DECISION MEMORANDUM

TO:COMMISSIONER NELSON

COMMISSIONER SMITH

COMMISSIONER HANSEN

MYRNA WALTERS

TONYA CLARK

STEPHANIE MILLER

DAVID SCHUNKE

DON HOWELL

DON OLIASON

MARGE MAXWELL

GARY RICHARDSON

WORKING FILE

FROM:BRAD PURDY

DATE:MAY 30, 1995

RE:CASE NO. GNR-W-94-1

On October 17, 1994, Goldan, Inc. (Goldan), an unregulated water company, filed a set of financial statements with the Commission.  Although not specifically stated in the Company’s filing, it was apparently Goldan’s intent to become a public utility and to have the Commission establish rates and charges for water service.  Goldan is the owner of two separate water systems:  Algoma Village Water and Sewer System and the Sagle Valley Estates Water and Sewer System located in northern Idaho.  Attached to Goldan’s filing are copies of several letters from concerned customers of the two water systems expressing dissatisfaction at the quality of service that they receive as well as Goldan’s attempts to increase rates for that service.  The October 17, 1994 filing was signed by Leo J. McGavick, who is one of the shareholders of Goldan.  Immediately following Goldan’s filing, Staff began an informal investigation and was informed by Mr. McGavick that Goldan’s preference was to convey the two water systems in question to the respective homeowners and to not become a public utility.  In light of Goldan’s desire, the matter was put on informal stay pending an attempt by the owners of the Company to transfer the water systems to the homeowners.  (Pursuant to Idaho Code §§ 61-104, 125 and 129, water systems owned and operated by nonprofit cooperatives, such as a homeowners’ association, do not constitute public utilities and are not subject to this Commission’s jurisdiction.)

During January of this year, it became apparent to Staff that there was dissention between the owners of Goldan concerning what should be done with the two water systems.  Staff reactivated the case by submitting a production request to the Company on February 17, 1995 seeking a variety of information regarding the two water systems.  Shortly after submitting the discovery, the Company once again stated that it was definitely pursuing a conveyance of the water system to the homeowners and Staff again agreed to put the matter on hold.

Since Goldan’s last request to put the matter on hold, the Company has been difficult, if not impossible, to contact.  Staff has received several inquiries from customers concerning the status of this case.  Staff has attempted, informally, to obtain a response to its production request without success.  It appears that the only viable course of action remaining is for the Commission to issue an Order compelling Goldan to respond to Staff’s February 17 production request.  Staff has contemporaneously filed a Motion to Compel along with a supporting affidavit.

Lest there be any doubt as to whether these water systems constitute a public utility and whether this Commission has jurisdiction, Goldan’s October 17 filing states:  “We would like to see at least a small profit in this operation!”  Idaho Code § 61-501 vests this Commission “with power and jurisdiction to supervise and regulate every public utility in the state and to do all things necessary to carry out the spirit and intent of the provisions of this act.”

Commission Decision

Does the Commission wish to issue an Order compelling a response?

Brad Purdy

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