

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF EAGLE WATER)
COMPANY'S REQUEST FOR A) **CASE NO. EAG-W-05-02**
TEMPORARY SURCHARGE)
_____) **ORDER NO. 30160**

On February 6, 2006, the Commission issued Order No. 29969 authorizing Eagle Water Company to implement a temporary rate surcharge. The Commission allowed Eagle Water to recover \$112,414 for: (1) "a comprehensive engineering report analyzing the Company's existing system and future demand"; and (2) legal, accounting and engineering expenses. Order No. 29969 at 2, 5. The Commission directed that once the Company recovered \$112,414 in surcharge revenue, the surcharge should be discontinued. *Id.* at 6. The Commission Staff was directed to audit the surcharge account to ensure that the Company does not misuse or over-collect the authorized surcharge amount. *Id.*

BACKGROUND

In August 2005 the Commission issued an emergency Order directing Eagle Water to "use all deliberate speed" to increase low water pressure in a portion of its service territory. In addition to taking immediate action, the Company was directed to prepare an engineering report to address the chronic low-pressure problems in the existing water system and projected water supply needs out to 2010. "The report shall include the recommended system improvements, construction schedule and estimated cost of each individual [improvement]." Order No. 29840 at 3. The engineering report was to "serve as a 'road map' for determining exactly what infrastructure improvements are necessary to serve the present and future needs of Eagle Water and its customers." Order No. 29903 at 7. The Company was ordered to complete "its engineering study as soon as possible." *Id.* at 9.

On June 2, 2006, Eagle Water submitted its "Preliminary Engineering Report" to the Commission and the Idaho Department of Environmental Quality (DEQ). Both the Staff and DEQ asked the Company to submit additional information as part of the Company's final report.

STAFF REPORT

At our October 16, 2006 decision meeting, the Staff reported that Eagle Water will soon recover the authorized surcharge amount when payments for September usage are received by the Company. Staff noted the Company has not filed its final engineering report.

The Staff recommended that the existing surcharge be continued until December 31, 2006, subject to refund. Based upon the anticipated system improvements to be identified in the engineering report, Staff asserted that it made little sense to stop and then start the surcharge. Staff also recommended that the Commission order Eagle Water to submit its final engineering report no later than December 31, 2006.

To safeguard customers, Staff recommended that Eagle Water be given no additional authority to spend surcharge funds beyond those specifically identified in the Commission's prior Order No. 29903. If the engineering report and the Company's application to implement system improvements are not filed by December 31, 2006, then the Staff recommended that the surcharge be discontinued. In that event, any surcharge revenue exceeding \$112,414 in the surcharge account should be refunded to individual customers.

Requiring the engineering report and the Company's application of recommended improvements to be submitted no later than December 31 will allow the Staff, customers and the Commission to evaluate system needs during the coming months. Submitting the requested documents by the end of the year will also allow the Commission to complete its review of the recommended improvements prior to the Company's 2007 irrigation season.

DISCUSSION

After reviewing the Staff's recommendations, we find those recommendations reasonable. As we noted in October 2005, Eagle Water was to complete its engineering report as soon as possible. Order No. 29903 at 7. Ordering Eagle Water to submit its engineering report and to file an application to implement system improvements identified by the engineering report no later than December 31 will allow us sufficient time to review and authorize system improvements prior to the 2007 irrigation season.

Pursuant to *Idaho Code* § 61-624, we modify our prior Order No. 29969 to allow the surcharge to continue to December 31, 2006, subject to refund. As the Staff pointed out, it makes little sense to stop and then start a new surcharge when we reasonably anticipate the Company making improvements to its system. Although the surcharge will be continued, the

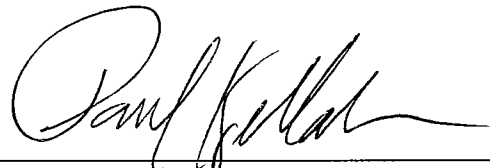
Company is not authorized to spend surcharge funds beyond those specifically identified items in Order No. 29903. If the engineering report and the application for improvements are not filed by December 31, 2006, then we shall order Eagle Water to refund the surcharge revenue collected above \$112,414 to individual customers.

ORDER

IT IS HEREBY ORDERED that Eagle Water Company submit its final engineering report and an application to implement and recover system improvements identified in the engineering report no later than December 31, 2006.

IT IS FURTHER ORDERED that the Company is authorized to continue to collect the existing surcharge until December 31, 2006, subject to refund. Use of the surcharge funds is restricted to those items specifically identified in Order Nos. 29903 and 29969.

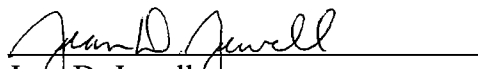
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 30th day of October 2006.



PAUL KJELLANDER, PRESIDENT


MARSHA H. SMITH, COMMISSIONER
DENNIS S. HANSEN, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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