

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE APPLICATION OF)
DIAMOND BAR ESTATES WATER COMPANY) CASE NO. DIA-W-04-1
TO AMEND CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY NO. 413)
(BOEKEL ESTATES SUBDIVISION).) ORDER NO. 29556
_____)**

On June 7, 2004, Diamond Bar Estates Water Company, a water utility in Kootenai County, Idaho, filed an Application with the Idaho Public Utilities Commission (Commission) to amend its Certificate of Public Convenience and Necessity No. 413 and to extend its certificated service territory to provide domestic and irrigation water service to Boekel Estates Subdivision (Boekel Estates). Reference IDAPA 31.01.01.112; *Idaho Code* § 61-526. Boekel Estates consists of approximately 70 acres of land in the SE ¼ of Section 33, Township 52 North, Range 4 West, Boise-Meridian, Kootenai County, Idaho, that will be platted as 14 five-acre lots. As part of the Application, Diamond Bar submitted a June 2, 2004 Water Main Extension Agreement (Agreement) between Diamond Bar and Walter and Grace Singer, the developers of Boekel Estates. On July 23, 2004, the Company submitted a revised Water Main Extension Agreement (Revised Agreement), an agreement that was also executed on July 23, 2004.

On June 23, 2004, the Commission issued a Notice of Application and Modified Procedure in Case No. DIA-W-04-1. The deadline for filing written comments was July 23, 2004. The Commission Staff was the only party to file comments. Staff's Comments can be summarized as follows:

Certificated Area Expansion

Staff believes the Company has an adequate source of water supply to provide service to Boekel Estates in a safe and reliable manner. Staff believes also that the extension of Diamond Bar facilities to serve Boekel Estates is consistent with the public convenience and necessity. Staff recommends that the Company's request for certificated area expansion be granted.

Water Main Extension Agreement

On July 23, 2004, Diamond Bar submitted a revised Water Main Extension Agreement (Revised Agreement), which by its terms expressly revoked the prior executed

June 2, 2004, Agreement. The Commission notes that Staff in its filed Comments recommended that the earlier Agreement be rejected in its entirety. Staff informs this Commission that it has reviewed the Revised Agreement and finds its terms to be reasonable. The Revised Agreement reflects the contribution by the developer of Boekel Estates of main line and service line improvements and a recitation that the Commission's Customer Relations Rules and Diamond Bar's filed tariffs and rules apply to the expanded service territory.

As reflected in Staff's Comments, the extension of water service to Boekel Estates will require excavation, installation of mains, fire hydrants, services, meter boxes; grading; backfill; compaction; inspection; and testing. The estimated cost for this project, as set forth in the Revised Agreement, is \$129,323, all of which will be paid by the developer. Staff recommends that the transaction be recorded as a Contribution In Aid of Construction (CIAC) on Diamond Bar's books.

Meter Installation Fee

Although not proposed in the Revised Agreement, Staff recommends that a \$200 meter installation fee tariff be authorized. Diamond Bar is requesting to serve an expanded area that could allow for an additional 14 regulated customers. All backbone and main line improvements for service to Boekel Estates will be contributed to the Company by the developer. There are, however, no tariff provisions in place for recovering the costs of meter installation from the additional Boekel Estates customers. The Company, pursuant to production request, provides an estimated cost of \$200 to install a water meter. Staff believes the Company's cost estimate is reasonable and is within the range of other regulated water system hook-up fees in the area.

COMMISSION FINDINGS

The Commission has reviewed the filings of record in Case No. DIA-W-04-1, including the comments and recommendations of the Commission Staff and the Revised Agreement. 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.

Diamond Bar Water has requested authorization to amend and revise its Certificate of Public Convenience and Necessity No. 413 to include the Boekel Estates Subdivision. As noted above, the Company on July 23, 2004, submitted a revised Water Main Extension Agreement.

We are advised by Commission Staff that the Revised Agreement was submitted pursuant to Staff discussions with the Company and the developer. We find that the Company's filing (as amended) satisfies the Commission's Certificate requirements as set forth in IDAPA 31.01.01.112. Based on the filings of record, the Company's representations and Staff's investigation, the Commission finds that the Company has the capability to provide adequate water service to Boekel Estates. We further find that the future public interest will be served by issuance of an amended Certificate of Public Convenience and Necessity to Diamond Bar Water for the requested area. We therefore find it reasonable to approve Diamond Bar Water's requested expansion of its certificated area.

Pursuant to terms of the revised Water Main Extension Agreement, the developer of Boekel Estates Subdivision agrees to pay Diamond Bar Water Company for the costs of construction of the water main extension and related water system improvements to service Boekel Estates. The estimated cost of extending service to Boekel Estates is \$129,323. The contribution by the developer of Boekel Estates Subdivision of main line and service line improvements is to be recorded on the Company's books as a Contribution In Aid of Construction.

The Commission also finds it reasonable to approve a tariffed meter installation charge of \$200 to recover the costs of meter installation from the customers of Boekel Estates and to provide a meter cost recovery mechanism for customers of other future certificated expansion areas. The Commission finds the \$200 fee to be a fair and reasonable charge.

CONCLUSIONS OF LAW

The Commission has jurisdiction over Diamond Bar Water Company, a water utility, and its Application in Case No. DIA-W-04-1, pursuant to the authority and power granted 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 above, IT IS HEREBY ORDERED that the Certificate of Public Convenience and Necessity No. 413 of Diamond Bar Water Company be amended to reflect the addition of Boekel Estates Subdivision located in the Southeast Quarter of Section 33, Township 52 North, Range 4 West, Boise-

Meridian, Kootenai County, Idaho. Diamond Bar is directed to prepare and file an amended Certificate for Commission approval.

IT IS FURTHER ORDERED and the Commission does hereby approve a \$200 meter installation charge. Diamond Bar is directed to prepare and file a conforming tariff sheet.

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 30th day of July 2004.



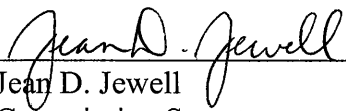
PAUL KJELDANDER, PRESIDENT



MARSHA H. SMITH, COMMISSIONER

Out of the Office on this Date
DENNIS S. HANSEN, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

vld/O: DIAW0401_sw