(text box: 1)BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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| IN THE MATTER OF THE INVESTIGATION INTO WHETHER VALLEY VIEW SUBDIVISION, INC. IS A PUBLIC UTILITY SUBJECT TO COMMISSION REGULATION | ))))))) | CASE NO. GNR-W-96-1ORDER NO.  26487 |

On March 14, 1994, the Commission received a Petition requesting an investigation into whether Valley View Subdivision Inc. (Valley View; Company) is operating as a public utiltiy subject to Commission regulation.  Valley View operates a water and sewer system located within Valley View Subdivision located 2 miles east of Kamiah, Idaho on U.S. Highway 12.  Valley View provides water to approximately 45 homeowners within the subdivision. Mr. John Jasper is one of the original developers of the subdivision and currently the controlling officer of the Company. The Petition, signed by approximately 35 customers of Valley View, claims that the rates are too high, that rate increases are excessive and arbitrary, and that there are unreasonable restrictions on water uses.

In 1994, Commission Staff began an investigation of Valley View to detemine if it is a public utility subject to Commission regulation.  Midway through Staff’s investigation, the homeowners organized to form a water and sewer district in hopes of purchasing the water system from Mr. Jasper.  On March 14, 1995, the homeowners filed a petition in District Court for approval of a water and sewer district.  On December 20, 1995, the District Court signed an Order establishing Valley View Water and Sewer District (Water District).   Because the homeowners had taken serious steps to organize a water and sewer district, and at the request of both the parties, the Commission postponed designating the complaint as a formal case and the Staff interrupted its investigation.

  To date, the Commission has not been informed of any purchase of the water system by the Water District. Recently, the Commission has received phone calls and letters from customers complaining of an additional rate increase and water quality.  The president of the Valley View Water District also indicated that negotiations to purchase the system are slowing down and the water district would like to see the Commission begin regulation.

By this Order we are opening a formal investigation into whether Valley View Water System is a public utility subject to Commission regulation.  Under Idaho Code § 61-129, the term “public utility” includes every “water corporation, . . . as [that] term is defined in this chapter. . . .”  Idaho Code § 61-125 defines “water corporation” as “every corporation or person . . . owning, controlling, operating or managing any water system for compensation within this state.”

The Commission’s inquiry will focus on whether Valley View is selling water to the public for compensation within the state of Idaho. To that end, Commission Staff is directed to issue production requests, written interrogatories or other forms of discovery as well as pursue its statutory right to examine and audit the records of Valley View as they relate or pertain to the sale of water.

ORDER

IT IS HEREBY ORDERED that the Commission  initiate this proceeding to investigate whether Valley View is operating as a public utility subject to Commission regulation.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this                  day of  June 1996.

RALPH NELSON, PRESIDENT

MARSHA H. SMITH, COMMISSIONER

DENNIS S. HANSEN, COMMISSIONER

ATTEST:

Myrna J. Walters

Commission Secretary

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**COMMENTS AND ANNOTATIONS**

Text Box 1:

**TEXT BOXES**

Office of the Secretary

Service Date

June 11, 1996