DECISION MEMORANDUM

TO:COMMISSIONER NELSON

COMMISSIONER SMITH

COMMISSIONER HANSEN

MYRNA WALTERS

TONYA CLARK

STEPHANIE MILLER

DAVID SCHUNKE

DON HOWELL

RANDY LOBB

MADONNA FAUNCE

GARY RICHARDSON

WORKING FILE

FROM:SCOTT WOODBURY

DATE:AUGUST 21, 1995

RE:CASE NO. UWI-W-95-2

CERTIFICATE AMENDMENT

EXCHANGE OF SERVICE AREAS W/GARDEN CITY

On July 31, 1995 United Water Idaho, Inc. (United Water; Company), a public utility providing domestic water service, filed an Application with the Idaho Public Utilities Commission (Commission) for approval of a Service Area Exchange Agreement (Exchange Agreement) with the City of Garden City and a related amendment and revision to its Certificate of Convenience and Necessity No. 143, relinquishing a portion of its certificated area.

The Exchange Agreement, dated July 20, 1995, provides for an exchange of service areas between the Company and Garden City whereby the Company will provide service to the “North State Area” and Garden City will provide service to the “Millstream Area.”  The net effect of the Agreement is that Garden City will provide water service to areas lying within its corporate boundaries and area of impact and will no longer provide water service to areas lying within the Boise City limits and Boise area of impact.

Garden City presently serves approximately 912 customers in the “North State Area”, which is defined as the area lying north of State Street and south of Hill Road and between Gary Lane on the west and Pierce Park Lane on the east.  Under the Agreement Garden City will convey to the Company its transmission and distribution system located within the North State Area.  Garden City agrees to supply water to the Company for an initial two-year period, and at the Company’s option for succeeding one-year periods not to exceed a total of ten years.  The City will deliver the water to the Company at the City’s present connection point on the north side of the Boise River at the Plantation Subdivision on East 52nd Lane.  The amount of water delivered to the Company by Garden City to serve the North State Area will be determined from the water readings of customers in the North State Area.  Payment will be at the following rates:

a.  $.35 per 1,000 gallons delivered from October 1 to April 30

b.  $.45 per 1,000 gallons delivered from May 1 to September 30

United Water presently serves approximately 382 customers residing in the “Millstream Area”, which lies in an area north of Chinden Boulevard, west of Glenwood Street and south of the Boise River.  Under the Exchange Agreement, United Water will convey to Garden City its water utility property in the Millstream Area, consisting of a transmission and distribution system, its Millstream well and the water rights pertaining to said well.

In consideration of the exchange of service areas and water utility plants and facilities, the Company has agreed to pay Garden City $593,250.

Although the North State and Millstream Areas are metered, it is represented that the meters are of different types.  Under the Exchange Agreement, United Water and Garden City have agreed to an exchange of meters whereby the meters presently in the North State Area will be exchanged for the meters in the Millstream Area.  The cost involved in removing, exchanging and reinstalling meters is to be divided equally between the parties.

Pursuant to the Exchange Agreement, Garden City agrees that it will not extend its water distribution system to the area lying north of State Street or west of Five Mile Road extended, which areas are presently beyond its area of impact.  The Company agrees that it shall no longer operate the water distribution system now serving the Millstream Area or in the area lying westerly thereof in the City’s area of impact between Chinden Boulevard and the Boise River.

The Exchange Agreement is subject to the approval of the Commission and if not approved, the Exchange Agreement by its terms shall be deemed null and void and of no further effect.

Staff Analysis

Staff notes that the proposed exchange of service areas will have immediate economic consequences to the affected customers.  Upon becoming United Water customers, existing Garden City residential customers with 3/4 inch meters in the North State Area will see rate increases ranging from 26% for high winter consumption to 167% for low summer consumption.  Existing United Water Residential customers with 3/4 inch meters in the Millstream Area will see rate decreases ranging from 38% for high winter consumption to 65% for low summer consumption upon becoming Garden City customers.  Current rate structures for both water providers and a comparison of bill amounts at various consumption levels are shown in the attached tables.

Staff is in the process of preparing a discovery request and has not completed its analysis or investigation.

Commission Decision

How does the Commission wish to process the Company’s Application?—Notice of Application, Intervention Deadline, etc.?

Scott Woodbury

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