

**IDAHO PUBLIC UTILITIES COMMISSION**

**Case No. TGW-W-05-1, Order No. 29735**

**March 23, 2005**

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**Interim rates approved for Terra Grande Water customers**

Boise – The Idaho Public Utilities Commission has authorized a southwest Boise water company to collect a flat rate of \$13 per month from its customers. In addition to that, customers of Terra Grande Water Company will also be assessed for charges Terra Grande must pay for that company's recent connection to United Water's water supply due to contamination in Terra Grande wells. The interim rate is effective immediately.

Terra Grande Water, with about 117 residential customers, notified customers of contamination problems from Trichloroethylene (TCE) on Jan. 21. One week later, an emergency connection was made to United Water's system.

Terra Grande sought commission approval to continue assessing its flat \$16 per month non-summer charge (\$26 during the summer) in addition to the United Water surcharge. The commission said leaving the rate at \$16 was excessive because costs previously incurred by Terra Grande, such as pumping power costs, will not be incurred during the interconnection with United Water.

Further, the commission said the \$13 monthly flat fee should be year round with no increase during the summer months. A summer increase, the commission said, assumes Terra Grande, whose customers do not have individual meters, will incur additional costs during summer due to increased consumption. But that is no longer the case after the interconnection with United Water. "United Water meter charges will increase in the summer, but Terra Grande's costs recovered through the flat rate will not," the commission said. Customers will already end up paying higher charges during the summer, the commission noted, because they will be charged for water provided by United Water under that company's higher summer rate.

Terra Grande will receive one monthly billing for its United Water meter and will divide that charge by the total number of Terra Grande customers and collect the amount on a monthly basis along with its \$13 monthly flat rate charge. How much the United Water surcharge will add to customers' bill is not yet known until a full month of billing is completed.

The commission ordered United Water to bill Terra Grande on a monthly basis rather than on the bi-monthly schedule it bills other customers. Bills for Terra Grande customers "are going to change rather dramatically, and a monthly monitoring and price signal is vital, especially because this change comes at the beginning of the summer season," the commission said, also noting that United Water has a pending rate increase request before the commission.

Because none of Terra Grande's customers are individually metered, system consumption will be divided equally among customers. "Consequently, we find it important for the company to routinely notify its customers of the need to control water consumption, particularly in the summer months to ensure that water service remains affordable." Terra Grande should notify customers that conservation materials and kits are available, the commission said.

The commission denied Terra Grande's request to continue proceedings to establish permanent rates and defer excess costs until the company completes a plan for future service options. No further capital improvements are to be made without commission approval, the commission said. "We find this requirement is all the more critical given the severe water quality problems encountered by the company."

A complete copy of the order is available on the commission's Web site at [www.puc.idaho.gov](http://www.puc.idaho.gov). Click on "File Room," and then on "Recent Orders and Notices," and scroll down to Order No. 29735.