DECISION MEMORANDUM

TO:COMMISSIONER HANSEN

COMMISSIONER SMITH

COMMISSIONER KJELLANDER

MYRNA WALTERS

TONYA CLARK

DON HOWELL

STEPHANIE MILLER

RANDY LOBB

GEORGE FINK

DAVID SCOTT

WORKING FILE

FROM:SCOTT WOODBURY

DATE:MARCH 12, 1999

RE:CASE NO. UWI-W-99-1 (UNITED WATER)

CERTIFICATE AMENDMENT—NON-CONTIGUOUS

CARRIAGE HILL AND COVENTRY PLACE SUBDIVISIONS

On January 15, 1999, United Water Idaho Inc. (United Water; Company) filed an Application in Case No. UWI-W-99-1 with the Idaho Public Utilities Commission (Commission) requesting authorization to amend and revise its Certificate of Public Convenience and Necessity No. 143 (as amended) by enlarging and extending its certification service area boundaries to include the Canyon County residential subdivisions of Coventry Place and Carriage Hill, areas non-contiguous to its present system and certificated territory.  Reference Application Exhibit D legal description, Idaho Code 61-526; Commission Rules of Procedure, IDAPA 31.01.01.112.

United Water contends that the areas requested are 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 the developers of Coventry Place and Carriage Hill subdivisions have requested that United Water provide water service.  A copy of the developers’ requests are attached to the Company’s Application.  Construction of facilities will be pursuant to the Company’s Rules and Regulations Governing Non-Contiguous Expansion (Rule 78-84) and pursuant to Rules 74-78 of the Company’s Rules relating to Water Main Extensions.

United Water contends that the requested expansion is consistent with the public convenience and necessity.

Commission Notices of Application and Modified Procedure in Case No. UWI-W-99-1 issued on February 8, 1999.  The deadline for filing written comments was March 3, 1999.  The Commission Staff was the only party to file comments (attached).  Staff recommends approval with modification.

Staff notes that the submitted non-contiguous water system agreements do not require the developer to install disinfection (e.g., chlorination) equipment on the potable water systems.  Recognizing that the Company has a general practice of chlorinating its water supply, and noting that the intent of a non-contiguous expansion tariff was to require the developer to advance all required water supply facilities, Staff recommends that the Commission require that the cost of any disinfection equipment, if it is the Company’s intention to install same in the near future, be advanced by the developers.

In reviewing the Company’s Application and proposed area of certificate expansion, Staff noted that the submitted legal description included areas outside the boundaries of each subdivision.  Specifically, the legal description included Verde Hills, an existing subdivision which has a Homeowner Association-owned water system, an area that is surrounded by Carriage Hill.  United Water personnel represent that the Homeowner Association has contacted the Company regarding future interconnection with the Carriage Hill water system.  Upon inquiry, Commission Staff is informed that it was the Company’s intent to only request certification for the areas within the platted subdivision boundaries.  The Company states that it will submit revised legal descriptions.  The Company has stated that it will address serving the Verde Hills area in a separate application, if and when service is formally requested.

Staff recommends that the Commission require the Company to file revised legal descriptions for the proposed area of certificate expansion including only the boundaries of the planned Coventry and Carriage Hill Subdivisions.  Staff also recommends that the Company submit new Application to extend its certificated area to serve adjacent subdivisions, both existing and proposed, if and when service is formally requested.

The Commission is apprised that Staff’s proposed modifications and recommendations are acceptable to the Company and developers and that the Company has indicated that it will comply with any order requiring same.

Commission Decision

Does the Commission continue to find it appropriate to process the Company’s Application pursuant to Modified Procedure, i.e., by written submission rather than by hearing?  Reference IDAPA 31.01.01.204.

Does the Commission find the Staff proposed modification or changes to the Company’s Application to be reasonable?  I.e., (1) requirement that the developer advance any cost of chlorination equipment, (2) require that the area of certificate expansion be limited to legal descriptions of Coventry and Carriage Hill Subdivisions, (3) requirement that the Company submit new Application to extend service to Verde Hills or to any adjacent subdivisions, both existing and proposed.

Does the Commission find that the Company’s filing satisfies the underlying statutory and procedural requirements for Certificate applications?  Idaho Code — 61-526 and Commission Rules (IDAPA 31.01.01.112) regarding amendments to Certificate of Public Convenience and Necessity for existing utilities?

Does the Commission find that the present and future public interest will be served by issuance of a Certificate to United Water for the requested areas?

Does the Commission find that the Company’s proposed expansion complies with the Company’s Rules and Regulations Governing Non-Contiguous Expansion (Rules 78-84) and Rules 74-78 of the Company’s Rules relating to Water Main Extensions?

If not, what is the Commission’s preference?

Scott Woodbury

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