DECISION MEMORANDUM

TO:COMMISSIONER NELSON

COMMISSIONER SMITH

COMMISSIONER HANSEN

MYRNA WALTERS

TONYA CLARK

DON HOWELL

STEPHANIE MILLER

DAVE SCHUNKE

RANDY LOBB

TERRI CARLOCK

MADONNA FAUNCE

JUDY STOKES

GARY RICHARDSON

WORKING FILE

FROM:SCOTT WOODBURY

DATE:OCTOBER 4, 1996

RE:CASE NO. UWI-W-95-2

GARDEN CITY EXCHANGE

PETITION FOR CLARIFICATION

On August 13, 1996, the Commission issued its final Order on Reconsideration (Order No. 26562) in Case No. UWI-W-95-2 (attached).  The Commission’s Order is now final and non-appealable.

On September 27, 1996, United Water Idaho, Inc. (UWI; Company) filed a Petition for Clarification (attached).  Reference IDAPA 31.01.01.325.  In its Petition, the Company frames its request for clarification as follows:

The Commission made the following finding on page 10 of its Order:

United Water has failed to convince us, however, that we should preapprove the amount of the purchase price for rate base purposes outside of a general rate case.  The Company has the burden of demonstrating the prudence of its investment in these facilities when it seeks to include them in rate base.

The Commission also found and authorized a two-year transition or phase-in of rates for existing and new customers in the North State Area following the tie-in of the area to the Company’s system.

The Company respectfully requests that the Commission clarify its Order to assure the Company that it would be allowed to book its entire investment as rate base, at least to the extent supported by general operating revenues of the North State Area after the full rate phase-in is completed.  This assurance is necessary in order for the Company and Garden City to promptly proceed with finalizing and consummating the Service Area Exchange Agreement.

Commission Decision

What clarification, if any, does the Commission wish to provide United Water?  How does the Commission wish to process the Company’s filing.

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Scott Woodbury

vld/M:UWI-W-95-2.sw