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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE JOINT
APPLICATION OF SUEZ WATER
IDAHO AND EAGLE WATER
COMPANY FOR THE ACQUISITION
OF EAGLE WATER COMPANY

Case Nos. SUZ-W-18-02/
EAG-W-18-01

STIPULATION AND SETTLEMENT

This Stipulation and Settlement (“Stipulation”) is entered into by and among SUEZ Water Idaho Inc., (“SUEZ Water,” or “Company”), Staff for the Idaho Public Utilities Commission Staff (“Staff”), Eagle Water Company, Inc. (“Eagle Water Company”), collectively the “Parties” and individually “Party.”

INTRODUCTION

1. The terms and conditions of this Stipulation are set forth herein. The Parties agree that this Stipulation represents a reasonable compromise of the issues raised in this proceeding. The Parties, therefore, recommend that the Idaho Public Utilities Commission (“Commission”) approve the Stipulation and all its terms and conditions. See Rules 271, 272 and 274 (IDAPA 31.01.01.271, 272, and 274).

BACKGROUND

2. On June 8, 2021, SUEZ Water and Eagle Water Company filed an Amendment to Joint Application requesting approval of a transaction under which SUEZ Water would acquire the assets of Eagle Water Company (the “Transaction”).

3. In Order No. 35104, the Commission provided notice of the amended application, indicated that the case would proceed after being stayed for a period, and set a deadline for intervention. No additional parties intervened, and the Commission issued a Second Amended Notice of Parties on August 23, 2021.

4. In Order No. 35160, the Commission gave notice that the case would be processed by modified procedure; scheduled deadlines for comments; and scheduled a public workshop and customer hearing.

5. During the course of this case, Staff and other parties propounded production requests upon SUEZ Water, Eagle Water Company, and other parties.

6. The Parties recognize that the Transaction provides substantial benefits to both SUEZ Water customers, primarily in the form of avoided costs that approach or exceed \$11,000,000, and to Eagle Water Company customers, primarily in the form of providing resources needed to address system deficiencies and improve system reliability, operating efficiency, water safety, and customer service.

7. The parties to the case scheduled and attended three settlement meetings and one accounting workshop to discuss possible settlement of this case. After these settlement meetings, as a compromise of positions in this case, to obtain the benefits of the Transaction for SUEZ Water and Eagle Water Customers, and for other considerations as set forth below, the Parties stipulate and agree to the following terms:

TERMS OF THE SETTLEMENT

8. **Approval of the Transaction.** The Parties agree that the Transaction is fair, just, and reasonable; in accordance with applicable statutory criteria, including those set forth in Idaho

Code § 61-328,¹ and that the Transaction should be approved by the Commission on the terms set forth in this Agreement.

9. **Surcharge Account Refund.** The Parties recognize that, pursuant to Commission Order No. 34265 in Case No. EAG-W-15-01, Eagle Water Company has been required to set aside certain funds to be used for the benefit of customers. The Parties agree that Eagle Water Company shall provide these funds, in the form of a refund to customers, immediately after closing of the Transaction as follows:

- a. The Parties agree that the amount due to be refunded to customers is \$592,020.00;
- b. Eagle Water Company, with concurrence of Staff, shall calculate the difference between this amount and the balance of the three bank accounts that comprise the Surcharge Line of Credit Account (“SLCA Deficiency”);
- c. Eagle Water Company shall set up an escrow at closing to set aside the SLCA Deficiency amount from the closing proceeds that would otherwise be distributed to Eagle Water Company; and
- d. Eagle Water Company shall combine the SLCA Deficiency funds with the existing SLCA fund balance, after closing, and provide the funds on a per customer basis to each Eagle Water Customer that Staff identifies as being entitled to the funds as of the date of the Commission Order approving this Stipulation.

10. **Implementation of new rates for existing customers of Eagle Water Companies.** The Parties agree that new rates for existing customers of Eagle Water Company as of the date on which the Transaction closes (“Existing Eagle Water Company Customers”) shall be implemented in accordance with the schedule attached as Exhibit 1. As shown in more detail on Exhibit 1, new rates for Existing Eagle Water Customers shall be implemented over a seven-

¹ *Idaho Code* §61-328 governs the sale of certain property owned by regulated electric utilities in Idaho. While it does not govern this Transaction *Idaho Code* §61-328(3) provides a useful metric for analyzing the sale of utility-owned property and has been used by Staff to analyze the sale of assets by regulated, non-electric utilities.

year period. Rates shall be increased to 50% of SUEZ Water's current rates beginning January 1, 2022. Rates shall increase by approximately 8.33% starting January 1 of each subsequent year such that Existing Eagle Water Company Customers will pay 50% of SUEZ Water's then-current rates starting January 1, 2022, approximately 58.33% of SUEZ Water's then-current rates starting January 1, 2023, approximately 66.67% of SUEZ Water's then-current rates starting January 1, 2024, and continuing through the January 1, 2028 as set forth in Exhibit 1.

11. **Surcharge Account Refund intended to offset impacts of first-year rate increase.** The Parties recognize that the Surcharge Account Refund is intended to—in part—mitigate the impacts of the rate increase set to begin on January 1, 2022.

12. **Acquisition Adjustment and Accounting Treatment.** The Parties agree that:
- a. The Company shall be entitled to an Acquisition Adjustment Amount of \$10.475 million to be included in rate base in SUEZ's next rate case. The Acquisition Adjustment Amount shall be amortized over a 480-month (40-year) period beginning at the implementation of rates in SUEZ's next rate case. The term "rate case" shall mean an Idaho Public Utilities Commission proceeding that changes SUEZ's base rates.
 - b. The Acquisition Adjustment Amount will be allocated between the Utility Plant Acquisition Adjustment regulatory asset and the incurred transaction costs.
 - c. The gross amount of utility plant in service as related to the Eagle Water Company assets acquired and included in rate base will be offset with an equal amount in the related accumulated depreciation account.
 - d. Costs associated with customer communications will be treated as an operational expense.

GENERAL PROVISIONS

13. The Parties agree that this Stipulation represents a compromise of the positions of the Parties on all issues in this proceeding, and that this Stipulation resolves all of the issues addressed herein and precludes the Settling Parties from asserting contrary positions during subsequent litigation in this proceeding or related appeals. Provided, however, that this Settlement Agreement is made without admission against or prejudice to any factual or legal positions which any of the Settling Parties may assert: (a) if the Commission does not issue a final order approving this Stipulation without modification; or (b) in other proceedings before the Commission or other governmental body so long as such positions do not attempt to abrogate this Stipulation. This Stipulation is determinative and conclusive of all the items addressed in this proceeding and, upon approval by the Commission, shall constitute a final adjudication as to the Parties of all of the issues in this proceeding.

14. The Parties submit this Stipulation to the Commission and recommend approval in its entirety pursuant to Rule 274. The Parties shall support this Stipulation and the Transaction before the Commission, and no Party shall appeal any portion of this Stipulation or Order approving the same. To process this Stipulation, the Parties suggest the Commission issue a Notice of Proposed Settlement and schedule other proceedings as expeditiously as possible, while allowing for sufficient public input and comment. The Parties to this Stipulation agree that they support, and will continue to support, the Commission's adoption of the terms of this Stipulation and approval of the Transaction upon the terms set forth in this Stipulation.

15. The Parties agree that the Stipulation should be accepted, without modification, because it is just, fair, and reasonable, in the public interest, and otherwise in accordance with law or regulatory policy. The Parties further agree that the rates and tariffs that SUEZ Water will

charge to Existing Eagle Water Company Customers if the Stipulation is accepted are just and reasonable.

16. In the event the Commission rejects any part or all of this Stipulation, or imposes any additional conditions on approval of this Stipulation, each Party reserves the right, upon written notice to the Commission and the other Parties to this proceeding, within fourteen days of the date of such action by the Commission, to withdraw from this Stipulation. In such case, no Party shall be bound or prejudiced by the terms of this Stipulation, and each Party shall be entitled to seek reconsideration of the Commission's final order and do all other things necessary to put on such case as it deems appropriate.

17. No Party shall be bound, benefited, or prejudiced by any position asserted in the negotiation of this Stipulation, except to the extent expressly stated herein, nor shall this Stipulation be construed as a waiver of the rights of any Party unless such rights are expressly waived herein. Execution of this Stipulation shall not be deemed to constitute an acknowledgment by any Party of the validity or invalidity of any method, methodology, theory, or principle of regulation or cost recovery. No Party shall be deemed to have agreed that any method, methodology, theory, or principle of regulation or cost recovery employed in arriving at this Stipulation is appropriate for resolving any issues in any other proceeding in the future. No findings of fact or conclusions of law other than those stated herein shall be deemed to be implicit in this Stipulation.

18. The obligations of the Parties under this Stipulation are subject to the Commission's approval of this Stipulation in accordance with its terms and conditions and, if judicial review is sought, upon such approval being upheld on appeal by a court of competent jurisdiction.

DATED: October 8th, 2021


SUEZ Water Idaho Inc.



By: _____

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DATED: October 8th, 2021

IDAHO PUBLIC UTILITIES COMMISSION
STAFF

By:  _____

Dayn Hardie
Deputy Attorney General

CERTIFICATE OF SERVICE

I certify that on 8th day of October, 2021, a true and correct copy of the foregoing was served upon all parties of record in this proceeding via electronic mail as indicated below:

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Commission Secretary
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