

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE APPLICATION )**  
**OF TERRA GRANDE WATER FOR ) CASE NO. TGW-W-05-1**  
**INTERIM RATE RELIEF AND FURTHER )**  
**PROCEEDINGS TO ESTABLISH JUST AND ) NOTICE OF APPLICATION**  
**REASONABLE RATES )**  
**)**  
**) NOTICE OF MODIFIED**  
**) PROCEDURE**  
**)**  
**) ORDER NO. 29716**

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**NOTICE OF APPLICATION**

YOU ARE HEREBY NOTIFIED that on February 9, 2005, Terra Grande Water filed an Application with the Commission requesting immediate interim rate relief, further proceedings to establish just and reasonable rates, and deferred accounting treatment for excess water supply costs above interim rates if appropriate. This Application is based upon the emergency interconnection of Terra Grande Water with United Water Idaho Inc.

YOU ARE FURTHER NOTIFIED that on June 8, 2004, the Commission issued Terra Grande Water a Certificate of Public Convenience and Necessity and authorized the Company's current two-season flat rate fee schedule of \$26 per month in the summer and \$16 per month in non-summer months. Order No. 29512 (Case No. TGW-W-04-1). Additionally, that Order initiated an investigation of the Company. *Idaho Code* §§ 61-501, 61-503. The purpose of the investigation is to establish: (1) whether the existing flat rates for water service are just and reasonable; and (2) whether Terra Grande provides and maintains "service, instrumentalities, equipment and facilities [that] promote the safety and health of its patrons, employees and the public [and is] in all respects adequate, efficient, just and reasonable." *Idaho Code* § 61-302.

YOU ARE FURTHER NOTIFIED that on January 21 and January 24, 2005, the Commission was informed by the Company and by the Department of Environmental Quality (DEQ) that the three water supply wells of Terra Grande were contaminated with Trichloroethylene (TCE), a hazardous chemical. Customers were notified on January 21, 2005 not to consume the water and to minimize all other uses of the water. DEQ recommended an

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emergency interconnection of Terra Grande's water system to United Water's supply system, and offered to make funds available from the Idaho Hazardous Waste Emergency Response Fund to pay for the costs of making the connection. On January 28, 2005, the Commission was notified that the interconnection with United Water was completed.

YOU ARE FURTHER NOTIFIED that, according to its Application, Terra Grande has provided water service to the Terra Grande subdivision for over 50 years, and currently has approximately 117 residential customers. The Company states that it notified customers of the contamination on January 21, 2005, and advised them to cease the use of water for drinking and to minimize all other uses, such as bathing and showering. The Company also started supplying bottled water to its customers and arranged for them to purchase water at wholesale price from a Wal-Mart across from the subdivision. Terra Grande notified customers that it would provide them with a billing credit against future bills for their purchase of water. According to the Application this credit amount has not yet been calculated. Terra Grande and DEQ are working together to determine the cause of the contamination, but have not yet been able to identify the party responsible for the contamination of the Company's water source.

YOU ARE FURTHER NOTIFIED that the Application states that the connection with United Water's supply system was completed on January 28, 2005, and United Water began providing water service to the Company around 5:00 p.m. on that same day under United Water's current Schedule 1, General Metered Service. This connection consists of: (1) a 3" meter installed in a concrete vault; (2) 4" pipe connecting the United Water system with Terra Grande's system; and (3) a backflow device to prevent any residual contamination from the Terra Grande system from entering into United Water's system. DEQ provided funds from the Idaho Hazardous Waste Emergency Response Fund to pay for the costs for the emergency connection.

YOU ARE FURTHER NOTIFIED that, according to the Company's Application, United Water's charges under Schedule 1 for general metered service consist of a volume charge for all water use of \$0.9825 per 100 cubic feet (CCF) in the winter, and \$1.2281 per CCF for the summer. In addition, United Water assesses a customer charge for a 3" meter of \$82.42 bi-monthly. Summer rates apply for all water consumed between May 1 and September 30 each

year. United Water also assesses a \$.50 bi-monthly charge as required by DEQ to fund the State Drinking Water Program and a 3% Municipal Franchise Fee as required by the City of Boise.

**Interim Rate Relief**

YOU ARE FURTHER NOTIFIED that Terra Grande's Application requests immediate interim rate relief, effective as of the date they filed the Application, February 9, 2005. The Application states that the Company requests this immediate authorization to change its rates based on an emergency that was beyond its control and that has unexpectedly increased its expenses on short notice. The Company asserts that it has shown good cause for the Commission to approve its request for interim rate relief on less than thirty (30) days notice. *Idaho Code* § 61-307; IDAPA 31.01.01.121 and 31.01.01.122.02. Additionally, the Company requests that it be authorized to add the costs of purchasing water from United Water to the Company's existing flat rate. Terra Grande asks that it be allowed to charge its customers the new surcharge rate based upon United Water's charge, effective as of February 9, 2005, after the receipt of its first bill from United Water. The Application does not state when the first bill from United Water is expected to arrive.

YOU ARE FURTHER NOTIFIED that Terra Grande requests that in the interim the Commission allow it to continue charging its customers the \$16 flat rate per month based on the Company's current, filed tariff. The Company proposes to divide its United Water bill by the total number of Terra Grande customers, and pass this pro rata expense on to each customer equally by adding a surcharge to their existing flat rate. United Water bills on a bi-monthly basis, and Terra Grande bills its customers in advance for two months of service.

**Further Proceedings to Establish Rates**

YOU ARE FURTHER NOTIFIED that Terra Grande requests that the Commission allow further proceedings in conjunction with its investigation in Case No. TGW-W-04-1 to establish just and reasonable rates for its customers on a going-forward basis once more detail is developed regarding the Company's operations. In the event that actual cost recovery is not authorized by the Commission, the Company also requests authorization to defer any excess water supply costs, until new rates are implemented that provide for recovery of excess water supply costs, over and above any interim rate that is put in place. The Application requests that the Company's request for more permanent rate relief be processed by Modified Procedure.

YOU ARE FURTHER NOTIFIED that the Company states that notice to its customers concerning this interim and more general rate request is being accomplished by new media releases and by individual notice mailed to each customer. The customer notice is attached to the Company's Application as Attachment C.

YOU ARE FURTHER NOTIFIED that the 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 (excluding exhibits) are also available on the Commission's Website at [www.puc.idaho.gov](http://www.puc.idaho.gov) under the "File Room" icon and then "Water Cases."

#### **NOTICE OF MODIFIED PROCEDURE**

YOU ARE FURTHER NOTIFIED that the Commission has reviewed the filing of record in Case No. TGW-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 01.01.01.204.

#### **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. TGW-W-05-1 **is March 4, 2005**. 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 Terra Grande Water at the addresses reflected below.

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

Street Address For Express Mail:

472 W. Washington Street  
Boise, ID 83702-5983

John R. Hammond  
Batt & Fisher LLP  
101 S. Capital Blvd., Suite 500  
Boise, ID 83701  
E-mail: [jrh@battfisher.com](mailto:jrh@battfisher.com)

Barbara V. Child  
10012 Eshelman Street  
Boise, ID 83701  
E-mail: [chinachild@cableone.net](mailto:chinachild@cableone.net)

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](http://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. These comments must also be sent to the Applicant at the addresses listed above.

#### FINDINGS AND CONCLUSIONS

The Idaho Public Utilities Commission has jurisdiction over Terra Grande Water, its Application for interim rate relief and further proceedings to establish just and reasonable rates, and the issues involved in this case by virtue of Title 61, Idaho Code, specifically *Idaho Code* §§ 61-124, 61-125, 61-129, and the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

The Commission finds that good cause exists to authorize expedited proceedings to consider the issue of interim rate relief based upon the nature of the contamination to Terra Grande's source of water supply, the health and safety of the public and Terra Grande's customers, and the emergency interconnection with United Water's supply source. *Idaho Code* § 61-307, IDAPA 31.01.01.202.02.

The Commission has preliminarily determined that good cause exists to consider interim rate relief on an expedited basis, 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.

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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.

Based upon the emergency nature of this particular case, as well as the finding of good cause for expedited proceedings, the Commission finds that a public workshop pursuant to IDAPA 31.01.01.125 will not be required prior to staff filing comments regarding interim rate relief. Further, the Commission reserves ruling, at this time, upon public workshops that may be ordered as part of any further proceedings to establish a more permanent, just and reasonable rate.

**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 4, 2005.

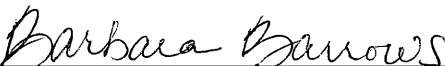
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 24<sup>th</sup> day of February 2005.

Commissioner Kjellander Out of the Office  
PAUL KJELLANDER, PRESIDENT

  
MARSHA H. SMITH, COMMISSIONER

  
DENNIS S. HANSEN, COMMISSIONER

ATTEST:

  
Barbara Barrows  
Assistant Commission Secretary

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