

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF BAR CIRCLE "S" WATER COMPANY) **CASE NO. BCS-W-08-01**
TO AMEND ITS CERTIFICATE OF)
CONVENIENCE AND NECESSITY) **ORDER NO. 30731**
_____)

On November 21, 2008, Bar Circle "S" Water Company (Bar Circle "S"; Company) filed an Application with the Idaho Public Utilities Commission (Commission) requesting authority to amend its Certificate of Convenience and Necessity No. 296 to include a new subdivision, Double T Estates, in Kootenai County, Idaho. *Idaho Code* § 61-526; IDAPA 31.01.01.112. The subdivision will contain 47 five-acre residential home sites and will be developed in two phases. Phase 1 consists of 16 lots; Phase 2 consists of 31 lots.

Bar Circle "S" Water Company provides water service to the Bar Circle "S" Ranch subdivision located on the Rathdrum Prairie in Kootenai County, Idaho, approximately seven miles north of the City of Coeur d'Alene. The Company currently serves approximately 156 residential customers and one commercial customer. Residential customers are typically located on five-acre lots. The Company has three existing wells, one 16-inch well and two 6-inch wells. One of the 6-inch wells is not in service and cannot be rehabilitated.

The new subdivision, Double T Estates, is located on approximately 237 acres in a portion of the West ½ of Section 14, Township 52 North, Range 4 West of the Boise Meridian (W½ S14, T52N, R4W, BM) in Kootenai County, Idaho. The subdivision is located approximately 1,300 lineal feet from the existing Bar Circle "S" service area at the Ohio Match Road and Ramsey Road intersection. A vicinity map is attached to the Company's Application and shows the location of the existing service area and the proposed new subdivision. Also attached is a copy of the proposed plat map of the new subdivision. A final approved plat map complete with detail of the location of all water system installations will be provided to the Commission when completed.

The Company contends that there is adequate capacity on the Company's existing system to serve Double T Estates subdivision without the need for construction of an additional source of supply or reservoir facilities. Construction costs of the water distribution system

including mains, valves, fire hydrants, customer service line taps, meter boxes, meter bases and the line extension required to interconnect to the existing water system will be paid by the subdivision developer and contributed to Bar Circle "S" Water Company. The only cost to be borne by the Company will be the cost of meters at the time a property is developed and service is requested. The company contends that the addition of the Double T Estates service area to the existing system will have no adverse effect on the Company's existing customers.

On December 2, 2008, the Commission issued a Notice of Application and Modified Procedure. The deadline for filing comments was January 15, 2009. Comments were filed by one of the Company's customers and Commission Staff. The customer addresses the Company's winter billing practice and not the proposed expansion of its certificate. On January 26, 2009, the Company filed reply comments.

Expressing concerns as to the Company's ability to provide water to Phase 2 of Double T Estates (i.e., the proposed service area is not covered by the current water permit) and as to whether the Idaho Department of Environmental Quality (DEQ) will require a backup well or additional water source for the Double T Estates system, Staff recommends that at this time the Commission approve only Phase 1.

Staff recommends that all extension costs related to Phase 1 be recorded on Bar Circle "S" books as a contribution in aid of construction (CIAC). Staff notes that the Water Main Extension Agreement between the Company and Double T Estates (a development also owned by Robert N. Turnipseed, owner of Bar Circle "S") requires

In the event that any governmentally mandated improvements to the Bar Circle "S" system are required for system reliability or quality of service during the period of development of Double T Estates, Bar Circle "S" and Double T Estates will share the costs of such improvements based upon the number of building lots within Bar Circle "S" current service area (215 lots) and Double T Estates (47 lots), a ratio of 82% Bar Circle "S" to 18% Double T Estates.

Staff believes that it is premature to allocate such costs between the Company and the developer and recommends a Company filing related to the recovery of such costs.

Bar Circle "S" in reply requests Commission Certificate approval of both phases of Double T Estates. The Commission, the Company states, should not concern itself with the requirements of DEQ, a separate State agency, or condition a Certificate expansion upon

satisfaction of DEQ rules and regulations. The Company notes that it has acquired a well drilling permit for a 10- to 12-inch well to replace the 6-inch well that is not serviceable. The new well, the Company contends, will be in operation prior to completion of Phase 2 and will increase system reliability providing a suitable backup to the Company's current primary well.

Commission Findings

The Commission has reviewed the filings of record in Case No. BCS-W-08-01, including the comments and recommendations of Commission Staff and the Company's reply. We continue to find it reasonable to process the Company's Application pursuant to Modified Procedure, i.e., by written submission rather than by hearing. Reference IDAPA 31.01.01.204.

Bar Circle "S" Water Company requests Commission authority to amend its Certificate of Public Convenience and Necessity No. 296 to expand its certificated service territory in Kootenai County, Idaho, to provide service to the proposed Double T Estates subdivision. We find that the Company's filing satisfies the Commission's Certificate requirement as set forth in IDAPA 31.01.01.112. We find the Company's argument regarding DEQ requirements to be persuasive. Based on the filings of record, the Company's representations and Staff's investigation, the Commission finds that the Company now has the capability to provide adequate water service to Phase 1 and will soon have the capability to provide adequate water service to Phase 2 of Double T Estates subdivision. We further find that the future public interest will be served by issuance of an amended Certificate of Public Convenience and Necessity for Bar Circle "S" for the requested area. We therefore find it reasonable to approve Bar Circle "S" Water's requested expansion of its certificated area.

Pursuant to terms of the Water Main Extension Agreement, the developer of Double T Estates Subdivision agrees to pay Bar Circle "S" for the cost of construction of the water main extension and related water system improvements to provide service to the Double T Estates subdivision. The developer's contribution of Double T Estates' main line and service improvements is to be recorded on the Company's books as a contribution in aid of construction. We reserve judgment regarding the allocation ratio of other costs between Bar Circle "S" and Double T Estates pending application by the Company for recovery of such costs and a determination by the Commission as to the prudence of the Company's investment and assessment of the related benefits accruing to Bar Circle "S".

CONCLUSIONS OF LAW

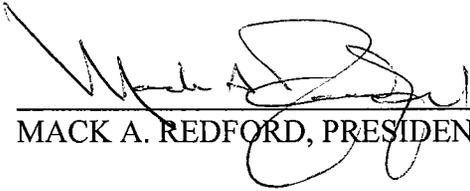
The Commission has jurisdiction over Bar Circle "S" Water Company, a water utility, and its Application in Case No. BCS-W-08-01, pursuant to the authority and power granted it under Title 61 of the Idaho Code and the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

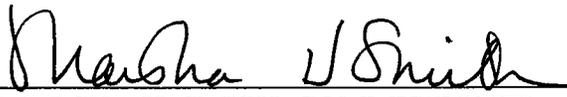
ORDER

In consideration of the foregoing and as more particularly described and qualified above, IT IS HEREBY ORDERED that the Certificate of Public Convenience and Necessity No. 296 of Bar Circle "S" Water Company, Inc. be amended to reflect the addition of the Double T Estates subdivision located in the West ½ of Section 14, Township 52 North, Range 4 West of the Boise Meridian (W½ S14, T52N, R4W, BM) in Kootenai County, Idaho. Bar Circle "S" is directed to prepare and file an amended Certificate for Commission approval.

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.

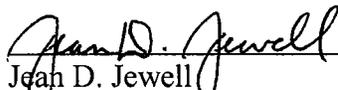
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 24th
day of February 2009.


MACK A. REDFORD, PRESIDENT


MARSHA H. SMITH, COMMISSIONER


JIM D. KEMPTON, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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