

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF KOOTENAI HEIGHTS WATER) **CASE NO. KHW-W-05-1**
SYSTEM, INC. FOR A CERTIFICATE OF)
PUBLIC CONVENIENCE AND NECESSITY) **SECOND NOTICE OF**
) **APPLICATION**
)
) **SECOND NOTICE OF**
) **MODIFIED PROCEDURE**
)
) **ORDER NO. 29960**

On August 22, 2005, Kootenai Heights Water System, Inc. (Kootenai Heights; Company) filed an Application for a Certificate of Public Convenience and Necessity with the Idaho Public Utilities Commission (Commission). On September 30, 2005, the Commission issued an initial Notice of Application and Modified Procedure establishing a deadline for written comments of November 10, 2005. On November 1, 2005, the parties executed a Stipulation asking the Commission to suspend the written comment deadline. The Commission suspended the comment deadline and directed the parties to report the status of this matter to the Commission within 60 days. Order No. 29909. On January 20, 2006, Staff reported that the Company wishes to proceed with its original Application. With this Order the Commission again authorizes the use of Modified Procedure and establishes a deadline for the submission of comments and/or objections.

THE APPLICATION

YOU ARE HEREBY NOTIFIED that according to the Company's Application the water system is currently in service with six residential customers connected to the system. Application at 2. The Company states that the system will ultimately serve 11 residential customers. *Id.* The requested service area for the water system consists of Lots 7-18 of Kootenai Heights, with the well located on Lot 10. Application at 1. The Company states that the cost to construct the system was \$83,500 including the value of Lot 10. Application at 2. The average monthly consumption for the entire system is 31,000 gallons, and the Company states that billing will start on October 1, 2005. *Id.* The Application states that proposed rates

and charges, rules, and forms are all contained within the Water Service Agreement submitted with the Application. *Id.*

YOU ARE FURTHER NOTIFIED that the Water Service Agreement and Easement (WSA) states that the system was developed to provide water “to certain Lots in Kootenai Heights and for further development of additional land and lots in the sole discretion of the Water Provider.” WSA at 1. The WSA further provides that each Lot shall pay a hook-up fee of \$5,000, and that rates will be \$40 per month up to 10,000 gallons, and \$4.00 per thousand gallons used over 10,000 gallons per month. WSA at 2. Each customer will be metered, with the cost of the meter and its installation paid by the Company. *Id.* The Agreement states that monthly rates will not be increased for the first five years. WSA at 2-3. Additionally, the Agreement states that monthly bills will not be sent, and the lot owner shall pay the monthly fee on the first day of each month. WSA at 3. Billings will be sent to customers twice a year, on or about May 1 and October 1, for the purpose of computing and billing any excess water usage over the allowed 10,000 gallons per month. WSA at 3-4.

YOU ARE FURTHER NOTIFIED that the Company submitted various supplemental documents with its Application including: a map of the proposed service area, a Water Service Agreement and Easement form, documents evidencing the incorporation of the Company, a copy of the contract with its Certified Operator, a copy of a Clarification-Modification of the Plat for Kootenai Heights, and a letter from the Department of Environmental Quality (DEQ) evidencing conditional approval of the as-built plans.

YOU ARE FURTHER NOTIFIED that Kootenai Heights’ revenue requirement, and every component of it, both rate base and expense, are at issue. The Commission may grant, deny, or modify the revenue requirement requested and may find that a revenue requirement different from that proposed by any party is just, fair and reasonable. IDAPA 31.01.01.124.01.

YOU ARE FURTHER NOTIFIED that the proposed rates and charges for all Kootenai Heights customers are at issue. The Commission may approve, reject or modify the rates and charges proposed and may find that rates and charges different from those proposed by any party are just, fair and reasonable. IDAPA 31.01.01.124.02.

YOU ARE FURTHER NOTIFIED that the tariffs, practices, rules and regulations, service, instrumentalities, equipment, facilities, classifications, and customer relations of the utility are at issue, and the Commission may address any of them in its Order. IDAPA 31.01.01.124.02.

YOU ARE FURTHER NOTIFIED that the Company's Application together with supporting workpapers, testimonies and exhibits, have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices. The Application and testimonies are also available on the Commission's Website at www.puc.idaho.gov under the "File Room" icon.

NOTICE OF MODIFIED PROCEDURE

YOU ARE FURTHER NOTIFIED that the Commission has reviewed the filing of record in Case No. KHW-W-05-1. The Commission has preliminarily determined that the public interest may not require a hearing to consider the issues presented in this case and that issues raised by the Company's filing may be processed under **Modified Procedure**, i.e., by written submission rather than by hearing. IDAPA 31.01.01.201-204. In so doing, the Commission notes that Modified Procedure and written comments have proven to be an effective means for obtaining public input and participation.

YOU ARE FURTHER NOTIFIED that the Commission may not hold a hearing in this proceeding unless it receives written protests or comments opposing the use of Modified Procedure and stating why Modified Procedure should not be used. IDAPA 31.01.01.203.

YOU ARE FURTHER NOTIFIED that if no protests or written comments are received within the deadline, the Commission will consider the matter and enter its Order without a hearing. If protests or comments are filed within the deadline, the Commission will consider them and may, in its discretion, set the matter for hearing or decide the matter and issue its Order on the basis of the written positions before it. IDAPA 31.01.01.204.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be held pursuant to the Commission's authority and jurisdiction under Title 61 of the Idaho Code, and more specifically, *Idaho Code* §§ 61-124, 61-125, and 61-129.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

NOTICE OF COMMENT/PROTEST DEADLINE

YOU ARE FURTHER NOTIFIED that **the deadline for filing written comments or protests** with respect to the Application and the Commission's use of Modified Procedure in Case No. KHW-W-05-1 is **Thursday, March 9, 2006**. Persons desiring a hearing must specifically request a hearing in their written protests or comments.

YOU ARE FURTHER NOTIFIED that written comments concerning this case should be mailed to the Commission and to the Company at the addresses reflected below.

Commission Secretary
Idaho Public Utilities Commission
PO Box 83720
Boise, ID 83720-0074

Floyd N. McGhee, President
Kootenai Heights Water System, Inc.
PO Box 1925
Sandpoint, ID 83864

Street Address For Express Mail:
472 W. Washington Street
Boise, ID 83702-5983

Gary A. Finney
Finney, Finney & Finney, P.A.
120 E. Lake Street, Suite 317
Sandpoint, ID 83864

These comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's homepage located at www.puc.idaho.gov. Click the "Comments and Questions" icon, and complete the comment form, using the case number as it appears on the front of this document.

FINDINGS/CONCLUSIONS

The Idaho Public Utilities Commission has jurisdiction over Kootenai Heights Water System, Inc.'s Application for a Certificate of Public Convenience and Necessity, and the issues involved in this case by virtue of Title 61, Idaho Code, and more specifically, *Idaho Code* §§ 61-124, 125, and 129, and the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

The Commission has preliminarily determined that the public interest may not require a hearing to consider the issues presented in this case, and that issues raised by the Company's filing may be processed under **Modified Procedure**, i.e., by written submission rather than by hearing. IDAPA 31.01.01.201-204. In so doing, the Commission notes that Modified Procedure and written comments have proven to be an effective means for obtaining public input and participation.

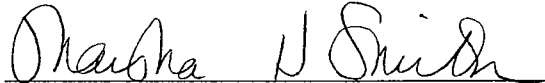
ORDER

IT IS HERBY ORDERED that this case be processed under Modified Procedure. Persons interested in submitting written comments regarding this case or protesting the use of Modified Procedure should do so no later than March 9, 2006.

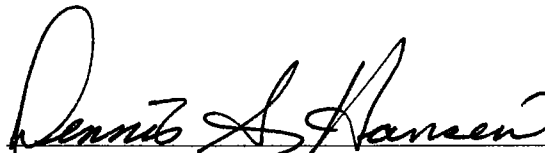
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 27th day of January 2006.



PAUL KJELLANDER, PRESIDENT

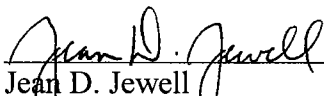


MARSHA H. SMITH, COMMISSIONER



DENNIS S. HANSEN, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

O:KHW-W-05-01_dw3