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IDAHO PUBLIC
UTILITIES COMMISSION

January 2, 2020

Idaho Public Utilities Commission
PO Box 83720
Boise, ID 83720-0074

MNV-W-19-01

In response to the Idaho Public Utilities Commission, Comments of the Commission Staff:

We were encouraged by staff to submit a request to initiate the rate case. Staff suggested we write a simple letter and that we need not be concerned with all the technicalities of the request, but that it was more important to initiate the action. We did not realize that we would be chastised by the commission and staff for our lack of compliance. With that said, we apologize if this response is not in whatever format or filing requirement style required by the Commission.

As you clearly stated in your comments, we are a small water system. We are doing what we can to follow the rules and statutes required. We do not have the luxury of being a large company with a team of lawyers and accountants to oversee every action we make.

We need to make the commission aware of events relevant to the rate case that have occurred since meeting with staff. It was determined that electrical repairs were needed in order to properly heat the old wellhouse. These electrical repairs were completed on November 11, 2019 at a cost of \$192. On November 27, 2019 we had another well failure at the old well. American Pump Company was called in to diagnose the problem. Upon pulling the pump they discovered that the pump needs repaired, the motor needs replaced, and there are pipes that need to be replaced. American Pump estimates that the total cost for repairing the well so that it is functional is around \$10,000. Until these repairs can be made, the company is operating on only the new well, without a backup system in place. It is critical that the expenses to be incurred for these repairs be addressed in the current rate case.

The commission staff and company worked hard to determine the market value for office rent in this area. We are not sure why we were asked to go through all the trouble when the staff and commission ignores these findings and uses a different method to determine our rent allowance. We are very displeased at the recommendation to raise the amount from \$900 to \$950 annually. The staff is recommending compensating Landco for half of the building depreciation in lieu of rent. That is not how renting office space works.

Additionally, there is a church and a school currently under construction bordering the company service boundaries. The commercially zoned lot where the office stands has the potential to become prime commercial building space. We already have had inquiries. In the event of the building and lot being

sold, the company could not be able to obtain office rental space at market for \$950 annually. In this event, another rate case would be required to account for this increased expense. We recommend a rent expense at market.

The previous rate case failed to put Morning View Water Company in a position to operate in the positive. We can not be again placed in a position where we immediately need another rate case to pay current expenses. We cannot incur any more unrecoverable losses. Please strongly consider the immediate need of \$10,192 to restore the old well, especially since we currently have no backup well to service our customers if another well failure occurs.

Sincerely,

Nolan Gneiting
President
Morning View Water Company