

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE APPLICATION OF)
BAR CIRCLE "S" RANCH WATER COMPANY) CASE NO. BCS-W-01-1
AND ITS PROPOSAL TO PURCHASE THE)
GARWOOD BUSINESS CENTER WATER)
SYSTEM AND EXPAND ITS CERTIFICATED) ORDER NO. 28895
SERVICE AREA.)
_____)
)**

On July 22, 2001, Bar Circle "S" Water, Inc. (BCS; Company) filed an Application with the Idaho Public Utilities Commission (Commission) requesting Commission approval of the Company's purchase of the Garwood Business Center Water System. Reference July 20, 2001 Purchase and Sale Agreement (Agreement). The Company also seeks to extend its certificated area of service to two areas that are presently undeveloped. Reference IDAPA 31.01.01.112; Amended Certificate No. 296.

BCS is a Commission regulated water company operating in Kootenai County near Hayden Lake, Idaho. As reflected in its most recent annual report, the Company provides metered water service to 117 residential customers and 1 commercial customer. The Bar Circle "S" water system is a looped metered distribution system with one (1) 50 horsepower 600 gallon per minute well and a 55,000 gallon elevated steel water tank.

The Garwood Business Center Water System serves one (1) commercial customer and 13 additional commercial development lots. It consists of a looped metered distribution system with one (1) 15 horsepower 58 gallon per minute domestic well. The system also includes three (3) booster pumps and a 185,000 gallon storage tank that provides 2000 gallons per minute of fire booster pump capacity.

The proposed purchase price for the Garwood Business Center Water System is \$50,000. Pursuant to the Agreement, possession was transferred on the first day of August 2001. The closing will occur one week after approval by the Commission. Following Commission approval of the proposed purchase, the Company proposes to interconnect the two water systems and provide service under the Company's existing tariffs. The Company has requested no change in rates.

A Notice of Application and Modified Procedure in Case No. BCS-W-01-1 was issued by the Commission on September 19, 2001. The Company has provided individual notice of the Garwood purchase to its customers. The deadline for filing written comments was October 26, 2001. Commission Staff was the only party to file comments. Staff recommends that the Company's Application be approved. The acquisition, Staff contends, will provide BCS with an additional culinary water supply source and an increase in available fire flow capacity. Staff believes that the purchase price appears to be negotiated at arms length and is a reasonable price given the added benefits to Bar Circle "S". The acquisition of the Garwood well and reservoir will also provide additional water supply to meet future growth. The Company's line extension rules, if followed, Staff contends, should ensure that the costs for expansion into the certificate expansion area will be properly allocated to customers or developers requesting service and will not be borne by existing customers.

Staff notes that the Company's current gross investment in plant (well and reservoir improvements) is \$73,755 and that all distribution mains and services in the BCS system have been contributed to the Company. The \$50,000 Garwood purchase price together with the estimated \$64,000 in interconnection costs represents a new investment of \$114,000 or a 154% increase in the Company's gross investment in plant.

Commission Findings

The Commission has reviewed and considered the filings of record in Case No. BCS-W-01-1 including the comments and recommendations of Commission Staff. We find that present and future public convenience will be served by approving the purchase of the Garwood Business Center Water System by Bar Circle "S" and authorizing the Company requested expansion of its certificated service area. We find the Garwood purchase price and the estimated costs of interconnecting the two water systems to be reasonable. No change in the Company's tariffs or rules has been requested; nor we find is required. We find that there are no known public utilities, person or corporations with whom the proposed certificate expansion is likely to compete.

CONCLUSIONS OF LAW

The Idaho Public Utilities Commission has jurisdiction over Bar Circle "S", a water utility, and the issues presented in Case No. BCS-W-01-1 pursuant to the authority granted in Idaho Code, Title 61 and the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

ORDER

In consideration of the foregoing, IT IS HEREBY ORDERED and the Commission does hereby authorize the purchase of the Garwood Business Center Water System by Bar Circle "S" Water, Inc. under the terms and conditions set forth in the July 20, 2001 Purchase and Sale Agreement between Carol Tramner and Bar Circle "S" Water, Inc.

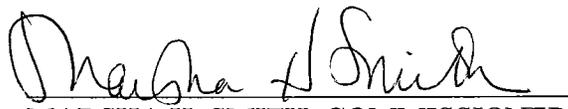
IT IS FURTHER ORDERED and the Commission approves the Bar Circle "S" proposed extension of its certificated area of service to two contiguous areas that are presently undeveloped. Reference IDAPA 31.01.01.112. The additional certificated area of service that we approve in this Order (Garwood Business Center Water System and the contiguous undeveloped areas) is more particularly described in the legal description set forth in Attachment A to this Order. Reference Second Amended Certificate No. 296.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho, this 15th day of November 2001.



PAUL KJELLANDER, PRESIDENT

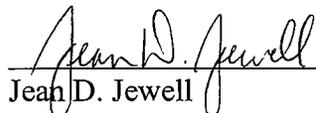


MARSHA H. SMITH, COMMISSIONER



DENNIS S. HANSEN, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

bls/O:BCSW011_sw

EXHIBIT "A"

All that portion of Section 24, Township 52 North, Range 4 West, Boise Meridian, Kootenai County, Idaho, lying West of Highway 95 and South of the following described line:

Beginning at a point 600 feet North of the West Quarter corner of said Section 24; thence, South 83°55'38" East 3,059.36 feet; thence, South 81°03'59" East 590.0 feet to the terminus point of said line.

Also all that portion of the South half of Section 24, Township 52 North, Range 4 West, Boise Meridian, Kootenai County, Idaho, lying East of Highway 95, EXCEPTING THEREFROM the East half of the East half of said South half.

Also the North half of Section 25, Township 52 North, Range 4 West, Boise Meridian, Kootenai County, Idaho, EXCEPTING THEREFROM the East half of the East half of said North half.

Also all that portion of the South half of Section 25, Township 52 North, Range 4 West, Boise Meridian, Kootenai County, Idaho, lying West of the precipitous edge of what is commonly referred to as the Rimrock.

Also all that portion of the Northeast Quarter of Section 35, Township 52 North, Range 4 West, Boise Meridian, Kootenai County, Idaho, lying East of Government Way, as presently located.