

WATER



Regulated water companies

Utility	Customers	Nearest City / Town
Algoma	27	Sandpoint
Aspen Creek	42	Paris
Bar Circle "S"	163	Hayden Lake
Bitterroot	117	Athol
Capitol Water	2,894	Boise
CDS Stoneridge Utilities	358	Blanchard
Country Club Hills Utilities	147	Idaho Falls
Diamond Bar Estates	46	Rathdrum
Eagle Water	3,546	Eagle
Falls Water	4,485	Idaho Falls
Grouse Point	24	Kuna
Happy Valley	27	Athol
Island Park	362	Island Park
Kootenai Heights	11	Kootenai
Mayfield Springs	76	Kuna
Morning View	108	Rigby
Murray	32	Murray
Pack Saddle Estates	35	Tetonia
Picabo Livestock Co.	28	Picabo
Ponderosa	22	Sandpoint
Resort Water	422	Sandpoint
Rickel Water	38	Coeur d'Alene
Rocky Mountain	101	Rigby
Schweitzer Basin Water	439	Sandpoint
Spirit Lake East	301	Coeur d'Alene
SUEZ	88,314	Boise/Eagle
Sunbeam	22	American Falls
Teton Water & Sewer	284	Driggs
Troy Hoffman	147	Coeur d'Alene
Total	102,618	

PUC approves United Water rate case settlement

Case No. UWI-W-15-01, Order No. 33436

December 16, 2015 – The commission adopted a settlement to the United Water Idaho* rate case. The settlement increases rates by 6% effective Dec. 22, 2015, and another 1.4% on Dec. 22, 2016.

For a residential customer who uses the company's average consumption the 6% increase is about \$1.25 every two months, from \$20.80 to \$22.05.

In May 2015, United Water Idaho proposed a one-year, 13.2% increase, raising an additional \$5.88 million in annual revenue. The settlement approved today reduces the revenue increase by 57%, to \$2.73 million in 2016 and \$670,000 in 2017.

Parties to the settlement included United Water, commission staff and the Community Action Partnership Association of Idaho (CAPAI), which represents primarily customers on low- and fixed-incomes.

The settlement also provides that United Water will increase its contribution to the "United Water Cares" program from \$65 to \$75 per customer per year to provide financial assistance to low-income customers. In future years, the company will increase its contribution by the same percent as the rate increase it is granted. None of the program's costs are included in customer rates. United Water Idaho serves more than 90,000 customers in Ada County.

Commission staff supported the settlement, stating it represents "a significantly better deal for customers than could be achieved through either a one-year settlement or litigation of the current rate case." Staff said a "stay-out provision" that prevents another increase until December 2017 at the earliest "provides rate stability for customers."

United Water said the increase was needed to recoup more than \$39 million of investment in its water system since the last rate case in 2011. The capital improvements include \$17.2 million to replace aging water mains and meters, \$3.5 million to replace treatment facilities, \$900,000 for a replacement storage tank in the Bogus Basin Road area and \$500,000 for auxiliary power equipment to ensure uninterrupted water supply during electric outages.

The settlement reduced the company's original revenue requirement considerably by establishing deferrals and amortization periods for power costs, rate case expense, tank paintings, pension expense, relocation expense and conservation expense.

The commission received 35 public comments before the proposed settlement, nearly all of them opposed to the increase. After the settlement was announced and offered for public comment, only one comment was received and that was in support of the settlement. A public hearing was held at which no customer attended or testified.

The commission cannot, by state law, arbitrarily refuse to consider rate increase requests without first considering the evidence presented by the utility, intervening parties and customers. The burden of proof is on the utility to justify the expenses it seeks to recover as 1) necessary to serve customers and 2) prudently incurred.

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*(*During this rate case proceeding, United Water Idaho applied to the commission for a change to its name to SUEZ Water Idaho. The commission authorized the name change in Order No. 33429. All future orders and press releases will use the SUEZ Water Idaho name.)*

Certificate approved for Bonner County company

Case No. SCH-W-15-01, Order No. 33543

June 30, 2016 – The commission issued a certificate for Schweitzer Basin Water, LLC., to operate as a regulated water utility in Bonner County and approved rates for the company’s customers.

Schweitzer is a privately-owned water system serving a residential area at the base of the Schweitzer Mountain ski resort. The water utility is owned by Mel Bailey with a business office in Sandpoint.

The company provides service to about 431 residential customers, but nearly all of those are seasonal customers. About 12 households are year-round customers with another five households present about three months of the year. The company anticipates significant growth. Only about 43 percent of the lots are developed and the company projects between 140 and 180 new living units will be built over the next 30 years.

The water system uses four wells, five reservoirs, and more than six miles of distribution system with seven pressure zones.

The commission approved the company’s request to continue with current flat rate of \$41 per month for single-family homes more than 500 square feet and \$39 per month for those smaller. The rate is \$82 per month for a single unit with a second living area that can be rented and \$65 a month for a single unit with an additional guesthouse or attached living unit that can be rented. Customers are billed quarterly. Customers who voluntarily disconnect and then re-connect must pay a \$300 reconnection fee. The reconnection fee is designed to discourage customers from disconnecting during non-use times of the year. A number of customers disconnecting from the system during much of the year would make it impossible for the company to recover its fixed costs.

While approving most of the company’s application, the commission denied a proposed \$500 fee for inspecting and testing relating to hooking up with the system. The commission said those expenses should be included in

the initial infrastructure contribution fee of \$6,950 for single-family units and \$3,475 for additional living areas. The commission also denied the company's request to assess a \$500 fee if potential new customers receive a "Will Serve" letter for non-payment of hook-up fees.

Eagle Water surcharge delayed for up to one year

Case No. EAG-W-15-01, Order No. 33567

August 12, 2016 – A request by Eagle Water Company to implement a surcharge on customers' water use has been stayed for up to one year to allow more time for the company to locate documents and consider settlement options and alternatives.

On Nov. 10, 2015, Eagle Water, which serves about 3,500 customers in and around the City of Eagle, asked the commission to approve a surcharge that would add about \$3.64 to the average residential user's monthly bill. (Eagle Water is a privately-owned water system and not the same entity as the City of Eagle Water Department.)

Eagle Water's application has been suspended three times, first at the commission's discretion and then two requests to suspend from the company were granted.

If a motion to lift the suspension is not made within one year of the commission's August 10 order, the case will be dismissed.

Eagle Water seeks the surcharge to pay for a near \$800,000 loan to finance about \$935,000 in improvements. The portion of expense not funded by the loan would be paid from \$150,000 in the utility's existing surcharge account.

Eagle Water proposed that the surcharge apply only to consumption of more than 600 cubic feet (ccf) per month. (100 cubic feet is about 748 gallons.) For a residential customer who uses the company's average of about 21 ccf/month, the proposed surcharge would have raised rates an average \$3.64 more per month. A commercial customer who uses the company average of 69 ccf/month would pay about \$15.29 more per month.

Eagle Water claimed the improvements are needed to alleviate water pressure problems in the northeastern part of its service territory. The largest portion of the improvements – nearly \$600,000 – would go toward construction of a seventh well. Other improvements identified by the company are \$150,000 for the main booster station, \$62,200 for repairs to Well No. 4, \$47,000 to upsize a line at another well, \$26,000 for a Hill Road line relocation, \$25,600 for repairs to Well No. 6, \$13,400 for a State Street bridge line relocation and \$6,500 for a bridge line relocation at Horseshoe Bend Road.

Commission OKs Diamond Bar Water rate increase

Case No. DIA-W-15-01, Order No. 33578

September 6, 2016 – The commission approved an approximate 46.7 percent revenue increase for Diamond Bar Estates Water Company effective Aug. 30. The increase is less than the company’s request of 79 percent. It is the first time base rates have been adjusted since 2007.

Diamond Bar serves about 44 residential customers, most living on five-acre lots near Rathdrum in Kootenai County.

The largest portion of expense the company sought related to several pump failures since the 2007 rate case. Four of the failures included in this case totaled \$51,444 in expense for which the company sought rate recovery. The commission allowed \$31,258 after removing expense the company should have received from insurance and accumulated depreciation.

The company wanted to recover the pump failure expense from customers over a four-year period, but the commission extended the amortization over 18 years, which is the average remaining life of the pumps. That reduced the yearly amortization required from customers to \$1,737, or \$4,013 less per year than the company requested.

The commission commended the active participation of the company’s customers in helping to determine the cause of the pump failures and the extent to which the company knew or should have known about the cause of the failures.

“It is clear to the commission, both from the detailed written submissions and the thoughtful testimony provided at the public hearing, that customers put a great deal of time and effort into their comments,” the commission stated. “These efforts have not gone unnoticed.”

While a number of factors contributed to the pump failures, the commission determined the primary cause was an electric transformer that was too small for the simultaneous starting and operation of the water system’s four pumps. The commission directed the company to confirm with its electric supplier, Kootenai Electric Cooperative, that the current transformer is sized in accordance with the National Electric Code and that the service drop complies with Kootenai Electric’s engineering guidelines.

The commission also directed the company to adopt customers’ recommendations that a “text alert service,” be implemented to promptly notify customers when the company knows it will have a service-related outage. Outages can cause customers’ re-circulating pumps to fail, requiring their replacement at a cost of \$400 to \$500 each.

Under the new rate structure, the minimum monthly charge for all customers is \$41, up from the current \$29. Diamond Bar requested a monthly minimum of \$52.02. The commodity charge increases from 80 cents for every 1,000 gallons above 5,500 gallons per month to \$1.16 per thousand gallons. The company requested

\$1.44. The commission approved an increase in the connection charge for new customers from \$310 to \$335. Diamond Bar requested a \$475 connection charge. These adjustments will increase the company's annual revenue by \$37,704. Diamond Bar requested \$47,248.

The commission said it recognizes the financial hardship the increase will cause for some customers, but cited its statutory duty to ensure utilities have the financial ability to perform essential services. The obligation to ensure reasonable rates "must be balanced with our duty – of equal importance – to ensure that rates are sufficient to ensure adequate service," the commission said. The Idaho Supreme Court has held that the commission's duty is "not only to fix just and reasonable, nondiscriminatory rates, but to see that adequate service is furnished and in fixing such rates to allow the utility furnishing the service to make a just and reasonable profit or return on its investment." All commission orders are subject to appeal to the state Supreme Court by either the company or its customers and other interested parties to the case.

The commission approved a 12 percent rate of return, which is consistent with what it has allowed in other small water company cases. Commission staff conducted a workshop on April 19, attended by more than 30 customers. Several customers also attended a public hearing on June 7. The commission also received about 18 written comments.

Packsaddle Estates Water Corporation is sold to Teton County homeowners

Case No. PKS-W-15-01, Order No. 33603

September 21, 2016 – The commission approved an application by Packsaddles Estates Water Corporation to sell the water system to the homeowners residing in the Teton County, Idaho subdivision, thus allowing the homeowners to operate the previously privately owned and regulated water corporation and remove it from PUC jurisdiction.

The 35 residential customers of Packsaddle Estates Water Corporation formed Packsaddle Water Systems, Inc., leaving matters such as rates and customer service issues to be determined by the owners, who will operate the company on a non-profit basis.

The homeowners formed a mutual, non-profit organization represented by board members in a "democratically run corporation," according to the application. The directors said they were approached about taking over the company by the owner who was experiencing health-related issues.

The homeowners association claims that all of the fees collected from subdivision customers will be used for the operation and maintenance of the water system. The association said it has access to individuals who will ensure that the water system will comply with state Department of Environmental Quality requirements. Some of the homeowners objected to the application, maintaining they had not been properly notified.

The treasurer of the homeowners association is Robert Vostrejs of Driggs.