

DECISION MEMORANDUM

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

FROM: DONOVAN E. WALKER

DATE: JANUARY 20, 2006

SUBJECT: KOOTENAI HEIGHTS WATER SYSTEM'S APPLICATION 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. On September 30, 2005, the Commission issued a 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.

BACKGROUND

On August 22, 2005, Kootenai Heights applied for a Certificate to operate a water system in the City of Kootenai, Idaho. Application at 2. The Company states that the system is currently in service with 6 residential customers and 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 Application states that proposed rates and charges, rules, and forms are all contained within the Water Service Agreement submitted with the Application. *Id.* The average monthly consumption for the entire system is 31,000 gallons, and the Application states that billing will start on October 1, 2005. *Id.*

After consulting with Commission Staff, the Company wished to pursue alternative organizational structures that would possibly effect whether the Commission had regulatory jurisdiction over it. Given the number of current and potential future customers of the system, as well as the proposed service territory, investment, etc., Staff recommended that the comment deadline, set for November 10, 2005, be suspended to allow the Company and Staff additional time for discussion prior to filing comments. The parties signed a joint Stipulation asking the Commission to suspend the November 10, 2005, comment deadline so the Company could have additional time to explore alternative organizational structures. The parties agreed to report the status of this matter to the Commission in 60 days. The Commission accepted this Stipulation. Order No. 29909.

STATUS REPORT

The Company has informed Staff that it wishes to move forward with its original Application for a Certificate of Public Convenience and Necessity to operate its water system in the City of Kootenai, Idaho. Although the Company may at some point desire to turn the system over to the homeowners, until the surrounding areas are developed and the possible future expansion of the system is complete it wishes to proceed with its Application.

Staff needs some additional time to complete the audit of the Company and the evaluation of its Application. Staff recommends that the Commission re-establish a comment period of 45 days under Modified Procedure to process this Application.

COMMISSION DECISION

Does the Commission wish to re-establish a 45-day comment period for the Company's Application under Modified Procedure? Does the Commission wish to employ any other procedure for this matter?



DONOVAN E. WALKER

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