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

A.My name is Marjorie Maxwell.  My business address is 472 West Washington Street, Boise, Idaho.

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

A.I am employed by the Idaho Public Utilities Commission as a Utilities Compliance Investigator.

Q.What is your educational background and relevant employment history?

A.I received a Bachelor of Arts Degree in Secondary Education from the College of Idaho [Albertson College of Idaho], 1980.  I have taken continuing education classes and professional courses including the New Mexico State University's Public Utilities Course October, 1992.  I have been employed by the Commission since January 1984, and have been in my present position since June 1992.

Q.Have you previously testified before this Commission?

A.Yes, I have.

Q.What issues will you discuss in your testimony?

A.I will discuss water quality, customer relations, general rules and regulations for small water utilities, billings, and tariffs.  Since there has been some confusion over ownership of the Company, my references to “the utility” or “the Company” include Goldan, Inc., Sagle Valley Estates, Algoma Addition, and Mountain Pacific Land Co., Inc. unless otherwise stated in my testimony.

Q.Have customers complained about water quality?

A.Sagle customers complain that the system’s water pressure is poor, that there is sand in the water, and that the water has a high iron content.  Staff Engineer Oliason will address these issues in more detail in his testimony.

Q.What are your findings regarding customer relations?

A.Customers located in Sagle Valley Estates express concerns about the difficulty in getting the Company to communicate with them, saying the utility fails to respond to even written communication.  Sagle customers state that because they have been unable to get needed financial information from the Company, the Water and Sewer District they formed cannot determine an appropriate purchase price to offer the Company.  Customers do not believe the Company is meeting its financial obligations and express concern about the consequences to them of the Company’s inaction.  Staff does not know whether Algoma customers have similar concerns.

The Commission Staff has also experienced difficulty obtaining information from the Company as evidenced by a lack of response to Staff’s February 17, 1995 Production Request.  In July 1995 Leo McGavick, Goldan, Inc., did answer certain Production Request questions.  Mr. McGavick advised Staff that because Goldan, Inc., had no legal interest in the Sagle system, questions regarding Sagle Valley Estates needed to be answered by Gary Callihan of Mountain Pacific Land Company.  To date, Mr. Callihan has provided no written response to Staff’s Production Request.

Q.In what ways can the Commission Staff assist the Company in addressing customer relations and establishing guidelines?

A.The Company must adopt and follow the Commission’s Utility Customer Relation Rules (UCRR) and the Utility Customer Information Rules (UCIR).  Staff has provided the utility with both sets of rules.  These rules provide a template for just, reasonable, and non-discriminatory treatment of customers.

Staff also supplied Mr. Callihan with a set of model general service rules and regulations for small water utilities.  These general rules and regulations are designed to be applicable to all small water utilities so that no, or only minor, modifications are necessary to meet the special needs of any specific water company.  This set of rules is intended primarily to address the responsibilities that the water company and its customers have to each other.  The Company may adopt these rules and regulations, or submit its own version for approval by the Commission.

To assist the utility, Staff provided to both Mr. Callihan and Mr. McGavick samples of documents, including a rules summary, that meet UCRR requirements.

Q.How often are customers billed?

A.According to Goldan’s Production Request response, customers are billed a flat $52.00 rate monthly.  The utility advised Staff Auditor Smith that half that amount, or $26.00, is for water service, with the other half covering sewer service.

Q.Does the utility’s bill meet UCRR requirements?

A.The bill submitted in response to Staff’s Production Request, Exhibit No. 111 could, with a few additions, meet UCRR 201 requirements.  Recently Staff learned that Mr. Callihan of Mountain Pacific Land Co., instead of Mr. McGavick of Goldan, Inc., bills customers.  Mr. Callihan informed Staff that he had adjusted water rates to $14.63, the level recommended by Staff in its January 19, 1996 Preliminary Report, and that he now separately itemizes charges.  On April 24, 1996 Mr. Callihan agreed to supply a copy of his billing along with a copy of a recent notice he sent to customers.  This information has not yet been received.  Staff recommends that the Commission direct the Company to provide a copy of its current bill and to comply with UCRR requirements.

Q.Do customer bills reflect a net reduction?

A.Not exactly.  A customer provided copies of bills received from Mountain Pacific Land Co. since January 1996.  Costs of water and sewer now appear on separate bills.  However, the combined total remains $52.00.  Staff’s review of these bills show the billing format has changed three times since January.

It appears that Mountain Pacific Land Co.’s bill could, with minor changes, meet UCRR requirements.  When Staff knows the proper billing entity and what billing format is to be used, Staff will assist the utility in determining exactly what changes are necessary in order to comply with UCRR.  Determining who is the appropriate billing authority is an important issue with customers as well.  At least one customer is withholding payment until the utility provides proof of its ownership.

Q.Does the utility currently disconnect customers due to non-payment for water?

A.Because there are no individual shut off valves on the Sagle system, the utility cannot easily disconnect Sagle customers for non-payment.  The lack of shut off valves also means that there is no easy way to disconnect service at a customer’s request or in case of an emergency.  There are shut off valves and meters on the Algoma system, but Staff has no information supporting that the utility uses disconnection as a collection tool.

Q.After regulation, what happens to past due amounts owed to the utility?

A.Amounts owed the utility prior to regulation should not be included on bills issued after the final order in this case to prevent any misunderstanding on customer accounts.  The Company is not allowed to disconnect for non-payment of any amount owed prior to regulation.  The utility may, of course, seek collection of payments through other means.

Q.Does the utility currently have an agreement for serving water to customers?

A.Exhibit 112 is a copy of the Water Service Connection and Water Service Agreement for the Algoma Addition.  This agreement is between Mountain Pacific Land Company, Inc. and individual Algoma Addition customers.  Staff does not know whether Sagle customers have a similar agreement.  When the utility is formally regulated, the Commission’s jurisdiction and rate-setting authority will supersede the utility’s Water Service Connection and Water Service Agreement, and future customers will no longer be required to sign this agreement as a condition of receiving water service.

Q.Has the utility filed proposed tariffs?

A.It has not.  When the Commission determines appropriate rates, the Company must file tariffs to reflect its rates, charges and general service provisions for Commission approval.  The tariffs should include commodity rates, non-recurring charges, e.g., reconnection fees, and hook-up charges, and the general service rules and regulations for small water companies.  It is in the utility’s best interest to file tariffs as quickly as possible because a regulated utility can charge only rates approved by the Commission.  Staff can assist the utility in following the prescribed format if necessary.

Q.Do you have additional concerns the Commission should address?

A.Oral information Staff received April 24, 1996 is that Mr. Callihan will be the person responsible for bringing the Company into regulatory compliance.  Because the Company may be unfamiliar with Idaho utility laws and because Mr. Callihan historically has failed to adequately respond to requests, Staff recommends the Commission clearly outline what the Company must do and lay out the possible ramifications the utility faces if it fails to comply.

Q.Please summarize your recommendations.

A.I recommend the Company: provide proof of ownership of the water system[s]; make a concerted effort to address customer concerns, communicate with customers and the Commission, and become easily accessible to its customers; submit its tariff schedules and its general rules and regulations for providing water service for Commission approval; provide a copy of its summary of UCRR rules, which is required to be given annually to customers; provide the Commission with a copy of its bill and work with Staff to make any necessary changes to meet UCRR requirements; and install individual shut off valves on the Sagle Valley Estates system so that water service can be disconnected when necessary.

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

A.Yes, it does.