M E M O R A N D U M

To:S.  MillerD.  Schunke

T.  CarlockB.  Barker

S.  WoodburyOriginal File

D.  OliasonWorking File

R.  Schulte

From:B.  Smith

Date:October 17, 1996

Subject:Earl Reamy Water Case No.  GNR-W-96-3

Attached to this memo is a copy of a fax we received yesterday from one of the customers on this system.  It seems that Mr. Reamy sold the water system to a company named Coyote Coeur d’Alene Corp.  I have checked with the Secretary of State an learned that this company was incorporated March 6, 1996 and is in good standing.

Neither the letterhead nor the customer bill contains a phone number for the new company.  I phoned and talked with Mrs.  Reamy who verified that indeed the water system was sold in early September.  It is a new company and is not listed int the telephone directory.  Through directory assistance I got the Coyote phone number.  It is (please make a note to yourself) 667-2226.  I am waiting for a return call from Mr. Davis as I write this.

Coyote Coeur d’Alene appears to be in several businesses.  The phone was answered as Coyote salvage (auto wrecking?)  and I understand another business is Coyote liquidators.  Mr. Davis could not come to the phone because they were “in the middle of an auction right now.”

As you can see from the attached letter, the new company has noticed customers that rates will increase significantly in January.  The  rates in effect when Staff began its investigation (as best I can determine from J.  Taylor’s file) were $30 for the first 30,000 gallons plus $.40 per thousand gallons in excess of 30,000.  The proposed rates per attached letter are $42.50 for the first 20,000 plus $.70 per thousand in excess of 20,000 gallons.  The last page of the attached is a quick schedule I prepared to measure the effect on customers.  (42 - 70% increase 1994 to 1/1/97).

It appears from other sketchy info I have that Mr. Reamy indeed increased rates subsequent to the report  J. Taylor filed.  It appears that current rates (Jul 96 Bill) are $32.5 for the first 20,000 gallons plus $.50 / thousand in excess of 20,000.

Commission Order No.  26643 (Oct 15, 1996) found that the Earl Reamy Water System was subject to the jurisdiction of the Commission and directed Mr. Reamy to file a certificate application within 60 days.  The sale of the system took place prior to the Order date.

What now folks?  Do we ask the Commission to issue a new order directed at Coyote Coeur d’Alene?  Do we ask Mr. Davis to voluntarily comply with an order directed toward a system he purchased and file the application by November 14?  Do we suggest that he comply with the order but ask for an extension in order to have time to prepare?

This (now formal case) investigation has drug on for several years.  It appears that our first contact with Mr. Reamy was March of 1994 (could have been earlier).  Staff has stalled taking any formal action pending a sale to the homeowners that never took place.  This stall technique, in order to avoid taking jurisdiction over another small economically questionable utility, reflects poorly on the Commissions responsiveness to consumer complaints.  It appears to the consumer that the Commission is doing nothing and, as is the case now with this system, the problem is compounded as action by the operator changes not only the level of the playing field but the name of the game.  In my opinion, we should take immediate jurisdiction over a system the moment we determine the system is subject to Idaho Code, Title 61.  If indeed an operator is willing and able to convert the system to an unregulated entity, the certificate can easily be canceled.

What advice and direction do I give Mr. Davis?