

# Workshop Participation

- Online:
  - To open chat in WebEx, please select the icon.
  - Type questions and comments in the chat box;
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This PowerPoint is available on the commission’s homepage at [puc.idaho.gov](http://puc.idaho.gov).

**\*This workshop is being recorded\***



# PUBLIC WORKSHOP

## Falls Water Rate Case

Case No. FLS-W-20-03

IDAHO PUBLIC UTILITIES COMMISSION

January 5, 2021





# Introduction

**Brad Iverson-Long – Auditor**

**Chris Hecht – Utilities Compliance**

**Investigator**

**Ed Jewell – Deputy Attorney General**

**Adam Rush – Public Information Officer**

# Purpose of Public Workshop

Informational session to learn about this case

- Review Falls Water's application.
- Provide customers an opportunity to meet Commission Staff.
- Ask questions and submit written public comments.

This Public Workshop is not part of the official case record.

# Purpose of Public Hearing

Provide customers an opportunity to speak to Commissioners and provide public testimony on this case.

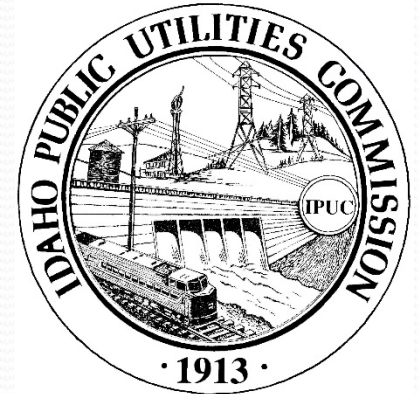
Commissioners will not answer questions at the Public Hearing.

Staff encourages you to attend the Public Hearing.

- January 14 at 6 p.m.

The Public Hearing is part of the official case record.

# What is the Idaho Public Utilities Commission?



- Established in 1913. Idaho Code Sections 61, 62, and 63.
- The Commission regulates Idaho's investor-owned utilities, ensuring adequate service and reasonable rates.
- The Commission is made up of three commissioners appointed by the Governor. The Commissioners make the decisions in each case.
- Commission Staff is made up of Auditors, Consumer Advocates, Engineers & Technical Analysts.
- The Staff is conducting this workshop. Staff is one of the parties in the rate case providing comments to the Commissioners.

# Why can't the Commission just tell them no?

**Customers may want the Commission to reject Falls Water's request to raise rates, but state law requires that the Commission:**

- Consider the evidence that is on the record, which includes the Company's Application, comments from Staff, and customers' written comments or oral testimony at public hearings.
- Meet the statutory public interest standard that ensures customers have adequate, safe, and reliable service at just and reasonable rates.

## **Important Points to Consider:**

- It is not in the public interest to have a utility that cannot adequately serve all the customers in its assigned territory now and in the future.
- All Commission decisions must withstand Idaho Supreme Court appeals from either utility or customer groups.

# Why can't utilities cut costs just like any other business?

**Regulated utilities are not like any other business.** They are assigned service territories and must serve every customer. What they charge customers is determined by state regulators. In exchange for their guarantee to provide adequate, safe, and reliable service, the state must provide utilities the opportunity to:

- Recover **prudently incurred** expenses necessary to serve customers, and;
- Earn a **reasonable rate of return** on their investment.





# Falls Water Application

# Falls Water Application

Filed June 30, 2020

Requested rate increases starting on August 15, 2020

- On July 16, the Commission suspended the effective date by up to 5 months and 30 days.

Requested a 19.12% revenue increase.

# Rate Case Drivers

- First rate case in 8 years
- Larger system:

	<b>2012</b>	<b>2019</b>
Rate base	\$2.4 million	\$5 million
Customer count	3,858	5,424

# Rate Case Drivers, cont.

- Northwest Natural acquisition: not directly related to rate case
- “Pro forma” adjustments:
  - Salaries
  - Shared Northwest Natural services
  - Completed projects added to Plant in Service



# Revenue Requirement

# Revenue Requirement

- The amount the Company needs to meet its expenses, cover depreciation, and offer a sufficient rate of return to attract investors.
- Components:
  - Operating Expenses;
  - Taxes;
  - Depreciation;
  - Return on Rate Base:
    - Rate Base x Rate of Return;
    - Rate Base consists of Net Plant in Service and Working Capital;

# Expenses

- Must be prudent
- Must be used for service

# Taxes

- Properly Calculated

# Depreciation

- Properly Calculated
- Based on Plant in Service

# Return on Rate Base

- Plant in Service
  - Must be prudent
  - Used and Useful
- Working Capital (cash needed for everyday operations)
- Rate of Return
  - Calculated based on Debt and Equity Costs
  - Must be able to access the capital needed to maintain the system



# Revenue Requirement Falls Water Co.

Category	Company Request
Expenses	\$ 1,322,175
Taxes	\$243,709
Depreciation	\$215,696
Return on Rate Base (7.24%)	\$363,022
	<hr/> <b>\$2,144,602</b>

# Rate Proposal

## Meter sizes and monthly allotments

Meter size	Gallons
5/8" or 3/4"	12,000
1"	17,000
1 1/2"	22,000
2"	28,000
4"	49,000

### Second Tier Charge (per 1,000 gallons)

Current	\$0.689
Proposed	\$0.957
Percent Increase	38.9%

# Rate Proposal

## Monthly minimum charge

Meter size	Current Rate	Proposed Rate	Percent increase
5/8" or 3/4"	\$ 17.75	\$ 18.75	5.63%
1"	\$ 25.00	\$ 26.41	5.64%
1.5"	\$ 32.25	\$ 34.07	5.64%
2"	\$ 41.00	\$ 43.31	5.63%
4"	\$ 73.25	\$ 77.38	5.64%

# Rate Proposal

## Comparing percentage increases

Bill component	Percentage increase
Minimum monthly charge	5.63%
Per-gallon charge (above allotted amount)	38.9%

# Bill Impact (Residential)

Residential meter size	Current average bill	Proposed average bill	% increase	Customer %
5/8" & 3/4"	\$ 25.45	\$ 29.96	17.7%	76.51%
1"	\$ 27.86	\$ 34.49	23.8%	19.99%
1 1/2"	\$ 52.40	\$ 59.98	14.5%	0.16%
2"	\$ 51.25	\$ 43.31	-15.5%	0.02%



# Consumer Assistance

*Chris Hecht*

*Utilities Compliance Investigator*

# Consumer Assistance

- Utility Compliance Investigators assist customers to resolve issues and or disputes with the Company.
- Investigators monitor compliance with laws, commission rules, and the Company tariff.
- In a rate case, investigators review issues from previous cases, review previous complaints, investigate consumer issues raised in the case, and review submitted comments from customers.

# To comment on the case

- Comments are due by **January 11, 2021**
- Fax letters or comment sheets to the Commission at 208-334-3762
- Email comments to: [secretary@puc.idaho.gov](mailto:secretary@puc.idaho.gov)
- Written comments can be filed electronically via the Commission website at: [puc.idaho.gov](http://puc.idaho.gov)  
Look for the “Case Comment Form” link on the home page.
- Reference case number **FLS-W-20-03**
- Attend for the public hearing on January 14
  - Reminder – comments only, no questions



# Idaho Public Utilities Homepage



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-  **Case Comment Form**
-  **Electric**
-  **Telecom**
-  **Water**
-  **Natural Gas**
-  **Rail Safety**
-  **Pipeline Safety**
-  **Multi-Utility**

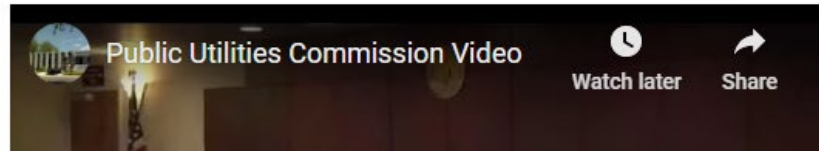


## News Updates

- Falls Water Live-Streamed Public Workshop
- Commission issues order regarding Idaho Power Schedule 84 Net Metering Customers
- IPUC 2020 Annual Report
- In Re COVID-19 Response - Order No. 34781
- Idaho Public Utilities Commission will host telephonic hearings to limit spread of COVID-19

## Consumers

- Frequently Asked Questions
- Consumer Complaint / Inquiry Form



# Comments Webpage



PUBLIC UTILITIES COMMISSION

Google Custom Search



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## Case Comment or Question Form

Use this form to file a comment or ask a question about a case pending before the Commission. If you know the case number, please include it.

Submit electronically below or send in to:

Idaho Public Utilities Commission  
P O Box 83720  
Boise, Idaho 83720-0074  
FAX: (208) 334-3762

Use the [Consumer Assistance Form](#) if you need help resolving a problem with a utility or have a question about your bill, disconnection of service, service reliability and outages, cost of a line extension, customer service, or other issues that are not related to a utility case.

### Case Comment or Question Form

Case Number:	<input type="text"/>
First Name:	<input type="text"/>
Last Name:	<input type="text"/>
Address:	<input type="text"/>
City:	<input type="text"/>
State:	<input type="text" value="ID"/>
Zip:	<input type="text"/>
Daytime Phone:	<input type="text"/>
Email:	<input type="text"/>
Utility Company:	<input type="text"/>

I acknowledge that submitting a comment in an open case constitutes a public record under Idaho Code \_\_\_\_\_, and all information provided by me on this form is available for public and media inspection. My comment may be reviewed by the utility.

Ask a question or state your complaint:

Send



# Schedule

Event	Date
Case Filed	June 30, 2020
<b>Public Workshop</b>	<b>Today (January 5)</b>
Staff & Public Comments	January 11, 2021
Public Hearing	January 14 @ 6:00 pm
Company Response	January 25
Close of Case	Final Order
Proposed Effective Date	February 15, 2021 (or Final Order date)

# Public Hearing

January 14, 2021, 6:00 pm

Call in: 1-800-920-7847

Code: 667 4832 #



# QUESTIONS?

You can find case information and file comments on the PUC website:

[puc.idaho.gov](http://puc.idaho.gov)

Case Number FLS-W-20-03

Direct: (208) 334-0300

Toll-Free: (800) 432-0369

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