

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF FALLS WATER CO., INC., FOR AUTHORITY TO INCREASE ITS RATES AND CHARGES FOR WATER SERVICE IN THE STATE OF IDAHO) CASE NO. FLS-W-23-01)) NOTICE OF PROPOSED) SETTLEMENT)) NOTICE OF CUSTOMER) HEARING)) NOTICE OF COMMENT) DEADLINES)) ORDER NO. 35988
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On May 12, 2023, Falls Water Co., Inc., (“Falls Water” or “Company”) applied to the Idaho Public Utilities Commission (“Commission”) for authorization to raise the rates it charges for water service. The Company filed a corrected Application on May 15, 2023 (“Application”). The Company requested to increase rates by about \$1.15 million—an approximate 47.3 percent increase in revenue collected. The Company requested a July 1, 2023, effective date.

On June 5, 2023, the Commission issued a Notice of Application, Notice of Suspension of Proposed Effective Date, and Notice of Intervention Deadline.¹ Order No. 35806.

On August 2, 2023, the Commission issued a Notice of Modified Procedure and scheduled a virtual public workshop. Order No. 35872.

On September 7, 2023, the Commission scheduled a customer hearing for October 23, 2023. Order No. 35914.

On October 13, 2023, the Commission issued a Notice of Amended Comment Deadline moving the public comment deadline to October 26, 2023. Order No 35960.

On October 20, 2023, the Commission issued a Notice of Vacated Customer Hearing and a Notice of Continued Suspension changing the suspended effective date until December 15, 2023, and vacating the established customer hearing until a later one can be scheduled. Order No. 35963.

On October 27, 2023, the Company filed a Stipulation and Settlement (“Proposed Settlement”) and Motion to Approve Stipulation and Settlement. The Proposed Settlement was signed by Staff and the Company (collectively, the “Parties”)—the only parties in the case.

¹ Order No. 35806 suspended the Company’s proposed effective date for five months opposed to the standard 30 days plus five months as allowed under *Idaho Code* § 61-622(4).

On October 30, 2023, the Commission issued an Order vacating the public comment and Company reply deadlines. Order No. 35975.

We now issue this Order noticing the proposed settlement, a customer hearing, and establish public comment and Company reply deadlines.

NOTICE OF PROPOSED SETTLEMENT

YOU ARE HEREBY NOTIFIED that the Parties agree that the Company should be allowed to recover \$3,199,665 in total revenue requirement (the “Revenue Requirement”). This is an increase of approximately \$714,562, or approximately 28.8% if approved by the Commission. The Parties agree that the Revenue Requirement includes a total rate base of \$9,589,322 and a Return on Equity (“ROE”) of 9.7%.

YOU ARE FURTHER NOTIFIED that the Parties agreed to the following adjustments to determine the Revenue Requirement² for the Proposed Settlement:

Adjustment		Revenue Requirement Impact (\$)
Company Initial Application		1,174,356
a.	Gross Revenue Multiplier	(17,397)
b.	Change Interest on Debt	(34,464)
c.	Change ROE to 9.7%	(37,944)
d.	Water Assessment to Actuals	(64,268)
e.	Water Mitigation Amortization	(34,517)
f.	Rate Case Amortization to 3 Years	(31,746)
g.	Amortization Expense Reclass	(2,234)
h.	Update Depreciation Rates	(75,637)
i.	Proforma Plant in Service Removal	(90,692)
j.	Proforma Plant Accumulated Depreciation	2,379
k.	Proforma Depreciation Expense	(16,933)
l.	Proforma Plant to Actual Cost	1,173
m.	Restricted Stock Unit Benefit	(29,437)
n.	Employee Bonuses	(11,071)
o.	Actual 401k Expense	(4,876)
p.	Seasonal Employee	(9,754)
q.	Normalize Purchase Power	(2,376)
Agreed Revenue Requirement		<u>714,562</u>

² These adjustments are discussed in further detail on pages 3-6 of the Proposed Settlement.

YOU ARE FURTHER NOTIFIED that the Parties agreed the Company will update its depreciation rates (adjustment h) and included a table with the new depreciation rates in the Proposed Settlement.

YOU ARE FURTHER NOTIFIED that the Parties agreed to rate design wherein the basic charges for the Taylor Mountain and Falls Water systems will be consolidated by meter size, and basic charges for the Morning View water system will be separated by acre size regardless of meter size. Taylor Mountain and Falls Water basic charges increased 20 percent from Falls Water current basic charges and Morning View's basic charges reduced \$5 for each lot size. The rate design is included as Exhibit No. 3 to the Proposed Settlement. The Parties also agreed to move towards consolidation of the three water systems, each system will have the same volumetric rates of \$0.64 and \$1.439 per 1,000 gallons for second and third block allotted usage, respectively. All systems will share a three-block tier structure.

YOU ARE FURTHER NOTIFIED that the Parties agreed to include the Equal Pay Plan option which will allow customers to "flatten" their bills by using an estimate of annual consumption spread over the following year to create levelized payments.

YOU ARE FURTHER NOTIFIED that the Parties agree that the Company will provide facility plans for the Morning View and Taylor Mountain systems to Commission Staff by February 1, 2024.

YOU ARE FURTHER NOTIFIED that the Parties agree that the Company will develop plans to identify root causes of water losses and related mitigation measures to address them and provide them to Commission Staff, no later than June 1, 2024.

YOU ARE FURTHER NOTIFIED that the Parties agree that the Company will develop plans to implement a meter accuracy testing program and provide them to Commission Staff, no later than June 1, 2024.

YOU ARE FURTHER NOTIFIED that the Parties believe that the Proposed Settlement represents a fair, just, and reasonable compromise of the positions of the Parties in this case, and that the Proposed Settlement is in the public interest.

YOU ARE FURTHER NOTIFIED that under Commission Rule 275, "[p]roponents of a proposed settlement carry the burden of showing that the settlement is reasonable, in the public interest, or otherwise in accordance with law or regulatory policy." IDAPA 31.01.01.275.

YOU ARE FURTHER NOTIFIED that the Commission is not bound by the Proposed Settlement reached by the Parties. The Commission will independently review any proposed settlement to determine whether the settlement is just, fair, and reasonable, and in the public interest, or otherwise in accordance with law or regulatory policy. The Commission may accept a settlement, reject a settlement, or state additional conditions under which a settlement will be accepted. IDAPA 31.01.01.274-.276.

YOU ARE FURTHER NOTIFIED that if the Commission rejects any part or all of the Proposed Settlement or imposes any additional material conditions on its approval, each Party reserves the right to withdraw from the Proposed Settlement within fourteen (14) days of such order.

YOU ARE FURTHER NOTIFIED that the Proposed Settlement in Case. No. FLS-W-23-01 is available for public inspection during regular business hours at the Commission's office or on the Commission's website at www.puc.idaho.gov. Click on the "WATER" tab in the left-hand column of the home page, click "Open Cases," and select the case number as shown on the front of this document.

NOTICE OF CUSTOMER HEARING

YOU ARE FURTHER NOTIFIED that the Commission will hold a customer hearing in this matter in **Idaho Falls, Idaho**, on **MONDAY, NOVEMBER 27, 2023, starting at 11:00 a.m. and ending at 1:00 p.m. (local time), or after all customer testimony has been taken, whichever comes first.** The Commission, in its discretion, may adjust the scheduled times as necessary. The customer hearing will be held at the **Idaho Falls Elks Lodge 640 E. Elva Street, Idaho Falls, ID 83401**. Persons attending the hearing in-person will have an opportunity to provide testimony. Persons may also listen to the live testimony and proceedings at the hearing by calling **1-415-655-0001**, and then entering code **2633 827 9150** when prompted. However, persons will not be able to provide testimony by phone.

YOU ARE FURTHER NOTIFIED that the customer hearing in this matter will be held in a facility meeting the accessibility requirements of the Americans with Disabilities Act ("ADA"). Persons needing the help of a sign language interpreter or other assistance to participate in or to understand testimony and argument at a public hearing may ask the Commission to provide a sign language interpreter or other assistance at the hearing. The request for assistance must be received at least five (5) working days before the hearing by contacting the Commission Secretary at:

IDAHO PUBLIC UTILITIES COMMISSION
PO BOX 83720
BOISE, IDAHO 83720-0074
Telephone: (208) 334-0338
Facsimile: (208) 334-3762
Email: secretary@puc.idaho.gov

NOTICE OF COMMENT DEADLINES

YOU ARE FURTHER NOTIFIED that the Commission seeks comments from the public on the Proposed Settlement. Persons desiring to state a position on the Proposed Settlement may file a written comment explaining why the person supports or opposes the Proposed Settlement. **Persons must file comments by November 15, 2023.** Comments must be filed through the Commission's website or by e-mail unless computer access is unavailable. To comment electronically, please access the Commission's home page at www.puc.idaho.gov. Click the "Case Comment Form" and complete the form using the case number as it appears on the front of this document.

YOU ARE FURTHER NOTIFIED that to file by e-mail, persons must e-mail the comments to the Commission Secretary and the Company at the e-mail addresses listed below. Persons submitting a comment by e-mail must provide their name, address, and the Case Number under which they are commenting. Persons submitting a comment by e-mail also acknowledge that submitting a comment in an open case constitutes a public record under *Idaho Code* § 74-101 (13), and all information provided by such person is available for public and media inspection.

YOU ARE FURTHER NOTIFIED that if computer access is unavailable, then comments may be mailed to the Commission and Company at the addresses below. Persons submitting a comment by mail must provide their name, address, and the Case Number under which they are commenting. Persons submitting a comment by mail also acknowledge that submitting a comment in an open case constitutes a public record under *Idaho Code* § 74-101 (13), and all information provided by such person is available for public and media inspection.

For the Commission:

Commission Secretary
Idaho Public Utilities Commission
P.O. Box 83720
Boise, ID 83720-0074
secretary@puc.idaho.gov

Street Address for Express Mail:

11331 W. Chinden Blvd.
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scott1@fallswater.com

YOU ARE FURTHER NOTIFIED that the Company must file any reply comments **by November 22, 2023.**

ORDER

IT IS HEREBY ORDERED that the Commission shall hold a customer hearing in Idaho Falls, Idaho, on MONDAY, NOVEMBER 27, 2023, starting at 11:00 a.m. and ending at 1:00 p.m. (local time), or after all customer testimony has been taken, whichever comes first.

IT IS FURTHER ORDERED that persons desiring to submit public written comments must do so by November 15, 2023. The Company must file any reply comments by November 22, 2023.

IT IS FURTHER ORDERED that parties comply with Order No. 35375, issued April 21, 2022. Generally, all pleadings should be filed with the Commission electronically and will be deemed timely filed when received by the Commission Secretary. Rule 14.02. Service between parties should continue to be accomplished electronically when possible. However, voluminous discovery-related documents may be filed and served on CD-ROM or a USB flash drive.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 7th day of November 2023.



ERIC ANDERSON, PRESIDENT

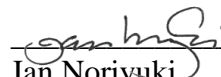


JOHN R. HAMMOND JR., COMMISSIONER



EDWARD LODGE, COMMISSIONER

ATTEST:



Jan Noriyuki
Commission Secretary

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