

DECISION MEMORANDUM

TO: COMMISSIONER KJELLANDER
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COMMISSIONER ANDERSON
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL

FROM: MATT HUNTER
DEPUTY ATTORNEY GENERAL

DATE: JANUARY 31, 2020

SUBJECT: IN THE MATTER OF FALLS WATER CO., INC.'S APPLICATION TO AMEND CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY NO. 236; CASE NO. FLS-W-19-02.

On December 2, 2019, Falls Water Co., Inc. ("Falls Water" or "Company") applied to the Commission to amend the Company's certificate of public convenience and necessity. As part of its Application, the Company requested the Commission approve the sale of a 12-inch water main and 6-inch lateral to the City of Idaho Falls ("City"), and requested that it be relieved of the duty to serve the one customer currently served by the assets to be sold.

The Commission issued a Notice of Application and Notice of Modified Procedure on December 27, 2019, setting a March 11, 2020 comment deadline and a March 18, 2020 reply comment deadline.

On January 24, 2020, Falls Water sent an email and a letter to Commission Staff. In these communications, the Company explained that the City's reason for purchasing the 12-inch main and associated assets is to allow the City to provide service to a large commercial customer. The Company stated that the City is under a contractual obligation to provide water service to the commercial customer beginning April 1, 2020. Staff and the Company recognize the current comment deadline will likely put the Commission's decision regarding the asset transfer near or after the date the City will be contractually obligated to begin service to the commercial customer.

STAFF RECOMMENDATION

Staff believes consideration of the asset transfer to the City should be expedited as a separate case. The Company asserts in its Application that the asset transfer benefits the Company

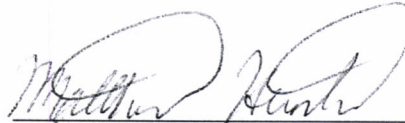
and its customers because the assets are in an area where the Company is unlikely to expand its service. Application at 4. Also, the Company states the City and Falls Water will sign a memorandum of understanding when the assets are sold to the City. *Id.* The memorandum of understanding will assist with the long-range planning for Falls Water and the City's water systems, which should benefit the Company financially and logistically. *Id.* Staff believes it can provide an expedited and thorough review of the asset transfer and related issues and submit written comments considerably more quickly than it can review the remainder of the Company's Application.

Therefore, Staff recommends the Commission bifurcate this case. The new case would address the asset transfer to the City and service to the sole customer in Area 14. *See* Application, Exhibit A. Staff recommends the Commission issue a Notice of Application and Notice of Modified Procedure for the new case, setting a February 11, 2020 comment deadline and a February 18, 2020 reply comment deadline.

COMMISSION DECISION

Does the Commission wish to:

1. Bifurcate Case No. FLS-W-19-02, creating a new case to approve or reject:
 - a. Falls Water's request to transfer the 12-inch water main and related assets to the City, and
 - b. Falls Water's request to be relieved of the duty to serve the sole customer served by the assets to be transferred?
2. Issue a Notice of Application and Notice of Modified Procedure for the new case, setting a February 11, 2020 comment deadline and a February 18, 2020 reply comment deadline?



Matt Hunter
Deputy Attorney General

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