

DECISION MEMORANDUM

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

FROM: SCOTT WOODBURY

DATE: JUNE 9, 2004

**RE: CASE NO. UWI-W-04-2 (United Water)
AGREEMENT FOR PURCHASE/SALE—TERRA GRANDE
MOTION TO CLOSE CASE DOCKET**

On February 19, 2004, United Water Idaho, Inc. (United Water; Company) and Barbara V. Child dba Terra Grande filed a Joint Application with the Idaho Public Utilities Commission (Commission) for an Order approving the purchase by United Water of water service properties owned by Barbara V. Child. As reflected in related Order No. 29512, Case No. TGW-W-04-1, as part of United Water's due diligence investigation the Company reached the conclusion that the Terra Grande water system required more capital investment than anticipated. United Water sought to amend the Purchase/Sale Agreement seeking to eliminate the \$47,000 purchase price. Terra Grande Water found the Company-proposed amendment unacceptable. United Water elected to rescind the Agreement. Mutually agreeable terms of rescission have yet to be negotiated. It appearing that there no longer existed a willing Seller and Purchaser of the Terra Grande Water system, the Commission in Case No. TGW-W-04-1 initiated an investigation, issued Certificate of Public Convenience and Necessity No. 429 to Barbara V. Child dba Terra Grande Water and undertook regulation of Terra Grande Water.

On June 4, 2004, United Water filed a Motion to Close in Case No. UWI-W-04-2. The Company states that United Water has been informed that Ms. Child intends to continue to operate and manage the Terra Grande water system.

COMMISSION DECISION

United Water requests that the Commission enter an Order “determining that the Company has no further duty of performance under the Agreement” and closing the case.

Staff is informed that Terra Grande has no objection to closing the docket in Case No. UWI-W-04-2. Staff’s attorney suggests that it is unnecessary and would be unwise of the Commission to enter an Order regarding the Company’s duty of performance under the Purchase/Sale Agreement. The Company’s rights and obligations under the Purchase/Sale Agreement are a matter of contract. Any opinion of the Commission regarding the Company’s duty of performance would be gratuitous and without legal significance or consequence. Staff recommends only that the Commission declare all proceedings in Case No. UWI-W-04-2 to be at an end and close the case docket. Does the Commission agree with Staff’s recommendation?

Scott Woodbury

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