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IDAHO PUBLIC
UTILITIES COMMISSION

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Attorney for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)
EAGLE WATER COMPANY, INC. TO AMEND) CASE NO. EAG-W-03-1
CERTIFICATE OF PUBLIC CONVENIENCE)
AND NECESSITY NO. 278.)
)
) COMMENTS OF THE
) COMMISSION STAFF
)
_____)

COMES NOW the Staff of the Idaho Public Utilities Commission, by and through its Attorney of record, Scott Woodbury, Deputy Attorney General, and in response to the Notice of Application, Notice of Modified Procedure and Notice of Comment/Protest Deadline issued on September 5, 2003, submits the following comments.

On August 22, 2003, Eagle Water Company, Inc. (Eagle Water; Company) filed an Application with the Idaho Public Utilities Commission (Commission) requesting authorization to amend and revise its Certificate of Public Convenience and Necessity No. 278 (as amended) by enlarging and extending its certification service area boundaries to include the Ada County Commercial Subdivision of Petticoat Junction. Petticoat Junction is located on the Northeast Corner of the intersection of State Highway 44 and Horseshoe Bend Road, just east of the City of Eagle in Ada County. The Petticoat Junction Subdivision is more particularly described as a re-subdivision of a parcel of land all located in Lot 21 of Brose Second Subdivision, also in the Northwest ¼ of the Southwest ¼ of Section 14, Township 4 North, Range 1 East, Boise-

Meridian, Ada County, Idaho. Reference Application, Exhibit B vicinity map, and Exhibit C Plat Map; *Idaho Code* 61-526; Commission Rules of Procedure, IDAPA 31.01.01.112.

STAFF ANALYSIS

Eagle Water represents that the developer of Petticoat Junction, Mr. Peter Cintorino, has requested that Eagle Water provide water service. A copy of the developer's request is attached to the Company's Application. Until now, water service at Petticoat Junction has been provided by means of a private well. Apparently, persistent water quality problems have been encountered, prompting the request for service from Eagle Water.

Petticoat Junction currently consists of a combination gas station and convenience store located on the corner of State Street/State Highway 44 and Horseshoe Bend Road. Future development is expected to entail the addition of a car wash and approximately three small offices. It is Staff's understanding that fire hydrants were installed on the property when the gas station was originally built, but that the hydrants have never been functional.

Petticoat Junction is adjacent to and contiguous with the existing eastern boundary of Eagle Water's certificated area. The nearest certificated area boundary of United Water is located approximately 0.4 miles to the east. Attachment A shows the location of Petticoat Junction in relation to the service territories of both Eagle Water and United Water. Petticoat Junction is not located in an area previously identified by the Commission as a "buffer zone."

Immediately west of Petticoat Junction, and within Eagle Water's certificated area, a very large commercial area is currently being developed. This development will eventually include a Home Depot store, Winco grocery store, fast food stores and several other small commercial stores. Although the commercial development is very large, its normal water requirements will actually be much less than if the same area was developed as a residential subdivision. However, the fire flow requirements of the commercial development are much higher than required for a residential area. Eagle Water conducted fire flow tests at several locations in its system in the vicinity of the development. The results of those fire flows tests show that Eagle Water is easily capable of meeting minimum fire flow requirements. It is Staff's understanding, however, that a booster pump system to provide supplemental fire protection will be installed at the Home Depot store consistent with that company's normal practice. The booster pump system will be privately owned.

Eagle Water represents that it has an adequate source of supply to serve Petticoat Junction. Although the Company in the summer of 2000 experienced some difficulty in supplying adequate water pressure to the east side of its system, the problems were in subdivisions north of Petticoat Junction where the elevation is considerably higher. Staff has received two complaints of low water pressure in the same subdivisions since then, but none in areas adjacent to Petticoat Junction. Based on the fire flow test results, the close proximity of Petticoat Junction to the Company's existing service territory, the absence of low pressure complaints during the past two years and the few customers expected in Petticoat Junction, Staff believes that the Company does have the capability to satisfactorily serve Petticoat Junction. Nevertheless, Staff wishes to point out that Eagle Water has been planning for several years to drill a new well near the southeast corner of its service territory and to construct a storage reservoir near the northeast corner, but has yet to make progress on either one. Staff believes both may be necessary in order to maintain capability to provide adequate service as additional development occurs on the east side of the Company's system.

Service to Petticoat Junction will be provided through Eagle Water's "Lakeland Subdivision main" which runs east to west on State Street/State Highway 44. Extension of service to Petticoat Junction by Eagle Water will require excavation; installation of mains, fire hydrants and service meter boxes; bedding; backfill, compaction; inspection; and testing. The estimated construction cost for this project is \$31,000 to \$33,000, all of which will be paid by the developer pursuant to Eagle Water's standard "Main Extension Contract" as provided for in its tariff on file with the Commission. Eagle Water proposes to begin construction in September 2003 and complete construction in October 2003. The proposed expansion will add four commercial customers to Eagle Water's customer base. The estimated average monthly gross revenue per such customer is \$150. The Company contends that the construction and expansion will have no effect on its revenue requirements.

RECOMMENDATION

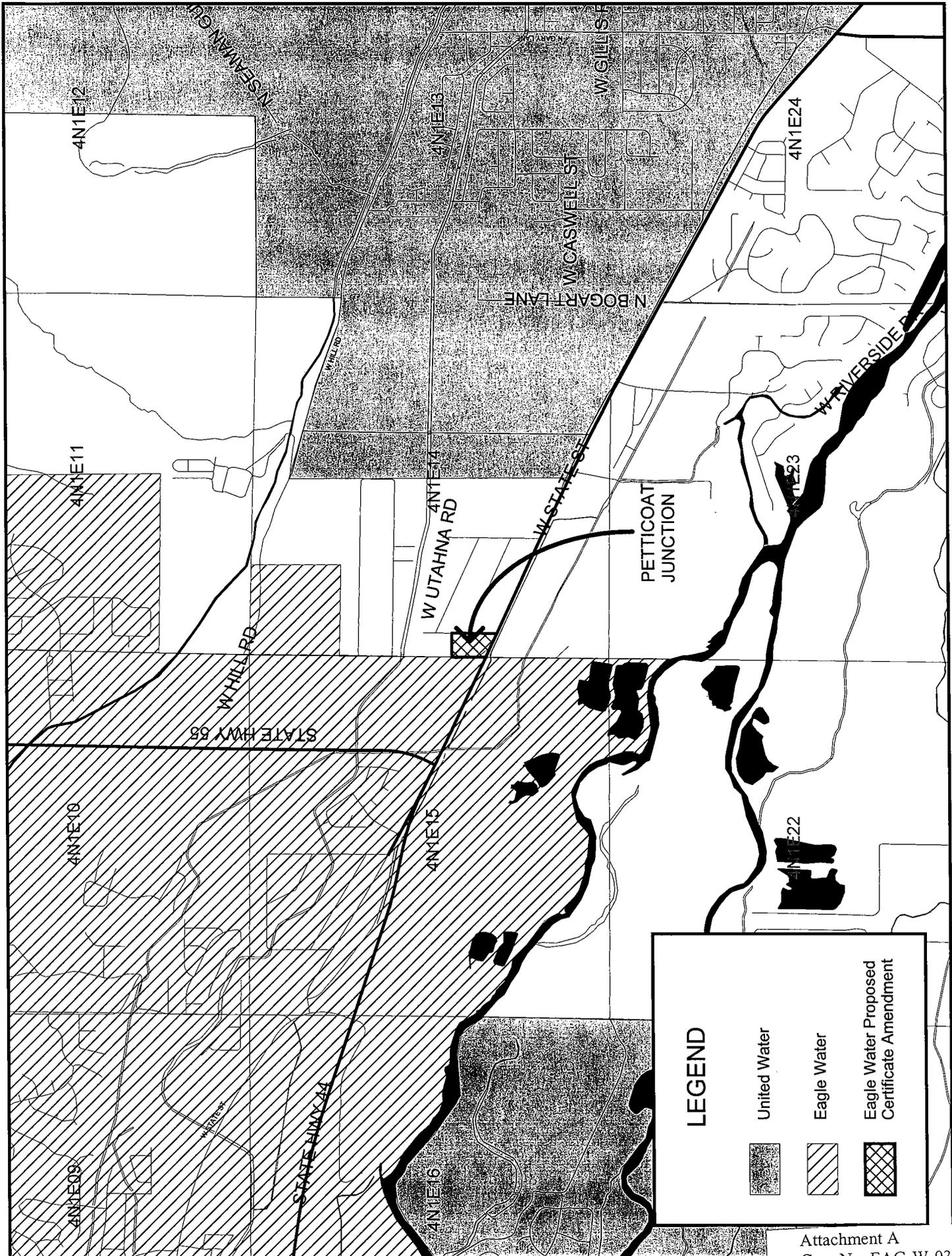
The proposed expansion is contiguous with Eagle Water's existing service territory and would add only four new, small commercial customers. Fire flow tests demonstrate that the Company has adequate capability to provide fire protection. Staff recommends approval of Eagle Water's application to amend its certificate to provide service to Petticoat Junction.

Respectively submitted this 22nd day of September 2003.


Scott Woodbury
Deputy Attorney General

Technical Staff: Rick Sterling

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LEGEND

	United Water		Eagle Water		Eagle Water Proposed Certificate Amendment
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 22ND DAY OF SEPTEMBER 2003, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. EAG-W-03-01, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

MOLLY O'LEARY
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SECRETARY