Q.Please state your name and business address for the record.

A. My name is Donald M. Oliason.  My business address is 472 West Washington Street in Boise, Idaho.

Q.  By whom are you employed and in what capacity?

A.  I have been employed by the Idaho Public Utilities Commission as an electrical engineer since January 1990.

Q.  Please describe your educational background and engineering experience.

A.  I received Bachelor of Science degrees in Civil and Electrical Engineering from the University of Idaho and I am a registered Electrical Engineer in the states of Washington and Idaho.  In addition to my work with the Public Utilities Commission, I have had 24 years of experience in various engineering and operating positions with an electric, water and natural gas utility.

Q. What is the purpose of your testimony?

A.The purpose of my testimony is to describe the physical layout of the Algoma Addition (Algoma) and the Sagle Valley Estates (Sagle) water systems, make a general evaluation of their capabilities, and recommend a rate design for each.

Q.What is the source of the information on which you based your evaluation?

A.Mr. Leo McGavick advised me that he did not have the technical information I was seeking and referred me to the Idaho Department of Environmental Quality (DEQ).  Information on the Sagle water system was provided by DEQ.  Information on the Algoma water system was provided by the Panhandle Health District in     Coeur d’Alene, Idaho.

ALGOMA WATER SYSTEM EVALUATION

Q. Please describe the Algoma system.

A.Algoma has 21 residential and 4 commercial customers who pay a flat rate for water and sewer service.  Panhandle Health District believes that most if not all customers have meters but the meters are not read.  Present owners of the system do not know if all customers are metered.

The distribution system is mostly 6-inch PVC pipe with one section of 8-inch pipe serving commercial customers.  There is one well rated at 5 HP and 96 gallons per minute (GPM).  The system has a storage reservoir with a capacity of 60,000 gallons, and two booster pumps that discharge stored water into the distribution system at 250 GPM.  It is reasonable to assume peak demand at 3 GPM per customer which results in a total demand for 25 customers of 75 GPM which indicates that the well, rated 96 GPM, can supply peak demand even without the reservoir.

Q.What is your assessment of the Algoma system?

A.In my opinion the well and the distribution system are adequate to serve existing customers and we have no evidence to suggest that any improvements are needed.

SAGLE WATER SYSTEM EVALUATION

Q.Please describe the Sagle system.

A.Sagle has 27 unmetered residential customers who pay a flat rate for water and sewer service.

The distribution system is all 2-inch PVC pipe served by one well rated at 10 HP and 70 GPM.  It is reasonable to assume peak demand at 3 GPM per customer which results in a total demand of 81 GPM for 27 customers.  One can expect to have pressure problems with 2-inch water mains.  One can also expect pressure problems if the peak demand exceeds the pump rating.

The Commission Staff has received complaints from some Sagle customers regarding sand in the water, low pressure and too much pressure fluctuation.

Staff Witness Robert Smith, in his inspection of the Sagle system, observed that there were no meters and no shut-off valves at the customers’ service connections.  This means that service line repair would ordinarily require the shutdown of the entire water system.  Staff witness Marge Maxwell expresses concern in her testimony over the absence of shut-off valves and I share her concern.

Q.What is your assessment of the Sagle system?

A.Water main size and well capacity are borderline for 27 customers and the absence of shut-off valves at service connections invites unnecessary outages.

RECOMMENDATIONS REGARDING ALGOMA AND SAGLE

Q.What are your recommendations?

A.I have no recommendations for the Algoma system.  It has adequate well and water main capacity to serve existing customers.

For the Sagle system, I recommend that the owners hire a consulting engineer to study and evaluate this system to better define the problems and necessary solutions, and report the consultant’s findings to the Commission.  In addition, the owners should install a shut-off valve whenever maintneance work is done at a service connection.

RATE DESIGN:  ALGOMA

Q.What kind of rate design do you recommend for Algoma?

A.I recommend the Company continue with a flat rate.  There are no consumption records to evaluate and one can avoid adding meter reading expenses to customers’ bills.  However, it would be desirable for the Company to read the Algoma meters for 3 months during the summer of 1996 to see if there are reasons to change from a flat rate to a metered rate.

The current commercial rate is 1.6 times the residential rate and I propose not to disturb that relationship.  On this basis, 4 commercial customers are equivalent to 6.4 residential customers (1.6 times 4).

Staff Witness Smith calculates the annual revenue requirement to be $4773.92.  Spread over 27.4 equivalent residential customers (21 residential plus 4 commercial) this results in a monthly residential rate of 4773.92/(27.4 x 12)=$14.52.  The commercial rate becomes

1.6 x 14.52=$23.23.

RATE DESIGN:  SAGLE

Q.What kind of rate design do you recommend for Sagle?

A.Without meters, a flat rate is the only choice.  The installation of meters would require a significant rate increase, and there is no evidence to support the extra cost of meters at the present time.

Staff Witness Robert Smith calculates the annual revenue requirement to be $4740.90.  Spread over 27 customers this results in a monthly residential rate of 4740.90/(27 x 12)=$14.63.

SUMMARY

Q.Please summarize your recommendations.

A.I recommend the following:

1.  Set the monthly water rate for Algoma at $14.50 for residential and at $23.20 for commercial.

2.  Set the monthly water rate for Sagle at $14.60 for residential.

3.  Direct the water system owners to hire an engineering consultant to evaluate the Sagle system and report back to the Commission in 6 months.

4.  Direct the water system owners to install a shut-off valve whenever maintenance work is done at a service connection.

5.  Direct the water system owners to read the Algoma meters for 3 months during the summer of 1996 and make this data available to the Commission Staff for review.

Q.Does this conclude your direct testimony in this proceeding?

A.Yes, it does.