaho Public Utilities Commission
472 West Washington Street
PO Box 83720
Boise, Idaho 83720-0074

Enclosed are one (1) original and seven (7) copies of the Company's response to the investigation into the impact of Federal Tax Code Revisions on utility costs and ratemaking Case No. GNR-U-18-01. Also enclosed is a CD disk electronic version of the response.

If you need anything else, please, let me know what you need.

Thank you,

K. Scott Bruce

K. Scott Bruce
General Manager
Falls Water Company, Inc.

Enclosures

K. Scott Bruce
Falls Water Company, Inc.
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IDAHO PUBLIC
UTILITIES COMMISSION

Representative for **Falls Water Company, Inc.**

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE INVESTIGATION)
INTO THE IMPACT OF FEDERAL TAX)
CODE REVISIONS ON UTILITY COSTS AND)
RATEMAKING)

CASE NO. GNR-U-18-01
RESPONSE TO
ORDER NO. 33965

Comes now, Falls Water Co., Inc. ("Falls Water"), an Idaho S Corporation, to account for the financial benefits from the January 1, 2018 tax rate reduction to 21% as a deferred regulatory liability as required by Order No. 33965.

Current Rate Structure

Falls Water's current tariffs were effective on October 16, 2012 per Order No. 32663. The current rates for water service are as follows:

Meter Size	Maximum Allowable Gallons in Minimum Charge	Minimum Monthly Charge	Commodity Charge for Usage over Maximum Allowable
5/8" & 3/4"	12,000	\$17.75	\$0.689/1000 Gallons
1"	17,000	\$25.00	\$0.689/1000 Gallons
1 1/2"	22,000	\$32.25	\$0.689/1000 Gallons
2"	28,000	\$41.00	\$0.689/1000 Gallons
4"	49,000	\$72.25	\$0.689/1000 Gallons

Meters for all customers, residential, commercial, industrial, institutional, apartment buildings with two or more units, and condominiums will be read monthly year round.

In calculating the above rates, a Federal Tax rate of 15% was used by the Company and Commission Staff (See Line #28 from Attachment K from Staff Comments on Case No. FLS-W-12-01).

The company submits that the current tariff rates do not create a financial benefit to the company because of the January 1, 2018 tax rate reduction to a corporate Federal Tax rate of 21% because the Federal Tax rate used calculate the current rates during the last rate case was 15% which is lower than the 21% tax rate implemented in the January 1, 2018 Federal tax rate reduction plan.

The company respectfully submits that no adjustment to its current rate structure is needed as a result of the January 1, 2018 Federal tax reduction plan.

DATED this 23rd day of March 2018.

Falls Water Co., Inc.

By K. Scott Bruce
K. Scott Bruce
General Manager

Falls Water Company
Calculation of Revenue Requirement
FLS-W-12-01

L#

1	Rate Base from Att I, Ln 6	1,821,144			
2	Required Rate of Return	<u>7.23%</u>			
3	Return	131,669		131,669	
4					
5	Net Op Income (Excess) Att J, Ln 54	<u>(87,197)</u>			
6	Additional Income Requirement	\$44,471			
7					
8	Taxable and Non-Taxable		GrossUp		
9	Equity	51.37% 22,845	1.419702	32,433	
10	Debt	48.63% <u>21,626</u>	<u>1.110207</u>	<u>24,010</u>	
11		44,471		56,443	11,971
12					
13	Total Expenses; Att J, Ln 53			<u>1,025,414</u>	
14	Total Revenue Requirement			\$1,169,054	
15					
16					
17	Gross Up Calculation				
18	Gross Revenues	1.000000			
19	Less Uncollectibles	0.096970			
20	Less 2011 Regulatory Fees	<u>0.002297</u>			
21					
22					
23	Net Revenues	0.900733			
24	State Income Tax-8%	0.072059			
25					
26	Federal Income Tax Base	0.828674			
27					
28	Fed Income Tax Rate 15%	0.124301			
29					
30	Net Operating Revenue	0.704373			
31					
32	Net to Gross Multiplier Equity Return	1.419702			
33					
34	Gross Up Non-Taxable Debt Return	1.1102069			
35					

Attachment K
Case No. FLS-W-12-01
Staff Comments
06/15/12