

## DECISION MEMORANDUM

**TO:** COMMISSIONER KJELLANDER  
COMMISSIONER RAPER  
COMMISSIONER ANDERSON  
COMMISSION SECRETARY  
COMMISSION STAFF  
LEGAL

**FROM:** MATT HUNTER  
DEPUTY ATTORNEY GENERAL

**DATE:** NOVEMBER 7, 2019

**SUBJECT:** IN THE MATTER OF MORNING VIEW WATER COMPANY'S  
APPLICATION FOR AUTHORITY TO INCREASE ITS RATES AND  
CHARGES FOR WATER SERVICE IN IDAHO; CASE NO. MNV-W-19-01.

On June 5, 2019, Morning View Water Company ("Morning View" or "the Company") applied to the Commission for a rate increase. Commission Staff has worked closely with Morning View during the past five months to collect adequate information to determine whether and to what extent a rate increase is necessary. Staff now recommends the Commission suspend the proposed rate increase for an additional 60 days as permitted under *Idaho Code* § 61-622(4), order the Company to send a customer notice to each of its customers, and schedule a workshop and public hearing.

### BACKGROUND

Morning View's Application cited three reasons it needs a rate increase: 1) decreased water usage during the summer months, 2) an inadequate rate of return established in the Company's previous rate case, and 3) unanticipated expenses—such as water testing and pipeline repairs—that were not considered in the previous rate case.

Even though Morning View's one-page Application did not comply with most of the rate case filing requirements established in Commission procedural rules, Staff informed the Commission it was "prepared to work with the Company's representatives to obtain all records and information necessary to develop just and reasonable rates for the Company and its customers." Staff's June 20, 2019 Decision Memorandum at 2. Noting that the "Company is small," the Commission allowed the case to proceed. Order No. 34361. The Commission directed

Staff to “assist the Company to prepare a Customer Notice and press release that will comply with the Commission’s minimum requirements.” *Id.*

As noted above, Staff has worked closely with Morning View to collect information with which to determine the Company’s revenue requirement. It has filed multiple production requests, analyzed the responses, and visited the Company’s service area in Rigby for an onsite audit. Staff now believes it has sufficient information about Morning View to determine its revenue requirement. Based on the Company’s unaudited annual report, which shows increased expenses and declining water usage, Staff estimates customers’ rates would increase about 17%. This potential increase is subject to Staff review.

### STAFF RECOMMENDATION

*a. Additional 60-day suspension of effective date for new rates*

Under *Idaho Code* § 61-622, the Commission may suspend the effective date of new rates for five months and 30 days. The Commission may extend the suspension for an additional 60 days “after a showing of good cause on the record.” *Idaho Code* § 61-622(4). Good cause is established where the record shows additional time is necessary. *See Washington Water Power Co. v. Idaho Pub. Utilities Comm’n*, 101 Idaho 567, 571 (1980) (finding good cause to suspend the effective date of new rates when the proposed rate increase was large, the Company’s situation complex, and Commission Staff workload onerous).

Staff recommends the Commission suspend the effective date of new rates for an additional 60 days. In its June 27, 2019 order, the Commission suspended the Company’s June 30, 2019 proposed effective date for five months and 30 days—for an effective date of December 30, 2019. Order No. 34361. If the Commission finds there is good cause to suspend the effective date for an additional 60 days, the new effective date would be **February 28, 2020**. Staff believes a February 28, 2020 effective date will give Staff and the Company adequate time to notify customers of the proposed change, allow customers to file comments, and would give the Commission additional time to deliberate on the proposed rate change. *The recommendations below are premised on the Commission suspending the effective date for an additional 60 days.*

*b. Customer notice*

Staff is concerned that customer notice be sent to Morning View’s customers quickly. Under Commission Procedural Rule 125, a utility requesting a rate increase must send out a customer notice to its customers detailing the proposed rate increase and describing how customers

can comment on the proposal. IDAPA 31.01.01.125. Customer notices are to be distributed by the utility “when the utility files its application [to increase rates] or as soon as possible thereafter.” IDAPA 31.01.01.125.03; *see Idaho Code* § 61-307. To date, Morning View has not issued notice to its customers of the proposed rate increase.

Staff has drafted a proposed customer notice and will discuss its components with Morning View. In the Company’s last rate case, Case No. MNV-W-16-01, Staff prepared for Morning View a customer notice that complied with Commission rules and provided it to the Company to send to its customers. However, Staff later learned from customers that the Company modified the customer notice before sending it to make it less clear to customers how much rates would increase. While the Company had understandable concerns about how its customers would react to a rate increase, Staff believes that clarity best serves ratepayers.

Staff is also concerned the Company will not send out customer notices in a timely manner, or will fail to send it to all of its customers. Customers claim both issues arose during the Company’s last rate case. Commission Procedural Rule 125.03, IDAPA 31.01.01.125.03, envisions customers having nearly 30-days’ notice before a rate change. Delayed or incomplete distribution of the customer notice would hinder the ability customers to comment on the proposed rate change, whether in writing or at a public hearing.

Staff recommends the Commission order Morning View to mail the customer notice by **November 22, 2019**, giving customers notice of the filing and any hearings or workshops the Commission may schedule. Staff will also work with the Company to prepare and issue a press release, as authorized in Order No. 34361. To date, the Company has not issued a press release.


*c. Comments, customer workshop, and hearing*

Staff recommends the Commission proceed under Modified Procedure and set a December 18, 2019 comment deadline for Staff and any parties, and a January 3, 2020 reply comment deadline. Staff also recommends the Commission direct its Staff to schedule and hold an informational workshop for customers near Rigby during the week of January 6, 2020. Last, Staff recommends the Commission schedule a hearing for customers at a date and time to be determined, and that the Commission note it will accept written comments from customers through the hearing date.

## COMMISSION DECISION

Does the Commission wish to:

1. Suspend the effective date of Morning View's new rates an additional 60 days, consistent with *Idaho Code* § 61-622?
2. Order Morning View to mail a customer notice to each of Morning View's customers by November 22, 2019?
3. Proceed under Modified Procedure and set a December 18, 2019 comments deadline for Staff and any parties, and a January 3, 2020 reply comments deadline?
4. Direct Staff to schedule and hold a customer workshop?
5. Schedule a customer hearing at a to-be-determined date and time?



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Matt Hunter  
Deputy Attorney General

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