

## DECISION MEMORANDUM

**TO: COMMISSIONER KEMPTON  
COMMISSIONER SMITH  
COMMISSIONER REDFORD  
COMMISSION SECRETARY  
COMMISSION STAFF**

**FROM: KRISTINE SASSER  
DEPUTY ATTORNEY GENERAL**

**DATE: AUGUST 25, 2009**

**SUBJECT: FALLS WATER COMPANY'S APPLICATION TO INCREASE ITS  
BASIC RATES AND CHARGES, CASE NO. FLS-W-09-01**

On August 4, 2009, Falls Water Company filed an Application for authority to increase its total revenue requirement by \$143,496.81, or 14.39%. The Company requests that the Application be processed by Modified Procedure and that the tariff changes become effective September 10, 2009.

### THE APPLICATION

Falls Water provides water service to more than 3,600 residential and commercial customers in an area generally north of the City of Ammon and northeast of the City of Idaho Falls in Bonneville County. Application at 2. The Company last increased its basic rates and charges in January 2008. Order No. 30484. Since that time, the Company has put a new well into service (Well #9), began installing meters and MXU transmitters in an effort to upgrade its system, moved offices and acquired new office furniture, and replaced a hydrant on the water system. *Id.* at 2. As a result, the Company requests an increase in its total revenue requirement of \$143,496.81.

Falls Water proposes to increase the base rate for all metered schedules from \$14.00 to \$18.00, an increase of 29%. However, the Company proposes to decrease the commodity rate from \$0.667 per 1,000 gallons to \$0.601 per 1,000 gallons, a decrease of 10%. The Company maintains that these changes will cause the average residential metered customer to experience an increase of approximately 14.88%; the average multi-family residential customer to experience an increase of 8.51%; and the average commercial customer to experience an increase of 4.22%. The Company has placed more emphasis on the basic charge to alleviate winter cash

flow issues. *Id.* at 5. Furthermore, because all of its customers are metered, the Company proposes to cancel the Residential Flat Rate Schedule 2. *Id.* The Company requests a return on its common equity of 12%. *Id.* at 4.

The Company proposes a new non-recurring charge of \$10.00 for testing meters. The Company explains that many customers question their bills at the beginning of the summer irrigation period, but their meters rarely test inaccurately. A charge for testing meters would place the burden on the customers responsible for causing the cost to be incurred and remove it from the general body of ratepayers.<sup>1</sup> The Company also requests a new charge of \$20.00 for returned checks and a late payment charge of 1% per month.

The Company proposes use of a 2008 test year. The Company requests that its Application be processed by Modified Procedure with tariff changes to become effective September 10, 2009.

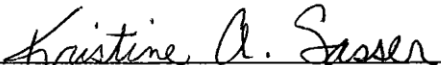
#### **STAFF RECOMMENDATION**

Staff has reviewed the Application and recommends that the Company's Application be processed by Modified Procedure. Staff recommends that the proposed effective date of September 10, 2009, be suspended to allow adequate time for comment and processing of the case.

#### **COMMISSION DECISION**

1. Does the Commission find that the public interest may not require a hearing, and that this proceeding may be processed under Modified Procedure?

3. Does the Commission wish to suspend the Company's proposed effective date of September 10, 2009, pursuant to *Idaho Code* § 61-622, to allow adequate time for comment and processing of the case?

  
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Kristine A. Sasser  
Deputy Attorney General

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<sup>1</sup> If the customer's meter tested outside the manufacturer's specification of plus or minus 1.5% of the factory calibrated test meter the Company would replace the meter and waive the \$10 fee.