

DECISION MEMORANDUM

TO: COMMISSIONER REDFORD
COMMISSIONER SMITH
COMMISSIONER KEMPTON
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL

FROM: SCOTT WOODBURY
DEPUTY ATTORNEY GENERAL

DATE: JUNE 25, 2008

SUBJECT: CASE NO. UWI-W-08-02 (United Water)
SALE OF COVENTRY PLACE, M&M MOUNTAIN VIEW ACRES
AND BELMONT HEIGHTS NON-CONTIGUOUS WATER SYSTEMS TO
CITY OF NAMPA

On June 19, 2008, United Water Idaho Inc. (United Water; Company) filed a Certificate Amendment Application and a May 27, 2008 Agreement for Purchase and Sale (Agreement) between the Company and the City of Nampa with the Idaho Public Utilities Commission (Commission). The subject matter of the Agreement is the sale by United Water to the City of the non-contiguous water systems presently serving Coventry Place, M&M Mountain View Acres, and Belmont Heights subdivisions (collectively the Subdivisions) in Canyon County, Idaho. Reference Case No. UWI-W-99-1, Order No. 27976 (Coventry Place); Case No. UWI-W-00-03, Order No. 28418 (M&M Mountain View Acres); and Case No. UWI-W-01-03, Order No. 28885 (Belmont Heights). Also subject to the sale are two additional subdivisions, Lexington Meadows and Britannia Heights which were added to the Belmont system (Order Nos. 29941 and 30352) and the Nampa Charter School which was added to the Coventry system (Order No. 29141).

Pursuant to Agreement, the purchase price is \$245,000. The City of Nampa has agreed to assume the Company's outstanding obligations under the Non-Contiguous Agreements and Mainline Extension Agreements with other third parties and to hold United Water harmless from further obligations thereunder.

United Water contends that the acquisition of the non-contiguous systems by the City of Nampa is consistent with the public convenience and necessity because the customers will obtain water service from a dependable municipal supplier (Nampa) and interconnection of the Belmont water

system with the City of Nampa's water system will solve an existing water quality issue in Belmont Heights involving elevated levels of uranium in the water.

United Water recommends proposed general entries to account for the sale proceeds. The Company recommends that the proceeds be distributed and accounted for in the same manner as sale proceeds were recently treated in the sale of the Danskin-Saddle Ridge subdivisions to the City of Kuna. Case No. UWI-W-07-05, Order No. 30481.

United Water requests a Commission Order

- Improving the modification of United Water's Certificate of Public Convenience and Necessity No. 143 by eliminating the Subdivisions therefrom;
- Confirming that after the date of closing of the purchase and sale transaction, United Water will have no further obligation to provide domestic water service to the Subdivisions;
- Confirming that following the assumption by Nampa of the Non-Contiguous Agreements and the Mainline Extension Agreements, United Water will have no further obligations thereunder;
- Approving the Company's accounting proposal.

The Company's Application in this case includes a map of the non-contiguous water systems, a copy of the Agreement for Purchase and Sale between the Company and the City of Nampa, and the supporting direct testimony of Gregory P. Wyatt, Vice-President and General Manager of United Water Idaho.

COMMISSION DECISION

United Water has filed an Application with the Commission regarding the proposed sale of the Coventry Place, M&M Mountain View Acres, and Belmont Heights non-contiguous water systems to the City of Nampa. The Company and Staff recommend that the Application be processed pursuant to Modified Procedure, i.e., by written submission rather than by hearing. Reference Commission Rules of Procedure, IDAPA 31.01.01.201-204. Does the Commission agree with the recommended procedure?



Scott Woodbury
Deputy Attorney General