

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE JOINT APPLICATION)
OF UNITED WATER IDAHO INC. AND SOUTH) CASE NO. UWI-W-98-2
COUNTY WATER COMPANY, INC. FOR AN)
ORDER APPROVING THE SALE AND)
TRANSFER OF THE COMMON STOCK OF)
SOUTH COUNTY WATER COMPANY, INC. TO) ORDER NO. 27798
UNITED WATER IDAHO INC.)
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A joint Application in Case No. UWI-W-98-2 was filed with the Idaho Public Utilities Commission (Commission) on June 12, 1998 by United Water Idaho Inc. (United Water; UWI) and South County Water Company, Inc. (South County) for an order approving the sale and transfer of the common stock of South County to United Water. The negotiated and proposed purchase price is \$2,810,000. United Water also requests Commission approval of certain rate and ratemaking matters, including a schedule for a five-year phase-in of rates for South County customers and the right of United Water to include in its rate base in future rate proceedings the full purchase price which includes the depreciated original cost of South County's assets plus an acquisition adjustment.

By this Order, as more particularly described and qualified below, the Commission approves the sale and transfer of South County common stock to United Water, denies the request of South County to include \$312,867 of contributed plant in the sale price, approves a purchase price of \$2,497,133 adjusted to the closing date, authorizes the rate basing of said amount by United Water and approves a six year phase-in of rates for existing South County customers.

United Water provides water service to approximately 58,000 customers in and around the city of Boise and operates under Commission Certificate of Public Convenience and Necessity No. 143 (as amended). South County provides service to approximately 3,825 customers in Ada County and operates under Commission Certificate of Public Convenience and Necessity No. 274 (as amended). Tr. p. 116. As represented in the Application and repeated in South County's testimony, the owners of South County desire to sell the water system because they are reluctant to undertake the risks of continued operations arising from increasingly stringent water quality regulations, increasingly complex utility regulations, and increasingly complex operational and