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Attorney for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)
COUNTRY CLUB HILLS UTILITIES, INC.) **CASE NO. CCH-W-15-01**
FOR CANCELLATION OF ITS CERTIFICATE)
OF PUBLIC CONVENIENCE AND) **COMMENTS OF THE**
NECESSITY.) **COMMISSION STAFF**
)

The Staff of the Idaho Public Utilities Commission, by and through its Attorney of Record, Neil Price, Deputy Attorney General, in response to the Notice of Application and Notice Modified Procedure issued on July 24, 2015, Order No. 33348, submits the following comments.

BACKGROUND

On March 16, 2015, the Commission received the Application of Country Club Hills Utilities, Inc. (“CCHU” or “Company”) to cancel its Certificate of Public Convenience and Necessity (“CPCN”) No. 312.

CCHU originally applied for 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.

A copy of a “Water and Sewer System Agreement” between CCHU and the Taylor Mountain Water and Sewer District (“TMWSD”) was included in the Company’s Application.

The Agreement stipulates that CCHU agreed to sell all land and water production and distribution facilities to TMWSD effective March 2, 2015.

STAFF ANALYSIS

Commission records show the owner, Mr. Michael Groth, tried to sell the company in 2005. In the interim, Commission Staff was advised of continuing efforts to sell Country Club Hills Utilities, Inc. The owner contacted Staff again in August 2013 to ask for information on how to cancel the CPCN and document the sale and transfer of the system. A customer contacting Staff in February 2014 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.

Taylor Mountain Water and Sewer District was organized as the result by a vote of customers of Country Club Hills Utilities held on August 26, 2014. The vote tally was 65 votes in favor of organizing the district, one (1) vote opposed and one (1) vote was declared void. The sixty-seven votes cast during the election represent about half of the Company's 147 customers.

Effective March 2, 2015, Country Club Hills Utilities, Inc., sold the land and all water production and distribution equipment to Taylor Mountain Water and Sewer District. On March 16, 2015, the Commission received a copy of the sale agreement between Country Club Hills Utilities, Inc., and the Taylor Mountain Water and Sewer District. The formation of Taylor Mountain Water and Sewer District 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 owner's reluctance to invest time and money into the improvements required, due to his age and personal health.

Financial Capacity

Staff believes the Taylor Mountain Water and Sewer District is the only provider of water in this area and the purchase is in the public interest. Staff believes the Taylor Mountain Water and Sewer district demonstrated good faith by purchasing the land and operating plant, on

March 2, 2015, and subsequently operating the utility. The primary purpose of the sale was the continued operation of the sewer system. The loan and cost of debt service is the responsibility of sewer customers. It is not anticipated that the sale will increase the rates for water service. The Taylor Mountain Water and Sewer District is organized pursuant to Chapter 32, of Title 42, of the Idaho Code. The Taylor Mountain Water and Sewer District has the ability to tax and enforce collection of amounts due for services provided by the District. Staff believes the Taylor Mountain Water and Sewer District has the financial capacity to operate and maintain the water system. Staff also believes Taylor Mountain Water and Sewer District is not subject to regulation by the Idaho Public Utilities Commission. Staff believes the Taylor Mountain Water and Sewer District has satisfied all necessary requirements.

STAFF RECOMMENDATION

Staff recommends cancellation of CPCN No. 312.

Respectfully submitted this 14th day of August 2015.



Neil Price
Deputy Attorney General

Technical Staff: John Nobbs
Chris Hecht

i:umisc:comments/cchw15.1npjnewhjb comments

CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 14TH DAY OF AUGUST 2015, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. CCH-W-15-01, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

MICHAEL GROTH PRESIDENT
COUNTRY CLUB HILLS UTILITIES INC
PO BOX 50220
IDAHO FALLS ID 83405
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SECRETARY