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Attorneys for Falls Water Co., Inc.

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION
OF FALLS WATER CO., INC. FOR THE
AUTHORITY TO INCREASE ITS RATES
AND CHARGES FOR WATER SERVICE
IN THE STATE OF IDAHO

Case No. FLS-W-23-01

DIRECT TESTIMONY OF ADAM RUE

FOR FALLS WATER CO., INC.

1 **Q. Please state, your name, and business address.**

2 A. My name is Adam Rue, Rates and Regulatory Program Manager for Northwest Natural
3 Gas Company d/b/a NW Natural (“NW Natural.”) My business address is 250 SW Taylor
4 Street, Portland, OR, 97204.

5 **Q. By whom are you employed and in what capacity?**

6 A. I am employed by NW Natural, which I joined in April 2022 as a Rates and Regulatory
7 Water Program Manager.

8 **Q. Please summarize your educational background and qualifications.**

9 A. I graduated from Portland State University with a Master’s in Economics with a focus on
10 energy, environmental, and utility economics. Prior to attending Portland State
11 University, I received a Bachelor of Arts from University of Oregon.

12 **Q. What experience did you have prior to joining NW Natural?**

13 A. Prior to joining NW Natural, I acted as Fiscal Services Supervisor at Eugene Water and
14 Electric Board (“EWEB”) where I was responsible for budgeting and financial planning,
15 power risk management, and water, electric, and fiber cost of service and rate design
16 proposals. I was employed by EWEB for 11 years and worked in a variety of roles in
17 Finance, Rates and Power Planning.

18 Prior to joining EWEB, I was employed by Southern California Edison and
19 American States Water working in both Finance and Rates and Regulatory functions.

20 **Q. What is the purpose of your testimony in this processing?**

21 A. My testimony provides an overview of the revenue requirement calculation and proposed
22 changes in rate design.

1 **Q. What Exhibits are you sponsoring?**

2 A. The following exhibits accompany my testimony:

- 3 • Exhibit 3 Capital Structure
- 4 • Exhibit 4 Revenue Requirement, State and Federal Income Tax
- 5 • Exhibit 5 Proposed Rate Design and Cost of Service

6 **Q. What level of increase is the Company seeking in this proceeding?**

7 A. Falls Water Co., Inc. (“Falls Water”) is requesting an overall increase of 47.3%. The test
8 year is based on the calendar year 2022. The Company made proforma adjustments to the
9 operating expenses based on known and measurable changes through December 31,
10 2023. The testimonies of Company witnesses K. Scott Bruce and Jeremy Aird explain the
11 basis for the proforma adjustments.

12 **Q. Please describe Exhibit 1 – Calculation of Rate Base.**

13 A. The Exhibit 1 – Calculation of Rate Base reflects current test year end balances in
14 Column (A), as of December 31, 2022, in rows 1 – 17, followed by accumulated
15 depreciation, contributions and net plant in service, respectively.

16 The information provided in Columns (B) through (L) reflects the proforma
17 adjustments to plant in service for projects to be completed and placed in service during
18 the processing of this rate case application. Details of these projects can be found in the
19 testimony of Company Witness Bruce.

20 **Q. Why did the Company include end of the Test Year balance for Plant in Service?**

21 A. The Company understands that it will experience some amount of regulatory lag between
22 making investments and setting new rates. However, using the year-end balance, rather
23 than the average of monthly averages (“AMA”), for the investments made in the

1 historical test year and projects completed throughout the processing of the rate case, is a
2 reasonable approach to mitigate the financial detriment of the lag for a small system such
3 as Falls Water. The Company's rate base is relatively small, and any investment for its
4 customers can have a significant financial impact to the Company. To that end, by only
5 recovering a small portion of the investment (especially, if the investment went in-service
6 towards the end of the year), the Company is in a difficult position of contemplating a
7 subsequent rate case to recover the costs of investments that have already been made and
8 benefitting customers. This also can lead to customer confusion because we are
9 describing to our customers the new assets that we have invested in the system that are
10 driving rate cases in this case, but ultimately those same assets would be drivers for a
11 subsequent rate case if an AMA approach were used. The Company believes the year-end
12 balances is appropriate in cases where the rate base is primarily not related to revenue
13 growth.

14 **Q. What is the level of rate base the Company is requesting in the proceeding?**

15 A. The Company is requesting rate base of \$10,247,791.

16 **Q. What is the basis for the Company's proposed test year?**

17 A. The Company used 2022 calendar year financials to establish the test year with known
18 and measurable changes identified as proforma adjustments. The test year results and
19 known and measurable adjustments to the results of operations appear in columns labeled
20 (A) and (B) through (F) of Exhibit 2, respectively, with the totals listed in column (G).

21 The witness supporting the respective testimony is named in column (H).

1 **Q. Please describe Exhibit 3, Capital Structure.**

2 A. Exhibit 3 provides an overview of the proposed return on rate base for the revenue
3 requirement. The return on equity is provided in the testimony of Company witness
4 Harold Walker III. The Company has financed most of the recent investments with equity
5 and has an actual capital structure of 14% debt and 86% equity. However, the Company
6 is proposing an implied capital structure of 45% debt and 55% equity, which is consistent
7 with its currently approved capital structure from Order No. 34925 in Case No. FLS-W-
8 20-03. This is also consistent with the recommendation of Company witness Harold
9 Walker III.

10 **Q. What is the Company's proposed Return on Equity?**

11 A. The Company is requesting a 10.2% Return on Equity (ROE), which is consistent with
12 the Commission's decision in its recent rate case (Order No. 34925 in FLS-W-20-03).
13 This results in a 7.71% overall rate of return.

14 **Q. Is this recommendation consistent with the Company's ROE consultant?**

15 A. Yes. The Company engaged an ROE consultant to ensure a reasonable rate of return on
16 equity was established for Falls Water. Company witness Harold Walker III
17 recommends an 11.0% ROE with a range of 9.7% to 12.3%.

18 The Company believes the recommended ROE by Company witness Harold
19 Walker III is reasonable. Nevertheless, the Company is not seeking to increase its
20 authorized ROE in this case. Rather, as noted above, the Company is requesting to
21 maintain its current authorized ROE, which falls within the range of Mr. Walker III's
22 recommendation. Falls Water has made several necessary investments in its system,
23 which have created upward pressure on rates. The Company needs to timely recover

1 these investments, but it is not seeking to increase its return on those investments in this
2 case.

3 **Q. Please describe Exhibit 4 - Revenue Requirement.**

4 A. Exhibit 4 provides an overview of the calculation of the revenue requirement, which
5 incorporates information from other exhibits:

- 6 • Line 1 reflects the Rate Base from Exhibit 1
- 7 • Line 2 is the Rate of Return from Exhibit 3
- 8 • Line 3 calculates the required Net Operating Income
- 9 • Line 4 shows the Net Operating Income from Exhibit 2 after accounting for
10 Proforma adjustments.
- 11 • Line 5 calculates the difference between required and proforma revenue
12 requirement.
- 13 • Line 7 is the net to gross factor that is calculated in lines 12 – 21. The net to gross
14 factor calculates Federal and State income tax and other revenue impacted
15 components of the revenue requirement. This allows these costs to be
16 incorporated into the revenue requirement accurately.
- 17 • Line 8 calculates the incremental revenue requirement grossed up for taxes and
18 other factors.
- 19 • Lines 9 and 10 show the revenue at current rates from Exhibit 2 and incremental
20 revenue.
- 21 • Line 11 calculates the percent increase needed to meet the calculated revenue
22 requirement.

1 **Q. Are you sponsoring the Proforma adjustments to operations and rate base**
2 **additions?**

3 A. The Proforma adjustments and capital additions testimony is sponsored by Company
4 witnesses K. Scott Bruce and Jeremy Aird. The testimony of K. Scott Bruce addresses the
5 proforma adjustments (B) through (M) of Exhibit 1 and adjustments (C) and (D) of
6 Exhibit 2.

7 The testimony of Jeremy Aird addresses the shared services allocation, which is
8 proforma adjustment (E) of Exhibit 2.

9 My testimony addresses the proforma adjustment for Account 666 – Rate Case
10 Amortization. This adjustment includes a one-year amortization of rate case expenses and
11 the groundwater mitigation from Order No. 35706.

12 **Q. Does your testimony address any of the proforma adjustments for Exhibit 1?**

13 A. Yes. The accumulated deferred income taxes (ADIT) generally represent the cumulative
14 difference between total income tax expense and income taxes paid (total income tax
15 expense = current income taxes + deferred income taxes). Prior to the last general rate
16 case (Case FLS-W-20-03), income tax expense included in ratemaking only allowed for
17 recovery of current income tax expense. As a result, ADIT balances prior to the last
18 general rate case were not recovered in ratemaking and were not included in rate base.
19 Beginning with the last general rate case, income tax expense included in ratemaking did
20 provide for total income tax expense (both current and deferred). The ADIT activity since
21 the last rate case (i.e., the change in deferred taxes) is provided in *Exh. 1_(C)_Deferred*
22 *Income Tax* and included in the determination of rate base in this filing.

1 **Q. Does your testimony address any proforma adjustments for Exhibit 2?**

2 A. Yes. Exhibit 2 Adjustment (B) removes non-recurring items. This adjustment includes
3 the removal of the item in Account No. 414 Gain (Loss) on Property as well as interest
4 expense and income. The interest expense is incorporated in the cost of capital testimony.

5 **Q. Please describe the adjustments to Account No. 666 - Rate Case Amortization.**

6 A. First, the costs of the rate case is reflected in Exhibit 2, Adjustment (D), line 47. This
7 includes costs for external consultants and legal. The amount associated with rate case
8 expenses appears in Exhibit 2_(H) on line 7.

9 Second, the rate case amortization also includes the costs associated with the
10 current deferral balance as of December 31, 2022, and the anticipated 2023 costs, for
11 groundwater mitigation assessment. The amount associated with groundwater mitigation
12 from Order No. 35706 appears in Exhibit 2_(H) on the line numbered 12.

13 The rate case expense is amortized over a single year and the deferral associated
14 with Order No. 35706 in FLS-W-22-01 is amortized over two-years.

15 **Q. Why does the Company propose a single year amortization of the rate case expense?**

16 A. The Company has significant capital expenditure planned in 2023 that will likely not be
17 completed during the processing of this rate case application but for which we intend to
18 file for cost recovery in the near term.

19 **Q. Why does the Company propose a two-year amortization of the deferral account?**

20 A. The Company intends to recover costs incurred in 2022 associated with the groundwater
21 mitigation, as well as costs incurred in 2023. Therefore, the Company is proposing
22 recovery of these two years of costs over a two-year period. The Company also requests
23 the deferral continue until fully recovered at a later time over the two-year period.

1 **Q. Is the Company proposing any rate design changes in the application?**

2 A. Yes. The Company is proposing to consolidate rates and is modifying its rate design to
3 encourage conservation of water. In FLS-W-22-01, the Company provided an overview
4 of drought conditions in the Bonneville-Jefferson Ground Water District and the impact
5 to groundwater rights and the mitigation plan. It is in the best interest of Falls Water
6 customers to engage in conservation efforts to the extent possible. Further, it is
7 reasonable for higher use customers to pay incrementally higher cost for higher volumes
8 that cause the Company to incur mitigation assessments.

9 **Q. Did the Company prepare a cost-of-service analysis for the application?**

10 A. The Company did not prepare a cost-of-service analysis study for this application, for
11 several reasons.

12 First, the customers' rates for Falls Water are differentiated by meter size, rather
13 than by defined classes, such as residential, commercial, or industrial. The different
14 customer types exist, but they are not currently differentiated in that manner in terms of
15 rate design. Therefore, the Company proposes to increase basic charges on an equal basis
16 for all meter sizes.

17 Second, the application includes several factors, such as rate consolidation,
18 increasing block rates, and adjustments to gallon thresholds in the respective usage
19 blocks and those included in the minimum charge. The proposals for consolidation and
20 increasing block rates are not based on the results of a cost-of-service study.

21 Finally, the Company has historically filed under modified procedures, and this
22 will be the first filing with testimony and formal application processing. To balance rate
23 case objectives and external rate case costs, the Company believes it is in the best interest

1 of customers to forego a cost-of-service analysis in this proceeding. Layering an
2 additional component of testimony and incorporating the results of a cost-of-service
3 analysis into the recommended revenue requirement would not materially inform the
4 application presented by the Company.

5 **Q. Please describe the overall rate design proposals that you referenced earlier.**

6 A. There are three rate design proposals in the application. First, the Company is proposing
7 consolidation of the Morning View, Taylor Mountain, and Falls Water systems' rates into
8 a single ratemaking area. Second, the Company is asking the Commission to approve
9 increasing tiered rates for three different usage bands. Finally, the Company is proposing
10 to establish a rate for secondary irrigation systems.

11 **Q. Please describe the Company's proposal for consolidating rate schedules.**

12 A. The Company currently serves three different rate schedules for Falls Water, Taylor
13 Mountain and Morning View water systems. The proposal is to consolidate the rates into
14 one tariff.

15 **Q. Please explain the benefits of consolidation.**

16 A. The benefits of consolidation include reducing administrative burden by reducing the
17 number of rate schedules, enhancing customer service and ease of doing business, and
18 mitigating the rate impact of large investments.

19 The consolidated rates provide an operational benefit by reducing system level
20 tracking of time and materials and accounting for the allocation of costs to each system.
21 Costs are tracked at the system level and the broader Company level. As stated in IPUC
22 Order No. 35692, "the partial consolidation of systems as put forth in the Commission's
23 approved rate design offers administrative efficiency and is a necessary step towards

1 attaining uniform rates....” The Company believes a similar benefit exists for the
2 customers of Falls Water.

3 The consolidated rates allow for improved customer service and responsiveness
4 by reducing the complexity of the tariff structure. Reducing the number of tariffs and
5 rates improves understanding of tariffs and rates for both customers and staff, which in
6 turn should further enhance the customer experience.

7 The larger customer base also mitigates rate volatility for the respective, smaller
8 systems. Water utilities are highly capital intensive, and a relatively large capital
9 investment can significantly impact rate base and associated revenue requirement.
10 Additionally, facilities, technology and other shared investments impact all customers,
11 rather than a single system. As stated in IPUC Order No. 35692, “[a]lthough at the
12 system level, some customers may be affected differently than other customers on other
13 systems as a result of the decision in this Order, in the long term, consolidating systems
14 by implementing uniform rates and charges will help spread the costs of system-wide
15 improvements among a larger body of customers more equitably. This will ultimately
16 benefit all Gem State customers now and in the future.” The Company believes a similar
17 benefit would result in consolidation of Falls Water customers’ rates and charges.

18 **Q. Please describe the tiered rate design being proposed by the Company.**

19 A. The current rate design for Falls Water customers includes a minimum gallon allotment,
20 which depends on meter size and a uniform quantity charge for all usage above the
21 minimum allowed. The current Commodity Charge for Falls Water customers is \$0.917
22 per 1,000 gallons for volumes above the minimum allotment.

1 The Taylor Mountain customers currently also receive a minimum allotment, but
 2 they have three additional tiers for four total blocks of usage. The Morning View system
 3 has two tiers with increasing blocks. The Taylor Mountain volumetric rates are shown on
 4 the table below.

5 *Table 1: Current Volumetric Taylor Mountain Rates*

Tier	Volumes	Rate
Tier 1	First 15,000 gallons (0 to 15,000 gallons)	\$0.00
Tier 2	Next 60,000 gallons (15,001 to 75,000 gallons)	\$0.71
Tier 3	Next 50,000 gallons (75,001 to 125,000 gallons)	\$1.00
Tier 4	Over 125,000 gallons	\$2.00

6 The Morning View volumetric rates are shown on the table below.

7 *Table 1: Current Volumetric Taylor Mountain Rates*

Tier	Rate
Tier 1	\$0.17
Tier 2	\$0.53

8 The proposal is to consolidate the rates of all the systems and establish three tiered rates.

9 The respective block volumes vary by meter size.

10 *Table 2: Proposed Volumetric Rates*

Tier	Rate
------	------

Tier 1	\$0.00
Tier 2	\$0.69
Tier 3	\$1.55

1 Q. **What considerations impacted the proposed volumetric charge?**

2 A. The primary consideration for the proposed volumetric charge was to encourage
3 conservation and address the water supply issues in the region.

4 Q. **Please describe the Minimum Charge being proposed by the Company.**

5 A. The Falls Water monthly Minimum Charge ranges from \$18.75 for customers with 5/8-
6 inch and 3/4-inch meters to \$77.35 for customers with 4-inch meters, as shown on the
7 table below.

8 *Table 2: Current Monthly Minimum Charges for Falls Water Customers*

Meter Size	Monthly Minimum Charge
5/8 and 3/4 – inch	\$18.75
1 – inch	\$26.40
1 1/2 – inch	\$34.05
2 – inch	\$43.30
4 – inch	\$77.35

9 The monthly Minimum Charge for Former Customers of Taylor Mountain is \$20.00 per
10 month.

11 The monthly Minimum Charge for Former Customers of Morning View is differentiated
12 by lot size as shown in the table below.

1 *Table 3: Current Monthly Minimum Charges for Former Morning View Customers*

Lot Size	Minimum Charge
1/4 – acre	\$55.00
1/2 – acre	\$65.00
1 - acre	\$70.50

2 The Company is proposing to consolidate these different monthly minimum charges as
3 shown in the table below.

4 *Table 4: Proposed Monthly Minimum Charges*

Meter Size	Monthly Minimum Charge
5/8 and 3/4 – inch	\$27.60
1 – inch	\$38.90
1 1/2 – inch	\$50.15
2 – inch	\$63.75
4 – inch	\$113.90

5 **Q. How is the change from lot size to meter size implemented for the Morning View**
6 **customers?**

7 A. The Morning View customers are currently differentiated by lot size (i.e., 1-acre, 1/4 -
8 acre, etc.). However, the meter size is also tracked for each customer. Therefore, the new
9 rates will be calculated based on meter size for all customers. This will result in lower
10 bills for these customers.

1 **Q. What considerations impacted the proposed minimum charge?**

2 A. The proposed minimum charge is intended to consolidate the rate schedules for the three
3 different systems. Most of the customers are currently served under the Falls Water rate
4 schedule and therefore the proposal aligns most closely with that schedule. The relative
5 overall revenue requirement recovery is consistent with the current rates at roughly 65%
6 fixed and 35% variable with a modest shift to 63/37. This approach provides revenue
7 stability for the utility and bill stability for customers throughout the year while also
8 allowing for volumetric billing determinants to send customer conservation price signals.
9 This approach is also consistent with the approach approved by the Commission in Order
10 No. 34925 and Order No. 35692.

11 **Q. What are the benefits of the rate design proposals of the Company?**

12 A. The overarching themes for the rate design proposals are: first, consolidation to
13 streamline operations and provide efficiency and other benefits mentioned above; and
14 secondly, the trend in water supply constraints provides a strong motivation to incentivize
15 conservation through rate design. The increasing block tiers and reductions in the
16 volumes in the minimum charge are intended to address those conservation issues.

17 **Q. Are there any other rate design changes?**

18 A. Yes. As discussed in the testimony of Company witness K. Scott Bruce, the Company is
19 requesting approval of a tariff for secondary irrigation systems. This aligns with meeting
20 the mitigation efforts. The secondary irrigation tariff enables the Company to charge new
21 development for maintenance of secondary irrigation system infrastructure, which allows
22 the Company to better utilize agriculture irrigation water rights and mitigates the impact
23 and demand for potable water.

1 **Q. Please describe how the Company developed the tariff for secondary irrigation**
2 **systems.**

3 A. The secondary irrigation is not currently in effect, and thus does not have an actual cost
4 basis. Therefore, the Company is proposing to develop the rate for secondary irrigation
5 based on cost estimates. The proposed rate is \$16.85 per month flat rate.

6 The cost estimates can be found in Exhibit 5 (A). The costs included in the
7 secondary irrigation rate include the annual lot assessment from the Progressive Irrigation
8 District, Power Costs, and Annual Maintenance. The proposal is based on estimated costs
9 and will be revised as customers join and receive secondary irrigation services.

10 **Q. Will the secondary irrigation systems rely on treated, potable groundwater?**

11 A. No. The secondary irrigation systems will utilize irrigation, canal water from the
12 Progressive Irrigation District.

13 **Q. Why is the Company and not the irrigation district responsible for maintaining this**
14 **system?**

15 A. The Progressive Irrigation District has expressed no interest in maintaining the system.
16 However, the Company believes the utilization of secondary irrigation systems is in best
17 interest of current and future customers and the overall water supply of the region.

18 **Q. Will the Company meter these secondary irrigation systems?**

19 A. Initially the secondary systems will not be metered but the Company may elect to meter
20 such systems at some point in the future.

21 **Q. Describe the equal pay plan the Company is recommending.**

22 A. The Company is intended to provide customers with level bills to assist customers with
23 bill fluctuations throughout the year. Based on feedback from customers, this program

1 will help a segment of the customer base with budgeting monthly expenses. The prior 12-
2 month period will establish a baseline and every year the equal pay amount will be re-
3 calibrated.

4 **Q. Have you prepared the revenues under proposed and present rates?**

5 A. Yes.

6 **Q. Please describe Exhibit 5 - Rate Design.**

7 A. Exhibit 5 illustrates the billing units, current and proposed rates, and the current and
8 proposed revenue.

9 Lines 1 through 27 show the revenue at current rates for Falls Water, Taylor
10 Mountain, and Morning View.

11 Lines 28 through 34 show the consolidated proposed rates and revenue projection
12 at proposed rates.

13 **Q. Does this conclude your direct testimony?**

14 A. Yes.

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

EXHIBIT 3 TO ACCOMPANY THE
DIRECT TESTIMONY OF ADAM RUE

Falls Water Company, Inc.
Capital Structure and Overall Rate of Return
Cost of Capital as of December 31, 2022

Line No.	Description	(A) Amount	(B) Percent of Total Capital	(C) Cost	(D) Component
1	Long Term Debt - Loan # DW-9923	\$27,256			
2	Less: Prepayment on principle	\$18,764			
3	Outstanding Loan Amount	<u>\$8,491</u>	0.09%	3.25%	0.00%
4	Long Term Debt (Well #9 & Water Right) - # DW-9931	\$410,245			
5	Less: Prepayment on principle	\$82,090			
6	Outstanding Loan Amount	<u>\$328,156</u>	3.35%	3.25%	0.11%
7	Long Term Debt MV - Loan # DW-1302A	\$376,783	3.85%	1.25%	0.05%
8	Mortgage on Office at 2180 N Deborah Dr	\$624,834	6.38%	3.49%	0.22%
9	Long Term Debt to adjust Debt/Equity Ratio	\$3,070,257	31.34%	5.495%	1.72%
10	Paid in Capital	\$4,507,537	46.01%	10.20%	4.69%
11	Common Equity	<u>\$880,656</u>	8.99%	10.20%	<u>0.92%</u>
12	Total	\$9,796,714	100.00%		7.71%
	Total Debt	\$4,408,521	45.00%	5.495%	2.47%
	Total Equity	<u>\$5,388,193</u>	55.00%	10.20%	<u>5.61%</u>
		\$9,796,714			8.08%

Effective cost of debt on rate base

2.10%

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

EXHIBIT 4 TO ACCOMPANY THE
DIRECT TESTIMONY OF ADAM RUE

FALLS WATER COMPANY
CALCULATION OF REVENUE REQUIREMENT

1	Rate Base	\$ 10,247,791
2	Required Rate of Return	<u>7.71%</u>
3	Net Operating Income Requirement	\$ 790,562
4	Net Operating Income Realized	\$ (68,718)
5	Net Operating Income Deficiency	\$ 859,280
6	Rate of Return prior to Rate Change	-0.67%
7	Net Operating Income Deficiency	859,280
8	Gross up Factor	<u>1.366675</u>
9	Total Incremental Revenue Requirement	<u>1,174,356</u>
10	Revenues at existing rates	\$ 2,485,103
11	Total Revenue Requirement	\$ 3,659,459
12	Percent Increase Required	47.3%

Falls Water Company, Inc.
Net to Gross Multiplier

13	Total Gross Revenues	1.0000000
14	Less Uncollectibles (percentage)	-
15	Less 2023 Regulatory Fees (percentage)	0.0001995
16	Less Bank Service Charge Fees (percentage)	<u>0.0165667</u>
17	Net Revenue	0.983234
18	State Income Tax Rate	5.800% <u>0.057028</u>
19	Federal Income Tax Base	0.926206
20	Federal Income Tax Rate	21.000% 0.194503
21	Net Operating Revenue	0.731703
22	Net Income to Gross Revenue Multiplier	1.36667
23	Composite Fed and State Tax Rate	25.58%

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EXHIBIT 5 TO ACCOMPANY THE
DIRECT TESTIMONY OF ADAM RUE

Falls Water Co., Inc. Proposed Rate Tariff for Duel Pipe Irrigation Customers

		Annualized
		Lots Costs
Annual per lot Assessment from Progressive Irrigation District	\$ 100.00	200 \$ 20,000.00
Power Costs to provide irrigation water	\$ 12,968.64	\$ 12,968.64
Annual Maintenance Costs to Charge/Drain system.	\$ 7,476.00	\$ 7,476.00
Annualized Costs to serve 200 customers from April 1 to October 31		<u>\$ 40,444.64</u>
Annual Cost per customer		\$ 202.22
Monthly Cost per customer (Flat Rate for 12 months)		\$ 16.85

Developed Acres 80
 Lots per acre 2.5
 GPM per Acre 9 gpm

Scenario:

80 Acre Development
 # of Lots 200
 GPM for development 720 gpm

The pump needed would be about 75 hp

The maximum operation dates of the pressurized irrigation system are from April 1st to October 31st each year.

USING 2022 ROCKY MOUNTAIN POWER RATES
 75 hp motor at this well. Well #1 - Schedule 6

Month	Usage KWH	Usage/Other Charge	Demand KW	Demand Charge	Total Monthly Billing	Highest Billings
1/31/2020	3687	\$ 222.94	7	\$ 85.89	\$ 308.83	
2/29/2020	3674	\$ 222.29	7	\$ 85.89	\$ 308.18	
3/31/2020	2775	\$ 177.43	36	\$ 441.72	\$ 619.15	
4/30/2020	19350	\$ 1,004.55	66	\$ 809.82	\$ 1,814.37	\$ 1,814.37
5/31/2020	34673	\$ 1,769.20	64	\$ 871.68	\$ 2,640.88	\$ 2,640.88
6/30/2020	19213	\$ 997.72	64	\$ 871.68	\$ 1,869.40	\$ 1,869.40
7/31/2020	34969	\$ 1,783.97	64	\$ 871.68	\$ 2,655.65	\$ 2,655.65
8/31/2020	28199	\$ 1,446.13	65	\$ 885.30	\$ 2,331.43	\$ 2,331.43
9/30/2020	4898	\$ 283.37	65	\$ 885.30	\$ 1,168.67	\$ 1,168.67
10/31/2020	2423	\$ 159.86	56	\$ 762.72	\$ 922.58	\$ 922.58
11/30/2020	3088	\$ 193.05	6	\$ 73.62	\$ 266.67	
12/31/2020	3393	\$ 208.27	7	\$ 85.89	\$ 294.16	
Totals	160342	\$ 8,468.77	507	\$6,731.19	\$ 15,199.96	\$ 13,402.98

USING 2022 ROCKY MOUNTAIN POWER RATES
 75 hp motor at this well. Well #1

Month	Usage KWH	Usage/Other Charge	Demand KW	Demand Charge	Total Monthly Billing	Highest Billings
1/31/2021	3249	\$ 201.08	7	\$ 85.89	\$ 286.97	
2/28/2021	3286	\$ 202.93	7	\$ 85.89	\$ 288.82	
3/31/2021	2471	\$ 162.26	7	\$ 85.89	\$ 248.15	
4/30/2021	2412	\$ 159.31	63	\$ 773.01	\$ 932.32	\$ 932.32
5/31/2021	3707	\$ 223.94	65	\$ 885.30	\$ 1,109.24	\$ 1,109.24
6/30/2021	36143	\$ 1,842.55	63	\$ 888.06	\$ 2,700.61	\$ 2,700.61
7/31/2021	38262	\$ 1,948.30	64	\$ 871.68	\$ 2,819.98	\$ 2,819.98
8/31/2021	23225	\$ 1,197.92	65	\$ 885.30	\$ 2,083.22	\$ 2,083.22
9/30/2021	25031	\$ 1,288.04	66	\$ 898.92	\$ 2,186.96	\$ 2,186.96
10/31/2021	12629	\$ 669.16	67	\$ 912.54	\$ 1,581.70	\$ 1,581.70
11/30/2021	11948	\$ 635.18	62	\$ 760.74	\$ 1,395.92	
12/31/2021	3333	\$ 205.27	7	\$ 85.89	\$ 291.16	
Totals	165696	\$ 8,735.95	543	\$7,189.11	\$ 15,925.06	\$ 13,414.04

USING 2022 ROCKY MOUNTAIN POWER RATES
 75 hp motor at this well. Well #1

Month	Usage KWH	Usage/Other Charge	Demand KW	Demand Charge	Total Monthly Billing	Highest Billings
1/31/2022	3161	\$ 196.69	7	\$ 85.89	\$ 282.58	
2/28/2022	5537	\$ 315.26	9	\$ 110.43	\$ 425.69	
3/31/2022	3802	\$ 228.68	7	\$ 85.89	\$ 314.57	
4/30/2022	7908	\$ 433.57	66	\$ 809.82	\$ 1,243.39	\$ 1,243.39
5/31/2022	17684	\$ 921.42	66	\$ 898.92	\$ 1,820.34	\$ 1,820.34
6/30/2022	32857	\$ 1,678.58	65	\$ 885.30	\$ 2,563.88	\$ 2,563.88
7/31/2022	27361	\$ 1,404.32	65	\$ 885.30	\$ 2,289.62	\$ 2,289.62
8/31/2022	24179	\$ 1,245.53	66	\$ 898.92	\$ 2,144.45	\$ 2,144.45
9/30/2022	15237	\$ 799.31	66	\$ 898.92	\$ 1,698.23	\$ 1,698.23
10/31/2022	2810	\$ 179.17	11	\$ 149.82	\$ 328.99	\$ 328.99
11/30/2022	4594	\$ 268.20	65	\$ 885.30	\$ 1,153.50	
12/31/2022	12354	\$ 655.44	66	\$ 898.92	\$ 1,554.36	
Totals	157484	\$ 8,326.15	559	\$7,493.43	\$ 15,819.58	\$ 12,088.89

3 year average of highest monthly billings on a 75 hp pump: \$ 12,968.64

	<u>Manhours</u>	<u>Days</u>	<u>Total Hrs</u>	<u>Average</u> <u>Wage Rate</u>	<u>Annual</u> <u>Cost</u>
Daily Check in	1	214	214	\$ 26.70	\$ 5,713.80
Spring Startup	33	1	33	\$ 26.70	\$ 881.10
Fall Winterize	33	1	33	\$ 26.70	\$ 881.10
Annual Labor Costs					<u>\$ 7,476.00</u>