

DECISION MEMORANDUM

TO: COMMISSIONER KJELLANDER
COMMISSIONER SMITH
COMMISSIONER HANSEN
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL

FROM: DONOVAN E. WALKER

DATE: SEPTEMBER 19, 2005

SUBJECT: APPLICATION OF KOOTENAI HEIGHTS WATER FOR A
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY – CASE
NO. KHW-W-05-1

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 Commission. 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.

THE APPLICATION

According to the 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.*

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 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 1st 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.

STAFF RECOMMENDATION

It appears from the Company’s Application that it is a water corporation operating a water system for compensation providing service to the public in the State of Idaho, and therefore subject to the jurisdiction of this Commission. *Idaho Code* §§ 61-124, 61-125, 61-129. Staff recommends that the Company’s Application be processed by Modified Procedure. See, IDAPA 31.01.01.201-204. Staff indicates that it will be in the Sandpoint area on October 13 and 14, 2005, and could conduct its on-site audit, tour and inspection of the system at that time. Staff recommends that comments be submitted by November 10, 2005.

COMMISSION DECISION

Does the Commission preliminarily find that the public interest may not require a hearing to consider the issues presented, and that this proceeding may be processed under Modified Procedure?

Does the Commission wish Staff to conduct a public workshop prior to Staff filing its written comments?



Donovan E. Walker

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