DECISION MEMORANDUM

TO:COMMISSIONER NELSON

COMMISSIONER SMITH

COMMISSIONER HANSEN

MYRNA WALTERS

TONYA CLARK

DON HOWELL

STEPHANIE MILLER

DAVE SCHUNKE

TERRI CARLOCK

BOB SMITH

RANDY LOBB

DAVID SCOTT

WORKING FILE

FROM:SCOTT WOODBURY

DATE:APRIL 25, 1997

RE:CASE NO. UWI-W-97-1

AMENDMENT TO CERTIFICATE OF CONVENIENCE AND NECESSITY

NO. 143

On March 21, 1997, United Water Idaho Inc. (United Water; UWI; Company) filed an  Application in Case No UWI-W-97-1 with the Idaho Public Utilities Commission (Commission) requesting authorization to amend and revise its Certificate of Convenience and Necessity No.143 (as amended) by enlarging and extending its certificate service area boundaries to include the Ada County residential subdivision of Duncan’s Landing and surrounding development in close proximity thereto, an area of approximately 320 acres that is contiguous to its present system and certificated territory.  Ref. Application-Exhibit C legal description; Idaho Code 61-526; Commission Rules of Procedure IDAPA 31.01.01.112.

United Water contends that the area requested is not within the authorized territories of any other public utility water corporation under the jurisdiction of the Commission and will not interfere with the operation of any water utility corporation under the Commission’s jurisdiction.  The Company contends that there are no known public utilities, persons or corporations with whom the expansion is likely to compete.

United Water represents that it has entered into a year to year water supply agreement with the city of Garden City, whereby the Company has obtained an adequate source of supply to provide potable domestic water service to the area of expansion.  (Maximum daily consumption .50 mgd; maximum monthly consumption 15 mgd @ $.35 per 1,000 gallon delivered) Ref. Application Exhibit B.

As represented, facilities within the Duncan’s Landing Subdivision will be financed and acquired in accordance with Company Rules and Regulations Governing the Rendering of Water Service and Water Main Extensions.  Customers within the area of expansion will take service at the rates and upon the terms the conditions contained in United Water’s rates schedules and Rules and Regulations Governing the Rendering of Water Service as the same exists or may hereafter be amended and approved by the Commission.

United Water contends that the requested extension is consistent with the public convenience and necessity.  United Water contends that the proposed expansion will not burden the Company’s existing body of rate payers.

A Notice of Application and Modified Procedure in Case No. UWI-W-97-1 was issued on April 2, 1997.  The deadline for filing comments/protests was Wednesday, April 23, 1997.  Comments were filed by Commission Staff and Max A. Boesiger, Inc., general contractor and developer.  (Comments attached.)  The comments of the parties can be summarized as follows:

Max A. Boesiger supports the Application of United Water and represents that the plat for the Duncan’s Landing subdivision has been filed and approved for 80 single family dwellings.

Staff in its comments makes the following observations:

While the proposed area of expansion is adjacent to the Company’s existing service area and is not currently served by any other public water utility, it is only one-quarter mile from the existing service area of Eagle Water Company.  The Duncan’s Landing residential subdivision, located on approximately 20 acres adjacent to State Street, is over one-half mile from Eagle Water’s nearest facilities and approximately one-half mile from the nearest existing distribution facilities of United Water.

United Water has not indicated when the interconnection with Garden City system will occur, how much it will cost, or who will pay for the facilities.

In order to provide long time service using its own facilities, United Water will need to construct a lengthy line extension from its nearest existing facilities east of Bogart Lane or wait until residential development naturally occurs to provide the interconnecting facilities.  . . .No information was provided regarding the number of customers projected to be served in the requested area, when interconnection with the Company’s system might occur or how much the interconnection might cost.

While Staff indicates that it does not oppose the Company’s Application to expand its certificate and serve Duncan’s Landing, it represents that it has concerns regarding the reliability of the service arrangement with Garden City (Garden City can cancel Water Supply Agreement with one year’s notice), and future recovery of potentially costly line extensions.  This uncertainty, Staff contends, makes the Duncan’s Landing service arrangement somewhat speculative with potential risks which should not be borne by ratepayers.  Staff believes United Water should eliminate the risk or agree that it will be borne by the Company’s shareholders.

Commission Decision:

United Water proposes to enlarge and expand its certificated service area by approximately 320 acres in the vicinity of State Street and Bogart Lane.  If the Company’s certificate is amended the Company will have an obligation to serve.  The applicable statutes and rules are attached for your review.  Does the Commission find it reasonable to grant the Company’s Application as filed?  If not, what reservations does the Commission have?  Does the Commission find the Company’s Application to be somewhat speculative, as represented by Staff?  If so, does the Commission have any related comments?

Scott Woodbury

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