

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE APPLICATION )  
OF COUNTRY CLUB HILLS UTILITIES, ) CASE NO. CCH-W-15-01  
INC. FOR CANCELLATION OF ITS )  
CERTIFICATE OF PUBLIC )  
CONVENIENCE AND NECESSITY ) ORDER NO. 33384  
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On March 16, 2015, the Commission received a request from Country Club Hills Utilities, Inc. (“CCHU” or “Company”) to cancel its Certificate of Public Convenience and Necessity (“CPCN”) No. 312.

On July 27, 2015, the Commission issued a Notice of Application and Modified Procedure with a 21-day comment period. Commission Staff was the only party to submit comments regarding CCHU’s Application.

CCHU applied for, and was ultimately granted, a CPCN from the Commission in Case No. CCH-W-89-01. On February 23, 1990, CPCN No. 312 was issued by the Commission to CCHU. *See* Order No. 22982. Commission records indicate that CCHU’s owner, Mr. Michael Groth, attempted to sell the Company beginning in 2005. Thereafter, CCHU apprised Staff of ongoing efforts and negotiations to sell the CCHU water system.

A customer contacted Staff in February 2014, and revealed that there were a number of customers concerned about the need to find a new owner/operator for the Company. The customer indicated that the homeowners’ association did not have the means or ability to run the system. Effective March 2, 2015, CCHU sold the land and all water production and distribution equipment to Taylor Mountain Water and Sewer District (“TMWSD”).

According to the Application, TMWSD was organized by a vote of customers of Country Club Hills Utilities held on August 26, 2014. On March 16, 2015, the Commission received a copy of the sale agreement between CCHU and TMWSD.

The formation of TMWSD facilitated a loan to cover the cost of building a sewer pipeline to connect the sewer system to the Ammon Bonneville Sewer District and bring the system into compliance with Idaho Department of Environmental Quality (“IDEQ”) wastewater standards. According to a letter from IDEQ to CCHU, dated November 20, 2014, the total loan project cost is expected to be approximately \$1 million. The transfer of the water and sewer

systems also provides a solution to the former owner's reluctance to invest time and money into the improvements required, due to his age and personal health.

**STAFF COMMENTS**

Staff reviewed CCHU's request and recommended cancellation of the Company's CPCN No. 312. Staff stated that TMWSD is the sole water service provider in the area. Staff believes that TMWSD's purchase of the CCHU water system is in the public interest. TMWSD purchased the land and operating plant on March 2, 2015, and immediately began operating the utility on a day-to-day basis. Staff remarked that the primary purpose of the transaction was the continued operation of the sewer system. Staff noted that the loan and cost of debt service will be the responsibility of sewer customers. Staff believes that the sale transaction will not lead to an increase in rates for water service.

Staff's research confirmed that TMWSD is organized pursuant to Chapter 32, of Title 42, Idaho Code, and is not subject to regulation by the Commission. According to Staff, TMWSD has the ability to tax and enforce collection of amounts due for services provided. Staff believes TMWSD has the financial capacity to operate and maintain the water system.

**COMMISSION FINDINGS AND DECISION**

The Idaho Public Utilities Commission has jurisdiction over CCHU, a water utility, and the issues presented in Case No. CCH-W-15-01 pursuant to Idaho Code, Title 61, specifically including but not limited to *Idaho Code* §§ 61-104, 61-125, 61-129, and 61-526, as well as the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

The Commission has reviewed CCHU's Application and Staff's comments and recommendations. The Commission finds that the transfer of the CCHU water system to TMWSD is in the public interest. The transfer of the CCHU water system to TMWSD will ensure that CCHU's former customers will continue to receive affordable and reliable water service into the foreseeable future.

The Commission finds that TMWSD, a non-profit cooperative formed by former CCHU customers in order to facilitate water and sewer service, does not qualify as a "water corporation" as that term is defined by *Idaho Code* §§ 61-104, 61-125. Therefore, TMWSD is not a public utility subject to the Commission's jurisdiction. *See Idaho Code* § 61-129.

Accordingly, the Commission acknowledges the sale of CCHU's water system to TMWSD and approves CCHU's Application for cancellation of its Certificate of Public

Convenience and Necessity. CCHU's prior statutory obligation to provide water service in Idaho is terminated.

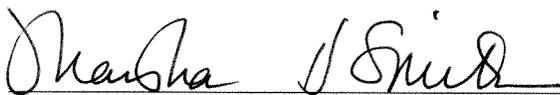
**ORDER**

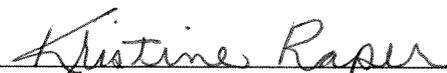
IT IS HEREBY ORDERED that the Application of Country Club Hills Utilities, Inc. to cancel Certificate of Public Convenience and Necessity No. 312 is granted.

THIS IS A FINAL ORDER. Any person interested in this Order (or in issues finally decided by this Order) or in interlocutory Orders previously issued in this Case No. CCH-W-15-01 may petition for reconsideration within twenty-one (21) days of the service date of this Order with regard to any matter decided in this Order or in interlocutory Orders previously issued in this case. 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 24<sup>th</sup> day of September 2015.

  
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PAUL KJELLANDER, PRESIDENT

  
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MARSHA H. SMITH, COMMISSIONER

  
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KRISTINE RAPER, COMMISSIONER

ATTEST:

  
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Jean D. Jewell  
Commission Secretary

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