DECISION MEMORANDUM

TO:COMMISSIONER NELSON

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COMMISSIONER HANSEN

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GARY RICHARDSON

WORKING FILE

FROM:SUSAN HAMLIN

DATE:DECEMBER 1, 1995

RE:APPLICATION OF BITTERROOT WATER

COMPANY FOR A CERTIFICATE OF PUBLIC CONVENIENCE

AND NECESSITY,  CASE NO. GNR-W-95-2

Bitterroot Water Company (Bitterroot; Company) is a small new water company that provides water to homeowners in the Silver Meadows Subdivision in Kootenai County, Idaho.  Bitterroot filed an Application with the Commission on October 24, 1995 seeking a Certificate of Public Convenience and Necessity.  The Commission issued a  Notice of Modified Procedure and Notice of Application on November 13, 1995, seeking public comment on Bitterroot’s Application.  Staff filed comments recommending approval of the Certificate.  No other comments were filed.

Background

  The Silver Meadows subdivision is located approximately 15 miles north of  Coeur d’Alene and 1.5 miles west of the Silverwood Theme Park located on US Highway 95.(footnote: 1)  There are 52 lots in the subdivision.  Presently there are seven homeowners being served by Bitterroot and 32 lots are ready for sale.

Bitterroot is incorporated in Idaho and has a business relationship with Denali Vandals Inc. (Denali), the developer of the Silver Meadows subdivision.  Denali, an Alaska corporation qualified to do business in Idaho, installed the water system.  Bitterroot was created to take over the operation and maintenance of the water system.

Water System

On November 6-7, 1995, Staff examined the Silver Meadows subdivision and Bitterroot water system.  The water system has been completed and appears to be a well- engineered system.  The majority of the main lines are eight inch PVC pipe.  The primary water supply for the subdivision is an eight inch, 464' deep well, which is equipped with a three phase, 480 volt, 25 hp submersible turbine pump.  The well is capable of delivering 125 gallons per minute into the system.  A 100,000 gallon underground concrete storage reservoir is under construction immediately adjacent to the well house.  When completed in the spring of 1996, the reservoir will include three 5 hp booster pumps.  The well house currently contains six 250 gallon pressure tanks.

Bitterroot has a secondary source of water through interconnection with another water system located southeast of the Bitterroot system.  This second water system is served by a well drilled by the Rickle family, who is developing property adjacent to the Silver Meadows subdivision.  The well house contains a 2,000 gallon pressurized storage tank.  This second well supplies water to the Silver Meadows subdivision and to the Rickle’s adjacent property.  Because these two systems are interconnected, Bitterroot and Rickle have a written water use agreement describing the terms, administration, and easement to the well and pipes.  The Rickle system is not included in the Bitterroot Application for a Certificate of Public Convenience and Necessity.  The Rickle’s system may require a certificate of public convenience and necessity once their development commences.

Bitterroot currently is not charging the existing seven customers for water.  Staff is reviewing rate design issues and will present a proposed rate structure to Bitterroot and will seek the Commissions approval of rates in the future.  Bitterroot requested issuance of a certificate prior to rates being established so that prospective lot purchasers can obtain loan financing without further delay.

Staff Recommendation

Staff has determined that the Bitterroot water system is well engineered, there is a good source of water, and it has the ability to deliver water to the customers.   Bitterroot has the financial ability to operate the company and there is a need for water service in the Silver Meadows subdivision.

Staff is concerned, however, that interconnection with the Rickle system could affect the service and water quality of the Bitterroot system.  Because the systems share some distribution pipes and are using the same sources of water,  it is important for health and safety reasons that the Commission is assured that water supplies are not depleted unnecessarily, and that water quality meets applicable standards.  Staff would like to see the two systems  combined as one public utility to ensure the entire supply would be in the control of one managing entity.  Absent a combined system, Staff recommends as a condition of approval in this case that Bitterroot provide assurance that water quality and service will not be compromised by future development in Rickle’s system.  In particular, Bitterroot should keep the Commission informed about any development in the Rickle system to assure that water supplies are not depleted unnecessarily, and provide assurance that future operation, new services and system expansions are in accordance with applicable standards so as not to jeopardize either systems.

In conclusion, Staff recommends issuing the Certificate of Public Convenience and Necessity within specified geographic boundaries with a condition of approval that Bitterroot provide assurance that water quality and service are in accordance of DEQ standards.

Commission Decision

1.  Does the Commission find that there is a public need that warrants issuance of a  Certificate of Public Convenience and Necessity for this water system?

2.   Does the Commission wish to issue a Certificate of Public Convenience and Necessity for this water system ?

3.   Does the Commission wish to include as a condition of approval that Bitterroot must provide the Commission assurance that the system is in accordance with water quality standards?

4.  Does the Commission have another recommendation?

Susan Hamlin

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**FOOTNOTES**

1:

The legal description of the Silver Meadows subdivision is Township 53 North,  Range 03 West, Section 29, Boise-Meridian, Kootenai County, Idaho.  The subdivision is recorded in the Kootenai County Recorder Office, Record Number 1375350, Book G, pages 187-187B.