

DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER
COMMISSIONER SMITH
COMMISSIONER HANSEN
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL**

FROM: SCOTT WOODBURY

DATE: SEPTEMBER 25, 2003

**RE: CASE NO. EAG-W-03-1 (Eagle Water)
CERTIFICATE AMENDMENT—PETTICOAT JUNCTION SUBDIVISION**

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 State Highway 55, 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 $\frac{1}{4}$ of the Southwest $\frac{1}{4}$ 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.

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. 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. Until now, water service at Petticoat Junction has been provided by means of a private well. Persistent water quality problems have purportedly prompted the request for service from Eagle Water Company. Future development is expected to entail the

addition of a car wash and approximately three small offices. Eagle Water represents that it has an adequate source of supply to serve the area.

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.

Eagle Water submits that the extension of its facilities to serve Petticoat Junction is consistent with the public convenience and necessity. Eagle Water requests that its Application be processed pursuant to Modified Procedure, i.e., by written submission rather than by hearing. Reference Commission Rules of Procedure, IDAPA 31.01.01.201-204.

On September 5, 2003, the Commission issued Notices of Application and Modified Procedure in Case No. EAG-W-03-1. The deadline for filing comments was Thursday, September 25, 2003. The Commission Staff was the only party to file comments. Staff recommends approval of Eagle Water's Application.

In its comments, Staff notes that 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 Idaho Inc. is located approximately 0.4 miles to the east. Staff notes that immediately west of Petticoat Junction, and within Eagle Water's certificated area, a very large commercial area is currently being developed. This adjacent development will eventually include a Home Depot Store, WinCo Grocery Store, fast food stores and several other small commercial stores. Although the adjacent commercial development is very large, its normal water requirements, Staff contends, will actually be much less than if the same area was developed as a residential subdivision. Staff notes, however, that the fire flow requirements of the adjacent commercial development are much higher than required for a residential area. Eagle

Water, Staff states, conducted fire flow tests at several locations in its system in the vicinity of the adjacent development. The results of those fire flow tests show that Eagle Water is easily capable of meeting minimum fire flow requirements.

Based on the fire flow test results, the close proximity of Petticoat Junction to the Company's existing service territory, the absence of any low pressure complaints during the past two years and the few customers expected in Petticoat Junction, Staff believes that the Company has the capability to satisfactorily serve Petticoat Junction.

Staff points 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 continuing capability to provide adequate service as additional development occurs on the east side of the Company's system.

Commission Decision

Eagle Water Company has requested authorization to amend and revise its Certificate of Public Convenience and Necessity No. 278 to include the Ada County commercial subdivision of Petticoat Junction. Staff recommends that the Company's Application be approved. Does the Commission agree?

Scott Woodbury

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