

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF EAGLE WATER) CASE NO. EAG-W-15-01
COMPANY'S APPLICATION FOR)
AUTHORITY TO IMPLEMENT A CUSTOMER) NOTICE OF APPLICATION
SURCHARGE)
) NOTICE OF
) INTERVENTION DEADLINE
)
) ORDER NO. 33430
)

On November 10, 2015, Eagle Water Company filed an Application seeking authority to implement an immediate and temporary surcharge of 53.82% on customers' water usage in excess of 600 cubic feet per month. The Company also requests permission to access funds in an existing surcharge account. The new surcharge and the existing balance in the surcharge account would be used by Eagle Water to pay for several large capital improvement projects, and its legal and accounting fees associated with this proceeding. Application at 3-5. Eagle Water further requests that its Application be processed via Modified Procedure and that the surcharge become effective upon Commission Order pursuant to *Idaho Code* § 61-307.

BACKGROUND

Eagle Water serves approximately 3,500 customers in and around the City of Eagle. *See* Application, Exhibit D. Its water supply is currently provided from six wells (Well Nos. 1, 2, 3, 6 and 7). *See* Order No. 30936. A seventh well, Well No. 8, which is a major subject of this Application, has been drilled, but its operational status is unclear.

Since September 1992, Eagle Water has implemented various customer surcharges in addition to its basic charges for water service and customer hookup fees. *See* Eagle Water Rate Schedule No. 5; Commission Order Nos. 29903, 29969, and 30936. In 2005, the Company requested and received permission to implement a surcharge to recover charges for engineering, accounting and legal expenses to remedy poor water pressure at the time. In 2009, Eagle Water requested, and the Commission authorized, the Company to collect additional surcharge revenue for legal and accounting costs, and specific items relating to system maintenance.

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that Eagle Water seeks to recover the costs associated with several capital projects, and professional fees (accounting and legal) through a new customer surcharge. The capital improvements and other expenses are outlined below.

CAPITAL IMPROVEMENTS	COST
Main Booster Station	\$148,780.00
Construction of Well No. 8	\$598,480.00
Well No. 4 Repairs	\$ 62,245.00
Well No. 6 Repairs	\$ 25,586.00
State Street Bridge Line Relocation	\$ 13,432.00
Horseshoe Bend Road Bridge Line Relocation	\$ 6,489.00
Well No. 7 – Upsize Line	\$ 43,608.00
Hill Road Line Relocation	<u>\$ 25,895.00</u>
Subtotal	\$924,515.00

EXPENSES	
Accounting Fees	\$ 600.00
Legal Fees	<u>\$ 10,125.00</u>
Subtotal	\$ 10,725.00

The total for capital improvement projects and expenses is \$935,240. Application at 2-5.

YOU ARE FURTHER NOTIFIED that to defray these actual and projected costs set out above, the Company proposes to borrow \$786,242 from D.L. Evans Bank. According to the proposed terms of the bank loan, Eagle Water will borrow \$786,242 at a variable interest rate of the Wall Street Journal Prime rate + 2.00% with a floor rate of 5.5% over a projected term of about five years. Application, Exh. C. To repay the loan, the Company proposes to implement an immediate surcharge of 53.82% for usage above 600 cubic feet per month. In addition to the surcharge, the Company also seeks permission to access the remaining balance in the surcharge account. The Company reports that the current balance in the prior surcharge account is approximately \$149,000. Application at 5. The Company proposes to use these surcharge funds to offset costs. *Id.*

YOU ARE FURTHER NOTIFIED that the Company estimates that if the surcharge is approved, a customer using 700 cubic feet of water per month would experience an increase of 24¢, to an \$8.24 per month bill. Eagle Water claims that even if the surcharge is approved, its overall rates “are considerably lower than either the City of Eagle’s municipal water system rates or United Water-Idaho’s rates.” Application, Exh. G.

YOU ARE FURTHER NOTIFIED that the Company requests the surcharge to “take immediate effect upon the Commission Order” pursuant to *Idaho Code* § 61-307.¹ Application at 6.

YOU ARE FURTHER NOTIFIED that the Application and supporting workpapers, and exhibits have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices. The Application and testimonies are also available on the Commission’s web site at www.puc.idaho.gov. Click on the “File Room” tab at the top of the page, scroll down to the type of “Open Water Cases,” and then click on the case number as shown on the front of this document.

STAFF REVIEW

Commission Staff believes that a thorough review of the Company’s Application is necessary. Staff thus recommended the Commission issue a Notice of Application that suspends the requested immediate effective date by a period of 90 days. *See Idaho Code* § 61-622(3-4). Staff further recommended this case is appropriate for processing under the Commission’s rules of Modified Procedure. Staff recommended the Commission issue a Notice of Application and set a deadline for intervention. The Company has no objection to these recommendations.

DISCUSSION

After reviewing the Company’s Application and Staff’s recommendations, we find it is prudent to issue a Notice of Application and suspend Eagle Water’s proposed immediate effective date (December 10, 2015) by 90 days. We further find it reasonable to establish a 14-day intervention deadline; and direct Staff Counsel to convene a scheduling conference with the parties once the intervention deadline passes.

NOTICE OF INTERVENTION DEADLINE

YOU ARE FURTHER NOTIFIED that **persons desiring to intervene** in this matter for the purpose of becoming a party presenting evidence or cross-examining witnesses at hearing, if any, **must file a Petition to Intervene** with the Commission pursuant to this Commission’s Rules of Procedure 72 and 73, IDAPA 31.01.01.072 and -.073. Persons intending to participate as a party must file a Petition to Intervene **no later than fourteen (14) days from the service date of this Order**. Persons desiring to present their views without parties’ rights of

¹ *Idaho Code* § 61-307 provides in part that no change in rates shall be made by a utility “except after thirty (30) days’ notice to the commission and to the public. . . .”

participation and cross-examination are not required to intervene and may present their comments without prior notification to the Commission or the parties.

YOU ARE FURTHER NOTIFIED that the Commission Secretary shall issue a Notice of Parties after the deadline for intervention has passed and the Commission has reviewed any timely petitions to intervene in this matter. The Notice of Parties shall assign exhibit numbers to each party in this proceeding.

YOU ARE FURTHER NOTIFIED that once the Notice of Parties is issued, Commission Staff will convene an informal prehearing conference to discuss a schedule of this case and other issues as may be raised by the parties.

YOU ARE FURTHER NOTIFIED that the following persons are designated as Eagle Water's representatives in this matter:

Molly O'Leary
1775 W. State Street, #150
Boise, Idaho 83702
E-mail: Molly@BizCounselorAtLaw.com

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code and specifically *Idaho Code* §§ 61-501, 61-503, 61-507, 61-520, 61-523, and 61-622. The Commission may enter any final Order consistent with its authority under Title 61.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

ORDER

IT IS HEREBY ORDERED that persons desiring to intervene in this matter for the purpose of participating as a party shall file a Petition to Intervene with the Commission no later than fourteen (14) days from the service date of this Order.

IT IS FURTHER ORDERED that discovery is available in this matter pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.221-234.

IT IS FURTHER ORDERED that Eagle Water's proposed effective date of December 10, 2015, is suspended for a period of 90 days, until March 10, 2016, unless the Commission issues an earlier Order accepting, rejecting, or modifying the Application. *See* Order No. 33130 and *Idaho Code* § 61-622(4).

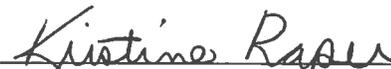
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 3rd
day of December 2015.



PAUL KJELLANDER, PRESIDENT

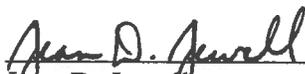


MARSHA H. SMITH, COMMISSIONER



KRISTINE RAPER, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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