Office of the Secretary
Service Date
February 2, 2015

# BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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| **IN THE MATTER OF THE APPLICATION OF ACME WATER WORKS, INC. FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY** | **CASE NO. AWW-W-13-01**<br><br>**ORDER NO. 33219** |

On June 1, 2013, Acme Water Works, Inc. ("Acme" or "Company") filed an Application for a Certificate of Public Convenience and Necessity authorizing the Company to operate as a water utility in the State of Idaho. Additionally, Acme requests authority to finance new construction through new hookup fees.

Thereafter, Commission Staff ("Staff") engaged in a prolonged discussion and discovery process with the Company in order to obtain additional information and business records.

On April 3, 2014, the Commission issued a Notice of Application and Modified Procedure with a 42-day comment period. *See* Order No. 33011. The Commission Staff was the only party to submit written comments regarding Acme's Application.

On June 12, 2014, the Company notified the Commission that it was in the process of forming a non-profit corporation or water system cooperative. To date, the Company has failed to provide the requested documentation regarding the reformation of its business structure.

## ACME'S APPLICATION

Acme Water requests that the Commission issue a Certificate of Public Convenience and Necessity (CPCN) to provide domestic water service. Acme Water currently serves a portion of the Schweitzer Village subdivision, located in Bonner County, Idaho. Joel Wahlin is the owner of Acme Water.

Acme included a copy of the Company's registration as a corporation with the Idaho Secretary of State. Acme's Application states that the Company's water system consists of two wells, a 200,000-gallon storage reservoir, distribution mains and fire hydrants. Acme provides water service to a small 260 equivalent residential units (ERU) on 107 lots located in the area of Schweitzer Mountain Ski Resort, in Township 58N, Range 2W, Section 29, Bonner County, Idaho. Acme has 20 residential customers and 6 unserved "standby accounts."

Acme currently charges 23 residential customers for water service and has 6 unserved residential customers with standby service. The Company's proposed rates include monthly recurring charges of $48/month (includes up to 12,000 gallons), and two levels of usage fees; $0.005/gallon for 12,001-30,000 gallons and $0.006/gallon for over 30,000 gallons. A standby fee of $24/month has also been proposed for property owners who have paid a water system hookup fee but are not currently receiving water. The Company's proposed rates are measured by Equivalent Residential Units (ERUs).

The proposed recurring charges are the same rates as those currently being charged by the Company. A variety of non-recurring charges are also proposed. The Company currently collects a $7,000 hookup fee and proposes to increase this amount to $9,430 (*See* Attachment No. 19 of the Application).

Also included in the Application were attachments: a site plan developed by James A. Sewell and Associates L.L.C., Consulting Engineers; Sanitary Survey conducted by the Panhandle Health District in November 2011; Application for Water Permit; estimated cost for utility construction and statement of anticipated annual maintenance costs; Income Tax Statements (2010-2011); Company Articles of Incorporation and Bylaws; Company rules and regulations; main extension rules; tariff rate schedules; sample invoice; and notices.

***Acme's Service Area***

Acme's Application includes a plat of Schweitzer Village, the Company's requested service area, in Bonner County, Idaho. Acme's service area is located near the Schweitzer Mountain Ski area. There are currently three other water systems that serve the ski area and adjacent developments: (l) Schweitzer Basin Water Company; (2) Resort Water Co.; and (3) Spires Water Co. Consolidation with these other water systems was assessed by James Sewell and Associates in 2008. Application Atch. No. 13. This assessment resulted in the determination that the most feasible way to provide safe drinking water for lot owners would be through the creation of a separate water system due to topographical conditions and water storage issues.

***Acme's System Description***

The Acme Water system consists of two wells, a 200,000-gallon storage reservoir, distribution mains and fire hydrants. A single pump is installed in Well No. 1 with a 7.5 HP pump with a rated pumping capacity of 30 gallons per minute (gpm). Application Atch. No. 8). There is no pump in Well No. 2.

The distribution system is supplied from the storage reservoir and consists of interconnected 4-inch and an 8-inch pipe in an unlooped configuration. The lot service line diameters are based on the number of ERUs allowed for each lot: 1-4 ERUs has a 1-inch diameter; 5-12 ERUs has a 1.5-inch diameter; and 13-24 ERUs has a 2-inch diameter. Shutoff valves are located at each water service connection. No meters have been installed.

The water service delivery main (4-inch and 8-inch diameter, from storage tank to customers) is located part way into the Phase 2 of the resort development, along with the water storage delivery main (8-inch diameter, from Well No. 1 to storage tank).

Phase 1 of the development is generally complete and is designed to serve 136 ERUs on 46 lots. Acme currently provides water service to 23 residential customers. The residential customers are located on 3 lots with 16 condo units, 4 condo units, and 3 condo units, respectively. The Company informed Staff that the total number of residential customers increased from 20 to 23 since last spring. If both Phase 1 and Phase 2 development phases are completed, and including additional capacity from Well No. 2, Acme may eventually provide water service to 260 ERUs on 107 lots.

***Water Production and Consumption Data***

Monthly water production and consumption data are not available even though a flow meter appears to be available for Well No. 1. Application Atch. No. 8, photo labeled "Flow meter and flow to water line." Acme has not obtained a water right for Well No. 1 according to the Idaho Department of Water Resources (IDWR).

Staff recommended that flow meter data be collected on a monthly basis starting immediately so that this information is available for rate design analysis in the future. Staff believes it is prudent for the Company to acquire adequate water rights by applying for new rights/permits and acquiring existing water rights from private parties.

Staff obtained monthly power charges from May 2012 through July 2013. This expense is variable and dependent upon the amount of water customers' demand from the system. Staff's analysis of the Company's power expenses revealed that water consumption appears to vary throughout the year with the maximum usage occurring during the winter months of December and January, and the minimum usage in September.

Since customer consumption is not metered, Staff was not able to calculate the total amount of water consumed by residential customers. Staff believes that none of the existing residential customers are expected to maintain a green lawn or landscaping.

***System and Financial Operations***

All operations, other than management decisions and accounts payable, are performed by Water Systems Management. The Company currently contracts all water master duties including water testing, billing and collections with Water Systems Management. Water Systems Management has the proper certifications and experience in running small water systems.

Currently, the Company has implemented no cash controls. All checks are written by Mr. Wahlin and all deposits are made by Water Services Management. No bank reconciliations or budgets are evident.

All property used by the Company is currently under the name of the owner, Joel Wahlin. Mr. Wahlin stated that the original intent was to turn all the property over to the Company before this date; however, there were several liens placed on the property of the development, including the water system, before that transfer took place. The land development owned by Mr. Wahlin is under severe financial duress and is not currently financially viable. All unsold lots owned by the original developer have been sold at auction and only the water system remains. The liens placed on the water system vastly exceed the value of the water system. Due to this fact the owner currently has limited access to the credit markets.

**REVENUE REQUIREMENT**

Acme did not include a revenue requirement calculation in its Application. Staff recommended an annual revenue requirement of $8,067 based on its recommended rate base of $0, thereby obviating a return on the Company's rate base. The Company's recommended revenue requirement would thereby be limited to the total of the approved expenses outlined below: $8,067.

According to the Company's tax filings, the Company's capital structure consists solely of loans from the owners. The specific terms of these loans are unknown and Staff recommended these be considered owners' equity. This makes the capital structure of the Company completely owners' equity.

***Test Year***

Acme did not propose a test year. Staff created an annual report for 2013 to establish the test year revenues and expenses, as well as plant-in-service and rate base for the test year. Staff hopes that this will serve as a model for Acme to file its 2014 annual report.

The Company operates on a cash basis for accounting. The Company currently runs all expenses and deposits through a single account, and uses the check register for that account to prepare its financial statements.

***Rate Base (Plant-in-Service)***

Acme is a small developer-installed water company. In accordance with IDAPA 31.36.01.103, all current plant-in-service meets the definition of contributions in aid of construction (CIAC). CIAC is a reduction to rate base. Based on tax return information, the original water company investment was $291,173. Normal CIAC accounting treatment is to post all plant on page 5 of the annual report and then depreciate it normally on page 6. CIAC would be posted on page 8 equal to the total amount of the plant-in-service. CIAC would then be amortized at the same rate as the plant-in-service.

All of the current plant is contributed. Mr. Wahlin has very little accounting knowledge and has not maintained adequate plant records.

As stated above, Staff recommended a rate base of $0. Staff recommended that instead of the normal CIAC treatment, the Company be allowed to reflect the plant-in-service offset by the CIAC at a net beginning rate base balance of zero. Depreciation of plant and amortization of CIAC would not be reflected. This would have the same net impact by eliminating all rate base from the revenue requirement.

***Revenue***

Accounts receivables were audited and the only records of late payments were the current month's billings. There is a section on each bill stating the amount overdue. There are no other accounts payable aging reports available. Most accounts are current with the majority of the non-current accounts being inactive charges. Deposits from customers were not recorded on the check register provided by Mr. Wahlin.

Total collections for sales of water are $10,044, and there were additional deposits for connection fees totaling $29,400.

***Expenses***

All expenses are paid by Acme's owner, Mr. Wahlin, while all billings and deposits are performed by Water Service Management, Inc. There are no budgets or other typical controls. A Staff audit revealed that many of the expenses from the Company's account were for personal expenses of the owner. The Company paid $29,146, or 81% of expenses were paid for or on behalf of Joel Wahlin's personal expenses. Revenues from water customers are intended to pay water company expenditures. Staff reflects these personal expenses below as Salaries for Officers and Directors.

The next highest expense category (14% of total expenses) is for Professional Contract Services which are payments to Water Service Management and the CPA for tax preparation. The third highest (5% of total expenses) is for purchased power expenses.

***Net Operating Income***

The 2013 net operating income based on the Company records would be $3,470. Staff made the following adjustments to the Company's revenue requirement:

*Adjustment 1 – Salaries for Officers*

Mr. Wahlin provides management functions as well as accounts payable work. Detailed records of the time spent on these duties were not available. Considering the number of checks written for Company purposes, Staff estimates two hours to perform the accounts payable work. Using the Idaho Occupational Employment & Wage Data Release for 2012, Staff estimates a wage of $15 per hour for the accounts payable work or a total of $30 a month.

Staff estimated management functions would take about three hours a month. Using the same report, Staff estimates a wage of $25 per hour for the management work or $75 a month. Both of these duties would be a total of $105 per month. Staff recommended the salary of the officers be set at $1,260 per year. Compared to the $29,146 in personal expenses reflected as salary, this is a reduction of $27,886 to revenue requirement. *See* Staff Comments, Attachment B, Column L.

*Adjustment 2 – Power Costs*

The Company purchases its power from Northern Lights Inc., a municipal power provider. The 2013 test year did not appear to be an unusual year for water demand and associated power costs based on a comparison to the other annual power costs from years 2010 through 2013. Staff evaluated annual power costs and found that the three-year average for

2011, 2012, and 2013 was $1,580. The 2013 power cost was $1,653. Staff recommended the three-year average of $1,580 be used as an annualized power cost. This results in a decrease of $73 to 2013 power expense. *See* Staff Comments, Attachment B, Column 2.

*Adjustment 3 – Water Testing Expense*

The Acme water system serves 23 ERUs and is classified as a transient, non-community public drinking water system. DEQ requires different testing cycles for various regulated water contaminants for this type of system. It is thus necessary to normalize water testing costs over several years. The water system is required to collect one coliform sample per quarter, one nitrate sample per year, and one nitrite sample once every nine years. *See* Application, Attachment No. 8.

The Company's proposed annual water testing expenses for the coliform and nitrate samples are $100/year. Staff modified this amount because the actual test year expense should have been annualized to include the additional nitrite sample. Staff developed a complete list of required tests using a nine-year water testing cycle. Staff recommended increasing the test year water testing cost by $1.67 for the $15 nitrite test required once every nine years ($15/9=$1.67). Staff calculated the annualized water testing cost to be $101.67.

This results in an increase of $2.00 to Water Testing Expense. See Staff Comments, Attachment B, Column 3.

*Adjustment 4 – PUC Fees*

When the Company becomes regulated it will be assessed an annual PUC regulatory fee. Acme's PUC fee is a flat rate of $50. Staff recommended the regulatory fee be added to the expenses of the Company. *See* Staff Comments, Attachment B, Column 4.

***Capital System Improvements***

Acme does not propose any capital system improvements. However, the Panhandle Health District strongly recommended that Well No. 2 be physically connected for system redundancy. *See* Application Atch. No. 8. Further, the storage system is not yet automated, thereby requiring the well pump in Well No. 1 to be manually turned on to fill the tank. The proper controls are necessary for the well pump to automatically fill the storage tank during high use periods. This is especially important should an emergency situation occur, such as during a fire flow event. Staff does not recommend that these improvements occur as a condition of the

CPCN. Once capital system improvements are installed and operational, the Company can apply to the Commission for rate recovery on the items.

***Commission Findings***: The Commission finds that in the absence of a Company-proposed test year, Staff's proposed 2013 test year is fair, just and reasonable. The Commission finds that a revenue requirement of $8,067, the sum total of Company expenses minus any adjustments plus $0 in rate base, is also fair, just and reasonable.

The Commission approves the expense adjustments proposed by Staff and unrebutted by the Company. The Commission finds that the proposed adjustments listed above use reliable methods and sources in the establishment of reasonable amounts for officer salaries, power costs, water testing expenses, and PUC annual regulatory fees.

**RATE DESIGN**

The Company is proposing a rate design which is based on a two-tier increasing block rate with a minimum charge (base charge) and volume allowance on a monthly basis. Staff opposes the Company's proposal for two reasons. The Company has no individual customer meters that would allow calculating actual monthly consumption. In response to Staff Production Request No. 3, the Company indicated that out of the 19 individual condo units Equivalent Residential Use, no customer meters are physically connected to the water system. Additionally, the Company does not plan to install any customer meters.

Because no meters are expected to be installed for the system, a block rate design is not appropriate. Staff recommended using a flat rate design. It is very simple to administer and easily understood by the customers.

Staff recommended the Company continue billing the customers on a monthly basis because the current customers are already accustomed to this billing practice. Monthly billing would help the Company maintain stable cash flow, and the customers will benefit by having payments spread evenly during the year compared to annually or quarterly.

The Company is expecting to serve mostly single family residential, multi-family residential (apartments and/or condominiums) and commercial units. It is proposing to use ERUs for defining customers. Staff does not oppose the use of ERUs in this instance.

Presently, no commercial units are being served by the Company. Customers are not expected to maintain a lawn during the summer season because most customers are winter users. Staff believes that the domestic usage for a household in a single family dwelling would be about the same as the usage compared to same household living in an apartment or condominium. It is therefore appropriate to use one ERU for a water customer living in one unit of multi-family dwellings. For example, for rate design purposes, a ten-unit condominium would be equivalent to ten ERUs.

Staff calculated the rates per ERU based on the Staff-recommended annual revenue requirement of $8,067 and using a total 23 ERUs. The flat monthly rate per ERU is $29.23. Staff recommended a monthly rate rounded to $29.25. Monthly rates would thereby decrease $18.75, or 39.1%, from the Company's current monthly rate of $48 per ERU per month.

***"Standby" or "Availability" Charges***

The Company proposes to charge a recurring monthly "standby" or "availability" charge to be paid by property owners who have paid a connection fee but have not yet connected to the water system.

Staff recognizes that the Commission has rejected proposals to charge inactive customers during previous cases. In Staff's view, there's no justification for an Availability Charge in this case. Given the Commission's clear position in this matter, Staff does not support the use of a Company-proposed "standby" or "availability" charge in designing the tariff for Acme Water.

***Other Issues – Sanitary Survey Results***

A significant deficiency pertaining to a broken electrical conduit alongside the well casing was identified during the 2011 sanitary survey by the Panhandle Health Department. The Company addressed this issue on June 29, 2012. However, other deficiencies and additional requirements were identified and have not been addressed. The Company has indicated it may address future repair and maintenance items when funding becomes available.

Deficiencies identified in the 2011 sanitary survey are (1) that a smooth-nosed sample tap on the well discharge line must be installed to facilitate drawing sanitary source water samples; and (2) a reservoir screen must be replaced with a #24 mesh non-corrodible screen. Additional requirements include: (l) the installation of controls for the well pumps to provide automatic filling of the reservoir, (2) the sealing of the air relief and main line pressure reducing valve vaults to avoid accumulation of water and debris, and (3) confirmation that an Operation and Maintenance Manual has been completed for the water system. Staff recommended the

Company address these deficiencies and additional recommendations, and other future maintenance and repair items in the future.

***Commission Findings***: The Commission finds that the implementation of a flat rate design with a monthly charge of $29.25 per ERU is a reasonable rate design for a small water system of Acme's configuration and customer profile. The Commission finds that a monthly "availability" charge for customers who have not connected to Acme's system is not reasonable and is disallowed. The Commission has consistently ruled that the concept of an availability charge is not appropriate in designing rates and has heretofore disallowed the establishment of an "availability charge" for small water systems similar to Acme. *See* Order No. 30718 at 19 (Case No. TTS-W-08-01).

The Commission orders Acme to fully address any system sanitary deficiencies identified by DEQ/Panhandle Health Department. Acme shall comply fully with any mandates put forth by DEQ/Panhandle Health Department and install a communications device for its storage tank within 90 days of the service date of this Order.

**NON-RECURRING CHARGES**

The Company has submitted a copy of its proposed rate schedules and Rules and Regulations Governing the Rendering of Service. Schedule No. 2 – Miscellaneous Fees and Charges includes non-recurring charges for new connections, licensed operator inspections, bulk water usage, owner transfers, service terminations, and service reconnections.

***Connection Fee***

The Company currently charges hookup fees of $7,000 and proposes to increase this fee to $9,430. The Company intends to finance new utility construction through new hookup fees. Acme clarified that the proposed hookup fee of $9,430 is based on the owner's calculations to recover a portion of the approximately $1.5 million investment. The Company further explained that due to the faltering economy and unforeseen circumstances beyond the owner's control, water system development costs cannot be recovered through the sale of the lots. All lots have been repossessed and hookup fees are the only identifiable means of recovering costs incurred to assure availability of drinking water to lots in the development.

Staff believes that collecting hookup fees from new customers to pay off the loans used to build the water system will be in violation of the Small Water Company Policies and Presumptions Rule No. 103 – Presumption of Contributed Capital. Staff opposes the Company's proposal to collect hookup fees from new customers in Phase I development beyond the basic cost of connecting from the customer's service line to the Company's existing curb stop (shutoff valve). The investment made by the Company to develop the water system is considered contributed capital and therefore not included in the rate base. Staff recommended the Company work with DEQ to pursue all available methods of financing the remaining system.

Staff recommended a hookup fee of $150. Staff believes that future water system development cost for Phase 2 will be shouldered by the new subdivision developer. The water system for Phase 1 of Acme Water has been fully constructed and includes service lines connecting the main line to the lot corners. Shutoff valves are located for each water service connection. Assuming two hours of time required to locate the curb stop, work with the customer's contractor and inspect the new water service connection, it would cost the Company about $150 in labor.

***Bulk Water Sales***

The Company proposes to charge a bulk water usage fee of $0.01/gallon (i.e., $10.00 per 1,000 gallons) and an associated service charge for bulk water sales. However, no bulk water sales are anticipated at this time.

Staff does not agree with the Company-proposed usage fee due to concerns about excessive usage fees when compared to the Company's proposed monthly flat rate for unmetered water service. Further, Staff recognizes the need to protect the system while providing water for construction purposes. Therefore, Staff recommended if bulk water is requested in the future that the Company make the necessary installation that includes backflow prevention and a meter for a one time set up fee of $40 and a metered rate of $1 per 1,000 gallons of water used.

***Inspection Fee***

The Company proposes to charge a flat fee of $200 per inspection if the customer requires an inspection by a licensed operator. No cost justification was provided by the Company and no other water company has previously been allowed to charge a customer for those visits. Staff recommended the Company's rate schedule not include any general site visit or inspection charges.

***Owner Transfer Fee***

The Company proposes to charge an "ownership transfer fee" of $100. Staff recognizes that there is a small administrative cost to open and/or close an account when the party responsible for paying the bills changes. Since it is unclear what the Company's intent is in proposing this charge, and no cost justification was provided by the Company, Staff recommended the Company's rate schedule not include an owner transfer charge.

***Service Termination Fee***

The Company proposes to charge a service termination fee of $50. No cost justification was provided by the Company. The Commission has opposed such a charge with the lone exception of multiple disconnections and reconnections performed for irrigation customers during irrigation season. Customer-requested (voluntary) disconnections are usually related to moves or maintenance of the customer's facilities and are considered part of the normal business responsibilities of the Company. Involuntary disconnection of service results from either non-payment of bills or repairs to the Company's facilities. Involuntary disconnections are also part of the Company's operational expenses. Staff recommended the Commission not approve the service termination charge.

***Reconnection Fee***

The Company proposes to charge a service reconnection charge of $100. Staff agrees that a reconnection charge is appropriate when applied to reconnections performed following an involuntary disconnection of service for non-payment when requested during normal business hours. The Company has not provided any cost justification. Staff believes that the amount requested by the Company is unreasonable and inconsistent with charges authorized by the Commission for other regulated utilities. Staff recommended a $20 reconnection charge for reconnections following an involuntary disconnection of service for non-payment to be applied when the customer requests reconnection during normal business hours. Staff defines normal business hours as 8:00 a.m. and 5:00 p.m., Monday through Friday, excluding legal holidays.

Staff also proposes a $40 reconnection charge for reconnections following an involuntary disconnection of service for non-payment to be applied when the reconnection is requested outside of normal business hours. This $40 charge is within the range of charges previously approved by the Commission for other regulated utilities under similar circumstances, when the Company must dispatch personnel outside of business hours.

***Insufficient Funds Fee***

The Company has not requested a charge that would be applied when a customer check or bank draft is returned by the bank or an electronic payment is drawn on an account with insufficient funds. Staff recognizes such a charge is appropriate to discourage customers from making payments that are not honored by their financial institution and allows partial recovery of the costs incurred in the collections process. Staff recommended a $20 insufficient funds charge.

***Late Payment Fee***

Late payment charges encourage a timely payment and allow the Company an opportunity to recoup a portion of the cost of collection of unpaid bills. The Company requests a late payment charge of 10% on any payments that are not received within 30 days of the due date. The Company also proposes an interest rate of 1.5% per month on past due amounts. Under the current billing practice of allowing 30 days prior to considering a bill late, the next month's billing statement could be issued before the previous month's bill payment is due.

Staff supports adoption of a late payment charge to encourage prompt payment of bills but does not support the Company's proposal. Staff recommended the Company be allowed to charge 1% per month on any past due balance owing at the time of the next billing. Staff also recommended the due date of bills be set at 20 days after the billing date so that the Company has sufficient time to process payments before issuing new bills.

***Commission Findings***: The Commission has considered Acme's request for the implementation and/or increase in certain non-recurring charges for customers. The Commission finds Acme's proposed "hookup fee" for new customers to be excessive and inconsistent with the Commission's past practices and rules and procedures. Moreover, Acme did not present a cost justification for such a large hookup fee other than its stated intent to recuperate its past investment that cannot be included for recovery as part of the Company's existing rate base. Therefore, we find the $150 hookup fee for new customers proposed by Staff to be fair, just and reasonable and we approve the same. The Commission also approves a $20 reconnection fee during normal business hours and $40 reconnection fee outside of normal business hours.

Next, the Commission authorizes a bulk water usage fee of $1.00 per 1,000 gallons water usage. Additionally, the Commission directs Acme to install backflow prevention and a meter for bulk water users in exchange for a one-time set up fee of $40.

The Commission denies the Company's request to implement a customer standby fee, inspection fee, owner transfer fee, and service termination fee. The Commission notes that Acme failed to present a cost justification or any evidence in support of these fees.

The Commission approves the establishment of a $20 insufficient funds charge. Idaho law allows the Company to recover interest in commercial transactions wherein the drawer of a check has insufficient funds to pay for a commercial transaction. *See Idaho Code* § 28-22-105. Pursuant to this fact, the Commission has previously permitted this type of fee to be included in utility tariffs.

The Commission finds that a late payment fee of 1% on any past due balance is fair, just and reasonable. The Commission orders Acme to establish a due date on its customer bills at 20 days after the billing date in order to allow the Company sufficient time to process current payments before beginning a new billing cycle.

Finally, the Commission authorizes non-recurring charges to be included in the Company's tariff under Miscellaneous Fees and Charges.

**BILLING STATEMENT & CUSTOMER NOTIFICATION**

The Company included a copy of its billing statement in its Application to the Commission. The statement does not meet the requirements of Rule 201 of Utility Customer Relations Rules (UCRR), IDAPA 31.21.01.201. Staff will work with the Company to revise the document to ensure it meets the requirements of the UCRR. Staff is also willing to assist the Company with the development of its disconnection policy and the applicable notices as well as other required documents as described in the UCRR, including its Annual Rules Summary and its Explanation of Rates as required by Rule 700 of the IPUC Rules of Procedure, IDAPA 31.01.01.700. Staff recommended the Company work directly with Staff to revise its bill statements and customer information and notices to comply with Commission rules and regulations.

***Commission Findings***: The Commission directs the Company to work cooperatively with Staff in the development and issuance of a new monthly billing invoice/statement and applicable notices in accordance with the Commission's rules and regulations.

**COMPANY TARIFF AND CUSTOMER NOTICE**

The Company included a copy of its proposed tariff, including its proposed rate schedules and the General Rules and Regulations. Staff reviewed the documents and is willing to work with the Company to ensure these documents meet Commission requirements. Staff recommended the Company work directly with Staff to revise its tariff to meet Commission rules and regulations.

Acme included a copy of a billing statement with a note to its customers regarding its Application to the Commission for a Certificate of Public Convenience and Necessity. The Company did not include a copy of a press release with its Application. The Commission issued a press release on April 14, 2014, regarding the Company's Application.

***Commission Findings***: Acme shall work cooperatively with Staff to submit revised tariffs conforming to the details of operation authorized by the Commission in this Order. Based upon our thorough review of the record in this case, including Acme's Application and comments and Staff comments, the Commission approves Acme's Application for a CPCN authorizing the Company to operate as a water utility in the State of Idaho. The Commission orders the Company to operate its water system in accordance with the Commission's findings more fully described above.

## FINDINGS OF FACT AND CONCLUSIONS OF LAW

The Idaho Public Utilities Commission has jurisdiction over Acme, a water utility, and the issues presented in Case No. AWW-W-13-01 pursuant to Idaho Code, Title 61, and the Commission's Rules of Procedure, IDAPA 31.01.01.000, *et seq.*

## ORDER

IT IS HEREBY ORDERED that the Application of Acme Water Works, Inc. for a Certificate of Public Convenience and Necessity authorizing the Company to operate as a water utility in the State of Idaho is approved. The Company is authorized to collect a total revenue requirement of $8,067 from its customers, with expenses, rate base, rate of return, capital structure, rate design and fees as approved and described more fully in this Order.

IT IS FURTHER ORDERED that the fees, rates and charges for water service approved herein shall become effective upon the service date of this Order.

IT IS FURTHER ORDERED that Acme shall repair any system sanitary deficiencies identified by DEQ/Panhandle Health Department and comply fully with any mandates put forth by the same.

IT IS FURTHER ORDERED that Acme shall install a communications device for its storage tank within 90 days of the service date of this Order.

IT IS FURTHER ORDERED that the Company shall work in a cooperative manner with Staff to revise its existing billing statement and rate schedules in order that they comply with the General Rules and Regulations for Small Water Utilities, the Uniform Main Extension Rules, and the Commission's rules and procedures.

IT IS FURTHER ORDERED that the Company revise its tariff so that it is in a format consistent with the Model Tariff. Acme shall submit tariffs in compliance with the rates and charges set forth and approved by this Order no later than 14 days from the service date of this Order.

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. 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 30th day of January 2015.

Paul Kjellander

PAUL KJELLANDER, PRESIDENT

Mack A. Redford

MACK A. REDFORD, COMMISSIONER

Marsha H. Smith

MARSHA H. SMITH, COMMISSIONER

ATTEST:

Jean D. Jewell

Jean D. Jewell
Commission Secretary

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