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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

COMMENTS IN SUPPORT OF STIPULATION
AND SETTLEMENT

Falls Water Co., Inc. (“Falls Water” or “Company”) files these comments in support of the stipulation and settlement (“Settlement”).

Background and course of the proceedings

On May 12, 2023, Falls Water filed its application in this case, which requested, among other things, a rate increase of approximately 47.3%; consolidation of rates for former customers of the Morning View and Taylor Mountain systems; implementation of increased tiered rates for different usage bands; and implementation of a separate rate for secondary irrigation systems.

After the application was filed, Idaho Public Utilities Commission (“Commission”) provided notice of the application and set a deadline for intervention. No parties intervened, and the Commission issued a notice that the case would be processed by modified procedure, set a customer workshop, and set comment deadlines.

During this time, Commission Staff began its investigation, which included six sets of production requests, nearly one-hundred individual production requests, and several discussions between Staff and the Company. As part of this process, Falls Water provided narrative responses to all the production requests and produced thousands of pages of documents. Staff held a customer workshop, and the Commission has received comments from the public.

In September and October, the Company and Staff held two settlement meetings in which Staff and the Company presented their respective positions on the issues addressed in the Application. After these meetings, the Company and Staff continued to exchange information and to engage in negotiations, which ultimately culminated in the Settlement. The Settlement was filed, and the Commission has set a deadline for the parties and the public to comment on the Settlement, as well as a customer hearing. All told, this case involved significant participation by the public; a thorough investigation by Commission Staff; and a robust process that vetted the bases of the requests in the Company's application.

The Company anticipates that the Commission will accept additional comments from the public related to the Settlement.

Terms of the Settlement

The key terms of the Settlement include the following, as described in more detail in the Settlement and exhibits. The Settlement is contingent upon the Commission's review and approval.

Revenue requirement. In the Settlement, Falls Water and Staff agree that Falls Water should be allowed to implement tariff schedules designed to recover \$3,199,665 in total revenue requirement, which reflects an increase to revenues of approximately 28.8%. The components of this revenue requirement are described in the Settlement and exhibits, and include a return on equity of 9.7%, a balancing account for recovery of water mitigation expenses, updated

depreciation rates, and a number of adjustments to the revenue requirement proposed in the Application.

Rate design and consolidation. Under the Settlement, the revenue requirement will be collected in accordance with a rate design that, among other things, consolidates the basic charges for the Taylor Mountain and Falls Water systems by meter size and establishes basic charges for the Morning View water system by acre size rather than meter size. This accomplishes partial consolidation while recognizing some differences between the systems, and will result in a 20% increase to the basic charges for Taylor Mountain and Falls Water systems and a reduction of \$5 to the basic charges for each lot size for the Morning View system. In addition, to move towards consolidation, each system will have the same volumetric rates and three-block tier structure.

Rate effective date. The Settlement proposes an effective date of December 15, 2023, for the new rates contained within the Settlement.

Other matters. The Settlement also addresses a number of other matters, including establishment of a secondary irrigation rate; provision of facility plans for the Taylor Mountain and Morning View systems by February 1, 2024; development of plans to identify and address the root causes of water losses and provision of those plans to Staff by June 1, 2024; and development of plans to implement a meter accuracy testing program and provision of those plans to Staff by June 1, 2024.

The Settlement is in the public interest

The Company believes that the Settlement will result in rates that are fair, just, and reasonable, and that approval of the Settlement is in the public interest.

First, the Settlement reflects a substantial compromise of the issues presented in the Application. While Falls Water believes that the requests made in its Application were

reasonable, it recognizes that settlement can avoid expense, uncertainty, and delay associated with a full proceeding, and also allows the parties to address issues that do not fall within the four corners of the Application. Falls Water believes that the Settlement is based on a thorough review of the Application and reflects a substantial though reasonable compromise of its positions regarding the issues presented in the Application.

Second, the Settlement resolves a number of issues that are outside the scope of the Application and therefore would not be resolved in a fully processed case. The Settlement establishes, among other things, requirements and timelines for the Company to develop and provide to Staff facilities plans, plans to identify and address water loss, and plans for meter testing. The Company believes that these plans will enable progress on items of importance to its customers. This demonstrates one advantage of the settlement process: the parties are free to agree upon issues that are in the public interest but outside the scope of a litigated proceeding.


Third, the Settlement provides for partial consolidation of Falls Water rate schedules. While Falls Water believes that full consolidation would have been appropriate, the Settlement reflects a compromise that takes an important step towards consolidation, while reflecting the current difference between customers on the Falls Water, Taylor Mountain, and Morning View systems.

Conclusion

For these reasons, Falls Water respectfully requests that the Commission approve the Settlement without change, and that approval occur as soon as possible after acceptance and consideration of public comments to allow Falls Water to implement the new rates effective December 15, 2023, which aligns with the Company's mid-month meter-reading schedule.

DATED November 15, 2023.

GIVENS PURSLEY LLP

By: 

Preston N. Carter
Attorneys for Falls Water Co., Inc.

CERTIFICATE OF SERVICE

I hereby certify that on November 15, 2023, I caused to be served a true and correct copy of the foregoing document to the person(s) listed below by the method indicated:

Jan Noriyuki, Commission Secretary
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