

DECISION MEMORANDUM

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

FROM: DON HOWELL/DAVE SCHUNKE

DATE: NOVEMBER 23, 2005

SUBJECT: EAGLE WATER COMPANY'S SURCHARGE TARIFFS AND ITS FAILURE TO FILE THE COMMISSION-ORDERED REPORT REGARDING THE REPLACEMENT COSTS OF ITS 8-INCH LINE, CASE NO. EAG-W-05-2

Compliance Tariffs

In Order No. 29903 issued October 27, 2005, the Commission authorized Eagle Water to implement a one-year surcharge to recover the costs of this summer's system improvements, to prepare a system engineering report, and to prepare the Surcharge Application. The surcharge designed was to recover \$160,389. The Commission's Order directed Eagle Water to submit conforming tariffs no later than November 3, 2005. The Company did not submit its surcharge tariffs until November 18, 2005.

The Staff has reviewed the Company tariffs and has determined that they are designed to recover approximately \$160,389 in revenues. Consequently, the Staff recommends that the Commission approve the surcharge tariffs for bills rendered after November 29, 2005.

The Report Replacement Costs

Part of the costs included in the surcharge (\$40,027) represent Eagle Water's costs in replacing the 8-inch mainline in the gravel pit with a 12-inch mainline. This mainline supplies the booster pump serving the Eagle Springs area. In its Order, the Commission noted that it did not possess enough information to support recovery of the \$40,027. Order No. 29903 at 7. Consequently, the Commission directed Eagle Water to submit additional information to substantiate recovery of this amount. More specifically, the Commission ordered Eagle Water to file a report addressing at a minimum: (1) the reasonableness of using a temporary easement for a 12-inch mainline; (2) whether the easement

agreement provided for adequate notification regarding gravel operations which might affect the mainline; (3) what is the basis for the \$2,511 in legal costs; and (4) whether [Eagle Water] has adequately explored seeking recovery of damages to the mainline from other parties.

Order No. 29903 at 7. Eagle Water was directed to file this information within 21 days of the Order, or no later than November 17, 2005.

As of the date of this Memorandum, Eagle Water has not filed the information to substantiate recovery of the \$40,027.

COMMISSION DECISION

Does the Commission wish to approve the Company's surcharge tariffs effective November 29, 2005?

What action does the Commission wish to pursue regarding the Company's failure to file a timely report regarding the mainline replacement costs?

Anything else?



Don Howell

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