DECISION MEMORANDUM

TO:COMMISSIONER NELSON

COMMISSIONER SMITH

COMMISSIONER HANSEN

MYRNA WALTERS

TONYA CLARK

DON HOWELL

STEPHANIE MILLER

DAVE SCHUNKE

DON OLIASON

BOB SMITH

ROSE SCHULTE

GARY RICHARDSON

WORKING FILE

FROM:SUSAN HAMLIN

DATE:MAY  29, 1996

RE:VALLEY VIEW WATER SYSTEM

In 1994 the Commission received a Petition from customers of Valley View Water System (Valley View; Water System) requesting that the Commission investigate Valley View.  The Petition indicated that the signers believe that the rates are too high, that rate increases are excessive and arbitrary, and there are unreasonable restrictions on water uses.

Pursuant to this Petition, Staff began an investigation into the Water System and the complaints of the customers.  No formal case was initiated.  The investigation revealed that the customers reside within Valley View Subdivision, developed by John Jasper, who also owns the Water System.  The Water System provides water and sewer services to about 45 customers in Kamiah, Idaho.  Customers are on a partially metered system and were charged $30 per month for both water and sewer services.  Although Staff is unsure, what the monthly charge currently is, recent complaints indicate that it may have been raised.  Based on its initial review of the water system, Staff believes that Valley View  is a public utility subject to Commission jurisdiction.  Valley View has not requested a Certificate to operate as a public utility and the Commission has not authorized any rates for Valley View at this time.

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).  The Water District has since elected officers and has currently hired an engineer to evaluate the water system. The engineering report is expected to be done by December 1996.

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. All parties hoped that they could reach resolution of the matter without Commission intervention.  Recently, however, Staff has received phone calls and letters from customers complaining of an additional rate increase. 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. Staff believes that the Commission has given the parties ample time to negotiate a settlement among themselves and now feels it is time to recommence the investigation.

STAFF’S RECOMMENDATION

 Staff  recommends that formal proceedings should commence to determine whether Valley View is a public utility and to establish rates.  Staff recommends that a notice be issued to the parties of the Commission’s intent to begin a formal case.  Staff intends to complete its audit in the near future and will present its recommendation in a written report to the Commission.  Upon completion of its audit Staff will seek to have this case set for hearing.

Commission Decision

Does the Commission wish to open a formal case to determine whether Valley View Water System is a public utility subject to Commission jurisdiction and to establish rates?  Does the Commission have another suggestion?

Susan Hamlin

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