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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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| IN THE MATTER OF THE APPLICATION OF UNITED WATER IDAHO INC. FOR APPROVAL OF AN AGREEMENT TO EXCHANGE SERVICE AREAS AND TO AMEND AND REVISE CERTIFICATE OF CONVENIENCE AND NECESSITY NO. 143. | )  )  )  )  )  )  ) | CASE NO. UWI-W-95-2  NOTICE OF SCHEDULING  NOTICE OF HEARING  ORDER NO.  26437 |

On March 14, 1996, the Commission issued final Order No. 26367 in Case No. UWI-W-95-2 denying the Application of United Water Idaho Inc.  United Water had requested approval of a Service Area Exchange Agreement with the City of Garden City.

On April 4, 1996, both United Water and Garden City filed Petitions for Reconsideration.  United Water requests the opportunity to present additional and more detailed evidence regarding water quality and water pressure, the actual number of customers in the North State Area, benefit/cost analysis, and accounting treatment of the purchase price.  Garden City also requests the opportunity to supplement the record.  If reconsideration is granted, Garden City intends to present evidence regarding customer numbers (actual and projected), water quality and water pressure, operational and service problems, duplication of infrastructure, opportunities for public input and cost/benefit analysis.

On April 11, 1996, the participating Homeowner Associations filed a letter response to the Petitions for Reconsideration.  In their letter, the North State Area customers point out that neither United Water nor Garden City propose any more than additional studies to address water quality and water pressure concerns.  No immediate fix of water quality is proposed.  Additionally, the Associations note that neither petitioner chooses to address ways to mitigate the “rate shock” associated with the proposed exchange.  Finally, the Associations note that still no direct effort has been made by Garden City, United Water or Boise City to communicate with affected customers.  The Associations express a desire to remain involved in the process but indicate the short seven day window of response did not permit the Associations the opportunity to notice and poll their members and submit a more formal response.

Commission Findings

The Commission has reviewed the filings of record, transcript and final Order No. 26367 in Case No. UWI-W-95-2.  The Commission has also reviewed and considered the related petitions for reconsideration.  The Commission finds that its prior Order is supported by the hearing record and is otherwise reasonable.  Indeed neither petitioning party suggests that the Commission’s Order is unreasonable, unlawful or erroneous or unsupported by the record.  Reference Idaho Code § 61-626; Commission Rules of Procedure IDAPA 31.01.01.331.01.

What the petitioners in this case have requested is that they be permitted to open the record and submit further and more detailed testimony and evidence that the exchange is in the public interest and will benefit the affected customers in the North State Area, and will not adversely affect the Company’s existing customers.  We are disappointed that United Water failed to present its full case in the prior proceedings.  We have already expressed our disappointment at Garden City’s failure to participate in the earlier proceedings.  Despite our concern we note that the affected customers in this case who are most inconvenienced have still not been included in this process by either the Company or the City.  We reluctantly reopen the record in this case to permit further testimony and evidence.  We do so because it procedurally provides a speedy and expeditious means for record augmentation, review and reconsideration.  Reference IDAPA 31.01.01.013.

We trust that the petitioners are not prematurely bringing this matter back before this Commission and are prepared to now present persuasive reasons for approving the exchange of service territories.  We expect that the petitioners will present the results of further analysis and reasonable and near term resolutions to the identified water quality and water pressure problems.  This Commission does not question the underlying reasonableness and rationale behind the proposed exchange, only the timing and the rate impacts on customers.  The North State area customers cannot be asked to wait two to ten years for a technical fix to water quality problems while being asked to pay higher rates immediately.  United Water must demonstrate an ability to deliver improved water quality and pressure to North State area customers in order to justify the exchange and the associated increase in rates to the North State area customers.  We provide the petitioners the latitude to present an amended Exchange Agreement to the extent that an amendment will make the exchange more acceptable to customers and this Commission.  We apprise the petitioners that if the Agreement and facts are otherwise the same as previously presented, then there is no reason to expect a different result.

To facilitate and accommodate rehearing in this matter, the Commission and parties have agreed to the following scheduling:

May 17, 1996Prefile direct testimony United Water/Garden City

June 14, 1996Prefile direct testimony Staff/Intervenors

June 21, 1996Prefile rebuttal testimony United Water/Garden City

YOU ARE FURTHER NOTIFIED that public rehearing in Case No. UWI-W-95-2 is scheduled for THURSDAY, JUNE 27, 1996 COMMENCING AT 9:30 A.M. IN THE COMMISSION HEARING ROOM, 472 W. WASHINGTON ST., BOISE, IDAHO (208) 334-0300.  Public testimony in this matter will be taken at the Commission’s hearing room on THURSDAY evening JUNE 27, 1996 at 7:00 P.M.

YOU ARE FURTHER NOTIFIED that the prepared testimony and exhibits of the parties must conform to the requirements of the Rules 231 and 267 of the Commission’s Rules of Procedure, IDAPA 31.01.01.231; .267.  For purpose of rehearing Garden City is granted party status and is assigned exhibit numbers 401-500.

YOU ARE FURTHER NOTIFIED that persons desiring to present their views without parties rights of participation and cross-examination are not required to intervene and may present their comments without prior notification to the Commission or to other parties.

YOU ARE FURTHER NOTIFIED that the Application, testimonies and filings of record in Case No. UWI-W-95-2 can be viewed at the Commission offices, 472 W. Washington, Boise, Idaho during regular business hours.

YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission’s jurisdiction under Title 61 of the Idaho Code and that the Commission may enter any final order consistent with its authority under Title 61.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission’s Rules of Procedure, IDAPA 31.01.01.000 et seq.

YOU ARE FURTHER NOTIFIED that all hearings and prehearing conferences in this matter will be held in facilities meeting the accessibility requirements of the Americans with Disabilities Act.  Persons needing the help of a sign language interpreter or other assistance of the kind that the Commission is obligated to provide under the Americans with Disabilities Act in order to participate in or to understand the testimony and argument at a public hearing may ask the Commission to provide a sign language interpreter or other assistance at the hearing.  The request for assistance must be received at least five (5) working days before the hearing by contacting the Commission Secretary at:

IDAHO PUBLIC UTILITIES COMMISSION

PO BOX 83720

BOISE, IDAHO  83720-0074

(208) 334-0338  (TELEPHONE)

(208) 334-3151  (TEXT TELEPHONE)

(208) 334-3762  (FAX)

O R D E R

In consideration of the foregoing IT IS HEREBY ORDERED and the Commission does hereby grant the Petitions of Reconsideration filed by United Water Idaho Inc. and Garden City in the manner and as more particularly described above and does further adopt the foregoing scheduling.

IT IS FURTHER ORDERED that Garden City be granted party status pursuant to Rules 71 through 75 of the Commission’s Rules of Procedure.  IDAPA 31.01.01.071-75.  Garden City is represented by the following for purposes of service:

Jack B. Britton

Attorney for Garden City

201 E. 50th Street

Garden City, ID 83714

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this                  day of April 1996.

                                                                                                                                      RALPH NELSON, PRESIDENT

                                                                                           MARSHA H. SMITH, COMMISSIONER

DENNIS S. HANSEN, COMMISSIONER

ATTEST:

Myrna J. Walters

Commission Secretary

bls/O:UWI-W-95-2.sw3

DISSENTING OPINION

DENNIS S. HANSEN, COMMISSIONER

CASE NO.  UWI-W-95-2

After reviewing the Petitions for Reconsideration and the record in this matter, I must respectfully dissent from the decision granting reconsideration.  At the hearing in this matter, many homeowners opposed the service area exchange because of the resulting substantial rate increases.  Rather than informing and soliciting opinions from these customers, the Company and Garden City proposed this swap without sufficient imput from the homeowners. In addition, many of the homeowners who testified also expressed concerns regarding water quality or water pressure. The Petitions for Reconsideration do not address the “rate shock”, water quality, or water pressure  issues.

In essence, the Petitions merely ask the Commission to reconsider the cases presented by the parties without regard to these significant issues.  Given that the Commission has voted to grant reconsideration, I would urge the Petitioners to address these important issues on reconsideration.

Dennis S. Hansen, Commissioner

vld/N:dissent.dh

**COMMENTS AND ANNOTATIONS**

Text Box 1:

**TEXT BOXES**

Office of the Secretary

Service Date

May 1, 1996