BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

Office of the Secretary

Service Date

April 28, 1999

|  |  |  |
| --- | --- | --- |
| **IN THE MATTER OF THE JOINT APPLICATION OF UNITED WATER IDAHO INC. AND BARBER WATER CORPORATION FOR AN ORDER APPROVING THE PURCHASE BY UNITED WATER IDAHO INC. OF WATER SERVICE PROPERTIES OWNED BY BARBER WATER CORPORATION; FOR AUTHORITY TO EXPAND UNITED WATER IDAHO’S CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY NO. 143 AND FOR APPROVAL OF RATES AND CHARGES.** | **)****)****)****)****)****)****)****)****)****)****)****)****)** | **CASE NO. UWI-W-99-2****NOTICE OF APPLICATION****NOTICE OF SCHEDULING****NOTICE OF INTERVENTION** **DEADLINE****NOTICE OF HEARING****ORDER NO. 28015** |

 YOU ARE HEREBY NOTIFIED that on April 5, 1999, a Joint Application in Case No. UWI-W-99-2 was filed with the Idaho Public Utilities Commission (Commission) by United Water Idaho Inc. (United Water) and Barber Water Corporation (Barber Water) for an Order approving the sale and transfer of the Barber Water domestic water system to United Water. Reference Application Exhibit 4—Agreement for Purchase and Sale. The purchase price is $105,000. United Water further requests approval of certain rate and ratemaking matters including the right of United Water to include in rate base in future rate proceedings the full purchase price of the assets and up to $55,000 in proposed capital improvements for system upgrades and repairs.

 United Water provides water service to approximately 60,000 customers within the Idaho Counties of Ada and Canyon and operates under Commission Certificate of Public Convenience and Necessity No.143 (as amended). Barber Water provides service to approximately 240 residential customers within the Golden Dawn and Barber­ton Mobile Home Park Subdivisions in Ada County and to the nearby Idaho Shakespeare Festival (ISF) site and operates under Commission Certificate of Public Convenience and Necessity No. 277 (as amended). As represented in the Application and related letter to customers (Application Exhibit 8), the current owners of Barber Water desire to sell the water system because:

Barber Water has been supplying service to the users in the Golden Dawn Mobile Home Subdivision and the Barberton Mobile Home Subdivision for 30 years. And we would like to retire.

Due to the many changes in the water business, we can no longer continue to serve the users on a part-time basis. Trying to serve the users, dealing with complaints and the increased time in handling late payments has increased the workload. The extra time and work involved in handling the requirements of additional testing, monitoring, keeping certified and responding to government agencies’ complaints with regards to service and service areas has created a very stressful situation for the management. To remain in the water busi­ness, we would have to submit a large rate increase for system management and repairs that are needed at this date. We view this process to be very time consuming, adversarial and stressful.

The water system is not new and we are not in a position to upgrade, handle repairs, respond to emergencies and provide the service that a large corporation such as United Water can offer the users. They are experts with the ability and experience to extend better service for the future of this service area.

United Water represents that it possesses the technical, managerial and financial ability to provide reliable and adequate service to Barber Water customers. United Water contends that the proposed sale and transfer of the Barber Water domestic water system to United Water and the related expansion of United Water’s Certificate is in the public interest.

 As represented in the Application, United Water has examined and investi­gated Barber Water’s property and plant used to provide domestic water service and has determined that the following investments are necessary in order to provide adequate service:

Install telemetering, automated control systems: $15,000

Repair storage reservoir $35,000

Rehabilitate wells $ 5,000

 As represented, Barber Water currently provides service to its customers at a tariffed flat rate through a water distribution system that is not metered. (Residential Tariff Schedule No. 1—$10.90/mo. May-Oct.; $8.90/mo. Nov.-Apr.; Commercial Tariff Schedule No. 3 (ISF) $174.40/mo. May-Oct; $142.40/mo. Nov.-Apr.). United Water proposes to provide service to the residential customers of Barber Water at an increased flat-unmetered bimonthly rate of $36.00. The proposed bimonthly rate for the residential customers was derived from calculations that estimate that Barber Water customers would incur an annual bill of $216.00 for 128 ccf/year consumption at United Water’s current tariffed rates based on estimates derived from studies of comparable mobile home subdivisions. United Water proposes to provide metered service to the Idaho Shakespeare Festival site at United Water’s regular metered rates and estimates annual metered revenue to be $1,864. In all other respects, United Water will provide service to Barber Water customers in accordance with the rules and regulations applicable to United Water’s service territory.

 United Water calculates that the revenue collected from Barber Water customers based on the proposed rates will be sufficient to provide to United Water a return on its investment equal to or greater than its current authorized return on investment. Application Exhibit 7. Accordingly, United Water contends that its existing customers will not be burdened by the purchase of Barber Water.

 United Water in its Application commits to form a customer liaison committee to help ensure that the needs and concerns of Barber Water customers are understood and addressed.

 Accompanying the Application is the map of United Water’s certificated service area, a map and legal description of the proposed boundary expansion, the underlying Agreement for Purchase and Sale, and the projected revenue analysis. United Water and Barber Water contend that the public interest in this sale requires expeditious review of the Application and does not require a hearing to consider the issues presented. United Water requests that the Application be processed under **Modified Procedure**, i.e., by written submission rather than by hearing. Reference Commission Rules of Proce­dure, IDAPA 31.01.01.201-204.

**Customer Petition**

On April 15, 1999, approximately 100 customers of Barber Water filed a Petition with the Commission opposing Modified Procedure and requesting a hearing. The Commission has also received a number of individual letters from Barber Water customers requesting a hearing.

**Commission Staff**

 The Commission Staff believes that the public interest and the issues presented in this case require a hearing and the development of a record. Staff does not believe at this time, however, that a formal technical hearing with prefiled testimony is required. What is needed, Staff contends, is an evening hearing for public testimony. Staff recommends that the Commission adopt a hybrid procedure in this case consisting of both written comments and an evening hearing for public testimony.

 The Commission is apprised by Staff that the Company has scheduled an informational meeting for 7:00 p.m., Tuesday, May 4 at the Summit Room, 5657 Warm Springs (Idaho Dept. of Parks & Recreation). This will provide an opportunity for customer/Company/Commission Staff dialogue.

**COMMISSION FINDINGS**

 The Commission has reviewed the filings of record in Case No. UWI-W-99-2 including the recommended procedures proposed by United Water, the customers of Barber Water and the Commission Staff.

 In this case we are presented with the purchase of a small water utility by a much larger water utility. Both utilities are regulated. As expressed in the letter appended to the Application, the owners of Barber Water have no desire to remain in the water business. The customers of Barber Water as indicated by their petition and letters are concerned with the consequences of the sale and have questions. We find that the issues presented in this case demand a forum for public participation. We note that the Company has already scheduled an informal meeting with customers on May 4, 1999, to answer customer questions. In considering the procedure to be followed, we agree with Staff that a formal technical hearing in this case may be unnecessary. We find the hybrid procedure proposed by Staff (i.e., written comment in lieu of a technical hearing and an evening hearing for public testimony) will provide customers with the opportunity to address the issues and present and express their recommendations and concerns to the Commission. We also find it reasonable to establish an intervention deadline for parties who wish greater rights of participation, i.e., to acquire rights of cross-examination, to participate in settlement or negotiation conferences, and to make and argue motions.

 Accordingly, YOU ARE FURTHER NOTIFIED that the Commission finds it reasonable to adopt the following scheduling in Case No. UWI-W-99-1:

|  |  |
| --- | --- |
| Friday, June 4, 1999Monday, June 14, 1999 | **Deadline** for filing **written comments** with respect to the Joint Application in Case No. UWI‑W‑99‑2**Deadline** for filing **reply comments** by United Water and Barber Water |

Written comments concerning this Application shall be mailed to the Commission, United Water and Barber Water at the addresses reflected below:

|  |  |
| --- | --- |
| COMMISSION SECRETARYIDAHO PUBLIC UTILITIES COMMISSIONPO BOX 83720BOISE, IDAHO 83720-0074Street Address for Express Mail:472 W WASHINGTON STBOISE, ID 83702-5983BARBER WATERDAVID C. TRIPLETTBARBER WATER CORPORATION3350 TRIPLETT LANEBOISE, ID 83712 | UNITED WATERWILLIAM LINAMUNITED WATER IDAHO INC.8248 W VICTORY ROADPO BOX 7488BOISE, ID 83707DEAN J. MILLERMcDEVITT & MILLER537 W BANNOCK, STE 215PO BOX 2564BOISE, ID 83701 |

All comments should contain the case caption and case number shown on the first page of this document.

 YOU ARE FURTHER NOTIFIED that **persons desiring to intervene** in Case No. UWI-W-99-2 for the purpose of becoming a formal party, i.e., to present evidence, to acquire rights of cross-examination, to participate in settlement or negotiation conferences, and to make and argue motions **must file a Petition to Intervene** with the Commission pursuant to Rules of Procedure 72 and 73 of the Commission’s Rules of Procedure, IDAPA 31.01.01.072 and -.073. The **deadline for filing a Petition to Intervene** is **Friday, May 14, 1999.**

 YOU ARE FURTHER NOTIFIED that persons desiring to present their views without parties rights or participation and cross-examination are not required to intervene and may present their comments without prior notification to the Commission or to other parties.

 YOU ARE FURTHER NOTIFIED that the Commission will convene an **evening hearing** in Case No. UWI-W-99-2 for the purpose of receiving public comment **WEDNESDAY, JUNE 23, 1999 COMMENCING AT 6:30 P.M. AT THE COMMISSION HEARING ROOM, 472 WEST WASHINGTON STREET, BOISE, IDAHO.**

 YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission’s jurisdiction under Title 61 of the Idaho Code and that the Commission may enter any final Order consistent with its authority under Title 61.

 YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission’s Rules of Procedure, IDAPA 31.01.01.000 *et seq*.

 YOU ARE FURTHER NOTIFIED that discovery is available in Case No. UWI‑W‑99-2 pursuant to the Commission’s Rules of Procedure, IDAPA 31.01.01.221-234. The parties should coordinate discovery requests and responses so that they are able to comply with the established filing deadlines. The Commission is apprised that United Water has committed to respond to production requests within ten days of receipt of any request. The Commission expects Barber Water to make a best effort attempt to respond similarly.

 YOU ARE FURTHER NOTIFIED that the Joint Application in Case No. UWI‑W‑99‑2 together with attachments and underlying Agreement For Purchase and Sale can be reviewed at the Commission’s office in Boise, Idaho during regular business hours.

 YOU ARE FURTHER NOTIFIED that all hearings and prehearing conferences in this matter will be held in facilities meeting the accessibility requirements of the Americans with Disabilities Act. In order to participate, understand testimony and argument at a public hearing, persons needing the help of a sign language interpreter or other assistance may ask the Commission to provide a sign language interpreter or other assistance as required under the Americans with Disabilities Act. The request for assistance must be received at least five (5) working days before the hearing by contacting the Commission Secretary at:

 IDAHO PUBLIC UTILITIES COMMISSION

 PO BOX 83720

 BOISE, ID 83720-0074

 (208) 334-0338 (TELEPHONE)

 (208) 334-3151 (TEXT TELEPHONE)

 (208) 334-3762 (FAX)

**O R D E R**

 In consideration of the foregoing and as more particularly described above, IT IS HEREBY ORDERED and the Commission does hereby provide notice and adopt the foregoing schedule of comment and intervention deadlines and hearing in Case No. UWI-W-99-2.

 DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this day of March, 16.

 DENNIS S. HANSEN, PRESIDENT

 MARSHA H. SMITH, COMMISSIONER

 PAUL KJELLANDER, COMMISSIONER

Myrna J. Walters

Commission Secretary

vld/O:UWI-W-99-2\_sw