

DECISION MEMORANDUM

TO: COMMISSIONER KJELLANDER
COMMISSIONER RAPER
COMMISSIONER ANDERSON
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL

FROM: MATT HUNTER
DAYN HARDIE
DEPUTY ATTORNEYS GENERAL

DATE: JULY 1, 2021

SUBJECT: IN THE MATTER OF THE JOINT APPLICATION OF SUEZ WATER
IDAHO, INC., TO ACQUIRE EAGLE WATER COMPANY;
CASE NOS. SUZ-W-18-02, EAG-W-18-01

On June 8, 2021, Eagle Water Company, Inc. (“Eagle Water”) and SUEZ Water Idaho Inc. (“SUEZ”) filed a motion to recommence proceedings in this docket. The same day, Eagle Water and SUEZ filed an amendment (“Amended Joint Application”) to its joint application (“Joint Application”) requesting approval of the acquisition of Eagle Water assets by SUEZ and amendment of Certificate of Public Convenience and Necessity No. 143.

BACKGROUND

On November 15, 2018, SUEZ and Eagle Water filed the Joint Application requesting Commission approval of the proposed acquisition of Eagle Water’s assets by SUEZ. On December 7, 2018, the Commission issued a Notice of Application and Notice of Intervention Deadline. Order No. 34203. The City of Eagle, Eagle Water Customer Group, Boise City, Community Action Partnership Association of Idaho, and Citizens Allied for Integrity and Accountability were granted intervention. Order No. 34229.

During the proceeding, the City of Eagle sued Eagle Water in District Court and claimed a right of first refusal to buy Eagle Water’s system. *See* Case No. CV01-19-03534. On March 21, 2019, SUEZ filed a motion to stay the proceeding before the Commission pending the outcome of the District Court case. The Commission granted SUEZ’s motion subject to two conditions: 1) the Commission retained full jurisdiction over the Joint Application; and 2) SUEZ

and Eagle Water were required to provide the Commission and parties with quarterly reports on the status of the District Court case, Case No. CV01-19-03534. Order No. 34292.

After extended mediation, SUEZ, Eagle Water, and the City of Eagle reached a settlement agreement (“Settlement Agreement”) that included the following terms relevant to this proceeding:

1. The previously filed purchase price of \$10,000,000 for Eagle Water’s system assets was increased to \$10,500,000.
2. The parties agreed to support a five-year phase-in of any approved SUEZ rate increase for current Eagle Water customers instead of the three-year phase-in proposed in the Joint Application.
3. SUEZ and the City of Eagle entered into a Water Management Agreement (“WMA”). *See* Amended Joint Application, Supplemental Attachment 5.
4. SUEZ agreed to use its best efforts to make improvements to the acquired Eagle Water assets consistent with any improvement schedule approved by the Commission.
5. The parties agreed the Joint Application might need to be amended to reflect the Settlement Agreement terms.

Amended Joint Application at 3-4. On February 24, 2021, the parties filed the Settlement Agreement and a stipulation of dismissal with the District Court. *Id.* at 3. On March 8, 2021, the District Court dismissed the case. *Id.*

THE MOTION AND AMENDED JOINT APPLICATION

Eagle Water and SUEZ’s June 8, 2021 motion asks that the Commission recommence proceedings in this docket and accept the Amended Joint Application and supporting supplemental written testimony. The Amended Joint Application details the amendments to the 2018 Joint Application. Amended Joint Application at 6-8. Most notably, the purchase price for the Eagle Water assets increased by \$500,000, and the phase-in period to bring Eagle Water rates to parity with SUEZ’s rates was changed from three years to five years. *Id.*

Attached to the Amended Joint Application are the WMA and asset purchase agreement. Supplemental written testimony was filed contemporaneously with the Amended Joint Application.

STAFF RECOMMENDATION

Commission Staff recommends the Commission grant Eagle Water and SUEZ's motion to recommence proceedings. Staff also recommends the Commission issue a Notice of Amended Application.

Staff intends to consult with the parties on the procedural schedule and, based on those discussions, propose a schedule to the Commission in the near future.

COMMISSION DECISION

Does the Commission wish to:

- 1) Grant Eagle Water and SUEZ's motion to recommence proceedings?
- 2) Issue a Notice of Amended Application?



Matt Hunter
Deputy Attorney General

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