(text box: 1)BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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| IN THE MATTER OF THE JOINT APPLICATION OF UNITED WATER IDAHO INC. AND THE CITY OF EAGLE FOR APPROVAL OF A SPECIAL CONTRACT FOR  SUPPLY OF WATER TO THE CITY OF EAGLE.  | ))))))) | CASE NO. UWI-W-97-4ORDER NO.  27121 |

On July 11, 1997, United Water Idaho Inc. (United Water, Company) and the City of Eagle (City) filed a Joint Application with the Idaho Public Utilities Commission (Commission) requesting approval of a special contract (Agreement) for supply of water to the City of Eagle.  The Agreement provides the City with an additional water source and supplemental water for fire flows.  United Water proposes to provide water to the City from the Company’s Floating Feather well.  The supply water will be metered at the well, the point of interconnection.  The Agreement and Application recite that water will be provided at United Water’s Tariff Schedule No. 1 General Metered Service rates, the tariff that applies to nearly all customers of United Water, both residential and commercial.  The Agreement is for a one-year period, with provisions for automatic annual one-year extensions.

On July 16, 1997, the Commission issued Notices of Application and Modified Procedure   and granted approval of the water supply Agreement on an interim basis for the purpose of fire flow protection.  Reference Order No. 27081. The deadline for filing written comments or protests in Case No. UWI-W-97-4 was August 20, 1997.  Timely comments were filed by Eagle Water Company, Eleanor Chase, and the Commission Staff.  The comments can be summarized as follows:

Eagle Water

Eagle Water interprets the Company’s Application as a request to extend facilities into an uncertificated area.  Reference related Certificate Case Nos. EUW-W-94-1 and EAG-W-95-1.  Eagle Water contends that granting the Application will give United Water an unfair advantage in seeking certification of the area at a later date.  Eagle Water contends that the Company’s minimalist filing belies the actual size and scope of the project.  Eagle Water contends that the project would require the construction of duplicative facilities since Eagle Water has a main line immediately across Floating Feather Road from the proposed point of use.  Eagle Water states that it has the full ability to serve the proposed need for a much lower cost and in a much faster time.  Eagle Water opposes the Application and requests a hearing.

Eleanor Chase

Ms. Chase, the owner of 120 acres adjacent to the Floating Feather well, the owner of a dairy farm and the owner of two wells with senior water rights, expresses concern that her property could be at risk if United Water over-pumps.  Ms. Chase also represents that the Company orally misrepresented the nature of the proposed project to her, indicating that it was only for fire flow augmentation.  Ms. Chase expresses concern that the proposed project and Agreement are being approved by the City Council and Commission without providing the public with all the facts and without public hearing.  Ms. Chase opposes the Company’s Application and requests a hearing in the City of Eagle.

Commission Staff

Staff describes the proposed project and provides analysis and comments regarding anticipated revenue and costs.

As described by Staff, a six-inch master meter will be installed at the point of interconnection, permitting United Water to bill the City according to recorded usage.  The City will be billed bi-monthly at Schedule 1 rates.  Billing and metering of individual customers served by the new pipeline will be the responsibility of the City.  Operation and maintenance on the City’s side of the interconnection will be the City’s responsibility.  Construction of any additional distribution facilities beyond the point of interconnection will also be the responsibility of the City and of developers.

Based on its revenue/cost analysis, Staff recommends approval of the Agreement, as qualified below:

●A more detailed analysis is necessary to more accurately determine a reasonable rate for wholesale service.  Retail rates as reflected in Schedule 1, were simply not established in anticipation of wholesale contracts.

●A review of the rates under this Agreement is recom­mended if the City, at some time in the future, desires water for more than just fire protection.

●Staff  recommends that the Agreement be reviewed again one year from now when more is known about the service actually being provided and its cost.

●Staff recommends that the Commission reserve the right to create a special wholesale tariff rate in the future, perhaps based on direct assignment of costs.

Commission Findings

The Commission has reviewed and considered the filings of record in Case No. UWI-W-97-4 including the written comments of Eagle Water Company, Eleanor Chase and the Commission Staff.  The Commission continues to find that the issues presented are suitable for processing under Modified Procedure, i.e. by written submission rather than by hearing.  Reference IDAPA 31.01.01.204.

We find that United Water and the City have entered into a water supply Agreement whereby United will meter at and supply water from its Floating Feather well, that is situated within the Company’s present certificated area.  Although the City is constructing a main extension through an area that we have designated as uncertificated, we find that United Water will not own the line and that the described service does not constitute an extension of service into the uncertificated area by United Water.  Of significance, we note that this Commission has no statutory jurisdiction over the municipal water system or its contracted water system operator, EM².  Reference Idaho Code 61-104.

We note the concerns raised by Eagle Water Company and Eleanor Chase regarding the choice of water supply provider and find that those issues are matters of municipal concern for the city council, mayor and their electorate and not ones that this Commission can revisit or second guess.

Based on the information of record, we find that United Water has adequate water supply for the present requirements of the City.  We note that the Agreement is not limited to fire flow and will probably be used by the City to provide waters for other end-uses.  To this expanded end-use we note Staff’s concerns regarding the appropriateness of the Company’s tariff and apprise the parties that it is probable that the issue of wholesale tariff rates will be explored in the Company’s upcoming general rate case.  We put the parties on notice that the rates identified in the submitted supply Agreement will be examined and may be determined to be inappropriate, and new rates established.

Regarding Ms. Chase’s concern as to the diminishment of her water supply we note that such concern is more appropriately addressed to the Idaho Department of Water Resources, Water Management Division, 1301 N. Orchard St., Boise, 208-327-7910.

Whereas United Water simply intends to provide water supply under its present tariffs, although the tariff rate and schedule may later change, we find that approval of the Agreement is unnecessary and not required.  Accordingly we simply acknowledge the supply Agreement, note the concerns addressed above and find it reasonable to close this case.

O R D E R

In consideration of the foregoing and as more particularly described above, IT IS HEREBY ORDERED and we do hereby close the docket in Case No. UWI-W-97-4.

THIS IS A FINAL ORDER.  Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order.  Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration.  See Idaho Code § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this                  day of September 1997.

                                                                                                                                       DENNIS S. HANSEN, PRESIDENT

                                                                                            RALPH NELSON, COMMISSIONER

MARSHA H. SMITH, COMMISSIONER

ATTEST:

Myrna J. Walters

Commission Secretary

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DISSENT OF

COMMISSIONER RALPH NELSON

CASE NO. UWI-W-97-4

ORDER NO. 27121

This proposal was presented to the Commission as an Agreement between the City of Eagle and United Water (United) for the City to construct a water line to United’s facilities so that United could provide water, primarily enhanced fire flows, to the City on an as needed basis at wholesale rates.  The City has an arrangement with EM², a United Water affiliate, to manage its municipal water system.

The Commission has been presented with only a small part of what is a much larger agreement.  The full agreement actually has several parties.  As reflected in Staff comments, there is also an agreement between two developers and EM² to construct a water line, which will be turned over to the City.  EM² is financing the line and the intent is that EM² will be repaid through new connection fees that the City has agreed to charge.  I presume that these new connections will come from the development of the uncertificated area north of Floating Feather Road, and will also need domestic water supplied by United.  In Order No. 26524 the Commission said

United Water Idaho Inc is put on notice that it is not to extend facilities in the uncertificated areas generally depicted in Attachment 1 . . . .without prior application and authorization from this Commission.

United Water has not requested an amendment of its Certificate.  I view the submitted Agreement as an extension of facilities into the uncertificated area, violating both the intent and spirit of our prior Order.

Ralph Nelson, Commissioner

**COMMENTS AND ANNOTATIONS**

Text Box 1:

**TEXT BOXES**

Office of the Secretary

Service Date

September 8, 1997