



Commission OKs Diamond Bar Water rate increase

Case No. DIA-W-15-01, Order No. 33578

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BOISE (Sept. 6, 2016) – The Idaho Public Utilities Commission approved an approximate 46.7 percent revenue increase for Diamond Bar Estates Water Company effective Aug. 30. The increase is less than the company’s request of 79 percent. It is the first time base rates have been adjusted since 2007.

Diamond Bar serves about 44 residential customers, most living on five-acre lots near Rathdrum in Kootenai County.

The largest portion of expense the company sought related to several pump failures since the 2007 rate case. Four of the failures included in this case totaled \$51,444 in expense for which the company sought rate recovery. The commission allowed \$31,258 after removing expense the company should have received from insurance and accumulated depreciation. The company wanted to recover the pump failure expense from customers over a four-year period, but the commission extended the amortization over 18 years, which is the average remaining life of the pumps. That reduced the yearly amortization required from customers to \$1,737, or \$4,013 less per year than the company requested.

The commission commended the active participation of the company’s customers in helping to determine the cause of the pump failures and the extent to which the company knew or should have known about the cause of the failures.

“It is clear to the commission, both from the detailed written submissions and the thoughtful testimony provided at the public hearing, that customers put a great deal of time and effort into their comments,” the commission stated. “These efforts have not gone unnoticed.”

While a number of factors contributed to the pump failures, the commission determined the primary cause was an electric transformer that was too small for the simultaneous starting and operation of the water system’s four pumps. The commission directed the company to confirm with its electric supplier, Kootenai Electric Cooperative, that the current transformer is sized in accordance with the National Electric Code and that the service drop complies with Kootenai Electric’s engineering guidelines.

The commission also directed the company to adopt customers' recommendations that a "text alert service," be implemented to promptly notify customers when the company knows it will have a service-related outage. Outages can cause customers' re-circulating pumps to fail, requiring their replacement at a cost of \$400 to \$500 each.

Under the new rate structure, the minimum monthly charge for all customers is \$41, up from the current \$29. Diamond Bar requested a monthly minimum of \$52.02. The commodity charge increases from 80 cents for every 1,000 gallons above 5,500 gallons per month to \$1.16 per thousand gallons. The company requested \$1.44. The commission approved an increase in the connection charge for new customers from \$310 to \$335. Diamond Bar requested a \$475 connection charge. These adjustments will increase the company's annual revenue by \$37,704. Diamond Bar requested \$47,248.

The commission said it recognizes the financial hardship the increase will cause for some customers, but cited its statutory duty to ensure utilities have the financial ability to perform essential services. The obligation to ensure reasonable rates "must be balanced with our duty – of equal importance – to ensure that rates are sufficient to ensure adequate service," the commission said. The Idaho Supreme Court has held that the commission's duty is "not only to fix just and reasonable, nondiscriminatory rates, but to see that adequate service is furnished and in fixing such rates to allow the utility furnishing the service to make a just and reasonable profit or return on its investment." All commission orders are subject to appeal to the state Supreme Court by either the company or its customers and other interested parties to the case.

The commission approved a 12 percent rate of return, which is consistent with what it has allowed in other small water company cases.

Commission staff conducted a workshop on April 19, attended by more than 30 customers. Several customers also attended a public hearing on June 7. The commission also received about 18 written comments.

The commission's final order, as well as other documents related to the case, can be accessed on the commission's Web site at www.puc.idaho.gov. Click on "Open Cases" under the "Water" heading and scroll down to Case No. DIA-W-15-01.

Any person interested in the order may petition for reconsideration by no later than Sept. 19. Petitions for reconsideration must set forth specifically why the petitioner contends that the order is unreasonable, unlawful or erroneous. Petitions should include a statement of the nature and quantity of evidence the petitioner will offer if reconsideration is granted. Petitions can be delivered to the commission at 472 W. Washington St. in Boise, mailed to P.O. Box 83720, Boise, ID, 83720-0074, or faxed to 208-334-3762.

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