

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE APPLICATION )  
OF RESORT WATER COMPANY FOR THE ) CASE NO. RES-W-11-01  
DE-ANNEXATION OF A PORTION OF ITS )  
SERVICE TERRITORY ) ORDER NO. 32327  
\_\_\_\_\_ )**

On November 12, 2010, the Commission received a letter from Spires Water Co. (“Spires”) seeking assistance from Commission Staff in their effort to acquire a portion of the service territory of Mountain Utility Company/Resort Water Company (“Resort Water” or “Company”). Spires attached several exhibits, including maps and correspondence between representatives of both Companies. *See* Spires Letter, Exhibits A-D.

On January 24, 2011, the Commission received a letter from Resort Water President Tom Trulock requesting authority to de-annex a portion of the Company’s Commission-approved service territory. Specifically, Resort Water has agreed to transfer “Lots 6, 7, 8, 9, 10 Block E, plus the adjoining un-platted 2.3 acre piece of land, all of the Crystal Springs Subdivision” to Spires Water Co. Resort Water Letter at 1.

On June 23, 2011, the Commission issued a Notice of Application and Modified Procedure with a 21-day comment period. *See* Order No. 32271. Commission Staff was the only party to submit written comments regarding Resort Water’s Application.

**BACKGROUND AND STAFF COMMENTS**

The Resort Water Company was issued Certificate No. 445 pursuant to the findings and conclusions of Order No. 29732 in Case No. RES-W-04-01. The legal description of the Company’s current service area is described as follows:

Township 58 North, Range 2 West, Section 20, Boise Meridian, Bonner County, Idaho. More specifically described as the South 1/2 of the Northwest 1/4, the West 1/2 of the Northwest 1/4, and the North 1/2 of the Southwest 1/4.

In its comments, Staff described the area of proposed de-annexation as “a portion of the Company’s service area in North 1/2 of the Southwest 1/4 of Section 20, Township 58 North, Range 2 West, B.M., Bonner County.” Staff Comments at 2. Specifically, Lots 6, 7, 8, 9 and 10, Block E of Crystal Springs Subdivision and the adjoining 2.3 acres unplatted area between

Crystal Springs Subdivision Block E and The Spires, PUD (Planned Unit Development) are reserved for de-annexation. *Id.*; Atch. A and B. Staff remarked that “Lot Nos. 6 and 7 have been sold to private parties.” *Id.*

Resort Water currently has three wells, three storage reservoirs, no booster pumps and “serves a total of 406 residential and commercial customers.” *Id.* Spires is not currently regulated by the Commission. *Id.* Spires is registered with the Idaho Secretary of State as The Spires Water Company, LLC and has been operating in Idaho since May 10, 2001. *Id.* Staff indicated “that water for The Spires at Schweitzer, an 80-acre planned mountain community located on the South Ridge of the main bowl at Schweitzer Mountain Ski Resort, will be provided by the Spires Water Company.” *Id.* at 2-3.

Due to its small size (less than 15 year-round customer connections), Spires is not regulated by IDEQ. *Id.* at 3. However, according to IDEQ, “Spires Water has the infrastructure in place to become a IDEQ regulated public water system in the future.” *Id.* “Spires Water is working with IDEQ in approving construction plans to complete the system.” *Id.*

Spires’ water system is “partly operational with two wells, a small reservoir, some mains and an intertie with the Schweitzer Basic Water Company.” *Id.* Spires currently serves two customers and expects to hook up additional customers in the near future.” *Id.*

In its comments, Staff listed several issues that should be considered before approval of the proposed de-annexation is granted:

- (1) No Commission rules and or policies are violated with the proposed de-annexation;
- (2) Assurance that current Company customers are not adversely affected by the deannexation;
- (3) The potential [that current] Company customers included in the de-annexation will be better served by another public water system;
- (4) [Whether] major parties involved in the de-annexation are in general agreement with the proposal (i.e., Resort Water Company, Spires Water Company and the potential Resort Water customers within the proposed de-annexed area); and
- (5) [Whether] the proposal will not interfere with any other public water utilities in the area.

*Id.*

Staff believes that there would be no harm to existing Resort Water customers (406 total; 280 residential, 126 commercial) due to the proposed de-annexation. *Id.* at 4. Staff noted that potential customers “located at Block E of Crystal Springs Subdivision that include Mr. Barclay Hutchison (developer of the five plotted lots 6, 7, 8, 9, 10 Block E and the unplatted 2.3

acres) have explored various alternatives in obtaining water service.” *Id.* Staff learned from its discussion with representatives of Resort Water “that it would be very costly to extend its water distribution system and provide the necessary pressure (Option 1) to serve these potential customers.” *Id.* Because Resort Water has “no existing water infrastructure to serve these potential customers, the developer requesting water service would have to shoulder the cost of extending the service under the Company’s Mainline Line Extension Rules.” *Id.* “The developer would also need to construct booster pumping facilities to provide the required operating pressure to service these lots.” *Id.*

Option 1 includes an extension of approximately 500 feet of Resort Water’s existing 6-inch mainline. *Id.* The following is a cost estimate for Option 1 provided to Staff by T-O Engineers, the Company’s engineering consultant:

Mobilization	\$ 9,300
Booster Pump Station	\$159,150
Water Main Extension	\$ 17,750
Engineering	\$ 37,240
Total Cost	<u>\$223,440*</u>

\*The total cost does not include the cost of extending power line to booster site and transformer.

Option 2 involves the extension of approximately 350 feet of its water main to serve the lots. *Id.* at 4-5. “No booster pump would be necessary since the grade of the mainline extension is either flat or downhill.” *Id.* at 5. The following is a cost estimate provided by T-O Engineers:

Mobilization	\$ 1,100
Water Main Extension	\$20,725
Engineering	\$ 4,365
Total Cost	<u>\$26,190</u>

*Id.*

Staff asserted that “the potential customers of Resort Water would be better served technically and economically if domestic water is supplied by Spires Water Company.” *Id.* Correspondence between all of the relevant parties involved in this transaction, and provided to the Commission as part of the Application, “indicate that the major parties involved are in agreement with the proposed de-annexation.” *Id.*

Finally, Staff noted that “no customers will be impacted by a change in rates or a change in policies and practices of the companies involved because currently no customers live in the territory being transferred to Spires Water.” *Id.* at 6. For the above stated reasons, Staff recommended that the Commission approve the proposed de-annexation by the Resort Water Company. *Id.*

### **COMMISSION FINDINGS AND DECISION**

The Commission has examined the filings of record in this case, including the correspondence between Resort Water, a regulated water corporation, and Spires, a non-regulated water corporation, attached exhibits, and the comments and recommendations submitted by Commission Staff. Pursuant to the record presented in this case, the Commission grants Resort Water’s request for authority to de-annex a portion, more fully described above, of its approved service territory.


The Commission finds that the mutual agreement between Resort Water and Spires to transfer a portion of Resort Water’s service territory to Spires is fair, just and reasonable. The Commission finds that the transfer agreement between the aforementioned parties will not have an adverse impact on Resort Water’s rates or service quality and therefore should be approved.

### **ORDER**

IT IS HEREBY ORDERED that Resort Water Company’s Application requesting authority to de-annex a portion of its Commission-approved service territory is granted.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *See Idaho Code § 61-626.*


DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 17<sup>th</sup>  
day of August 2011.

  
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PAUL KJELLANDER, PRESIDENT

  
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MACK A. REDFORD, COMMISSIONER

  
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MARSHA H. SMITH, COMMISSIONER

ATTEST:

  
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Jean D. Jewell  
Commission Secretary

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