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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION
OF SUEZ WATER IDAHO INC. FOR
AMENDMENT OF CERTIFICATE OF
PUBLIC CONVENIENCE AND
NECESSITY

Case No. SUZ-W-21-02

**DIRECT TESTIMONY OF CATHY COOPER
ON BEHALF OF SUEZ WATER IDAHO INC.**

APRIL 2, 2021

1 **Q. Please state your name and title.**

2 **A.** My name is Cathy Cooper, P.E. I am the Director of Engineering for
3 SUEZ Water Idaho.

4 **Q. Please summarize your professional experience and educational**
5 **background.**

6 **A.** I am a graduate of the University of Colorado at Boulder with a Bachelor of
7 Science in Civil Engineering. I completed my Master of Science in Civil
8 Engineering at the University of Washington in Seattle. I have been a
9 licensed Professional Engineer in the State of Idaho since 1999.

10 I have been employed as a civil engineer for 27 years. My work
11 experience includes 22 years at Boise area consulting firms where I
12 focused my work on water system engineering. My experience includes
13 preparing detailed hydraulic calculations; designs for storage tanks, pump
14 stations, pressure reducing stations, pipelines, and well houses; water
15 system Master Facility Plans; hydraulic models; and project cost
16 estimates. I was an Owner and the Managing Partner at my last
17 consulting firm.

18 I have been employed by SUEZ since July 2016 as the Director of
19 Engineering in Idaho.

20 **Q. What are your primary responsibilities as Director of Engineering?**

21 **A.** I review and coordinate requests for service, lead long-term planning
22 efforts for capital investments, and oversee design and construction of all
23 infrastructure improvements.

1 **Q. What is the purpose of your testimony:**

2 **A.** I will describe the current situation with respect to SUEZ service and
3 requests for service from property owners in the approximately 520-acre
4 area that I will refer to in my testimony as the "Trailhead Community Area."
5 I also will discuss the reason for SUEZ now seeking to have the area
6 removed from its CPCN, and the anticipated effect that removal would
7 have on property owners in the Trailhead Community Area and on SUEZ
8 and its customers.

9 **Q. Were you involved in Case No. UWI-W-06-04, which was the 2006-**
10 **2007 proceeding that resulted in the inclusion of the Trailhead**
11 **Community Area into SUEZ' certificated service area?**

12 **A.** No, I was not. That case was decided several years before I became
13 employed with SUEZ.

14 **Q. What is the basis of your understanding about how the Trailhead**
15 **Community Area came to be added to SUEZ' certificated service**
16 **area?**

17 **A.** I have reviewed the application, testimony, and the other pleadings and
18 orders in Case No. UWI-W-06-04.

19 **Q. Based on that review, what is your understanding concerning the**
20 **impetus for including the Trailhead Community Area into SUEZ'**
21 **CPCN?**

22 **A.** According to the record in Case No. UWI-W-06-04, Kastera Development,
23 LLC was planning a large real estate development on that land and had

1 discussed the logistics and cost of obtaining water service with the City of
2 Eagle and with SUEZ (then United Water Idaho, Inc.). Kastera apparently
3 determined to obtain service from SUEZ because it believed that SUEZ
4 was in the best position to extend the necessary facilities and service to its
5 development consistent with Kastera's development plans and schedule.
6 Because the area was not then in SUEZ' CPCN, SUEZ filed the
7 application to amend its CPCN to include the Trailhead Community Area.
8 The Commission's Order No. 30367 approved SUEZ' application in the fall
9 of 2007.

10 **Q. Does SUEZ currently provide service to the Trailhead Community?**

11 **A.** No. The Trailhead Community was never developed. My understanding
12 is that soon after the Commission approved the CPCN amendment,
13 because of changed conditions in the housing market, as well as for
14 Kastera and its parent company, DBSI, the project never materialized.

15 **Q. Does SUEZ currently provide service to any customer in the**
16 **Trailhead Community Area?**

17 **A.** No. This area remains undeveloped land, and SUEZ serves no customers
18 there.

19 **Q. Does Kastera Development, LLC still own the 520 acres that make up**
20 **the Trailhead Community Area?**

21 **A.** The Ada County Assessor's online parcel search database indicates that
22 there now are 8 different property owners within the area. Kastera
23 Development, LLC is not one of them.

1 **Q. Has SUEZ received any requests for service from any of the current**
2 **property owners within the Trailhead Community Area?**

3 **A.** No, it has not. I am aware of an inquiry made to SUEZ in November 2020
4 by someone considering purchasing property in this area and generally
5 asking about the availability of water service. SUEZ responded with
6 information about the facilities that would be needed to extend water
7 service to the area, but nothing further has occurred.

8 **Q. Has SUEZ committed to provide service to any property owner or**
9 **prospective customer in the Trailhead Community Area?**

10 **A.** No. While pursuant to its CPCN, SUEZ is required to extend service to
11 customers in its certificated area, under SUEZ' service request process,
12 the Company does not become committed to serve any specific customer
13 until the requirements of its tariff are met. These requirements include the
14 need for an agreement with the requesting party concerning design,
15 construction and responsibility for the costs of extending service.

16 **Q. As Director of Engineering, do you oversee that process?**

17 **A.** Yes.

18 **Q. Would you please describe how the developer process currently**
19 **works under SUEZ' existing tariff?**

20 **A.** The process involves three phases: 1) Planning and Approval; 2)
21 Construction Cost and Agreement; and 3) Construction and Completion.
22 It is initiated by a developer contacting SUEZ. In Phase 1, SUEZ
23 determines whether service is available. This involves confirming whether

1 the project is within SUEZ' certificated service area and the location and
2 scale of the project relative to SUEZ' existing facilities. If the project can
3 be served, the developer's engineer will submit "Developer Contributed
4 Water Facility" plans which SUEZ reviews. Once SUEZ approves these
5 plans, and comments and approval have been obtained from appropriate
6 local and state agencies, the process moves to Phase 2 where SUEZ and
7 the developer will agree upon the projected costs based on actual
8 construction bids. SUEZ and the developer will then enter into an
9 agreement regarding the developer's responsibility for those costs and the
10 contribution of facilities to SUEZ upon construction completion. Full
11 payment of the costs due to SUEZ must be received before commencing
12 project construction. Phase 3 encompasses actual project construction
13 and completion. Once construction is complete, SUEZ reconciles the
14 actual costs for project completion, and provides the developer with a
15 memo summarizing actual costs and with a supplemental agreement.
16 Once the developer returns the signed agreement, the completed cost
17 reconciliation is finalized and the developer is given a refund of any initial
18 costs collected from the developer that were in excess of the actual
19 project cost.

20 **Q. Is SUEZ currently involved in any of the above-described phases for**
21 **extending service to the Trailhead Community Area?**

22 **A.** No, it is not.

- 1 **Q. Are you aware of any development applications filed with local**
2 **planning agencies affecting property within this area?**
- 3 **A.** The Trailhead Community Area is wholly within unincorporated Ada
4 County. The Ada County website does not indicate that there are any
5 pending applications affecting property in the area.
- 6 **Q. Does SUEZ currently have any facilities within this area?**
- 7 **A.** No, it does not.
- 8 **Q. How far away from this area are existing SUEZ facilities that could be**
9 **used to serve the area?**
- 10 **A.** The nearest SUEZ facilities are approximately 2 miles south of the
11 Trailhead Community Area.
- 12 **Q. Please describe those facilities.**
- 13 **A.** SUEZ has a pipeline in Floating Feather Road that would be the nearest
14 connection point to the Trailhead Community Area. The pipeline connects
15 the Floating Feather Well with the Hidden Hollow Tank.
- 16 **Q. Were any of those facilities planned or constructed in whole or in**
17 **part as being necessary to serve this area?**
- 18 **A.** No, they were not.
- 19 **Q. Would the usefulness or utility of those facilities for providing**
20 **service to SUEZ' existing customers be diminished in any way if the**
21 **area is removed from SUEZ' CPCN?**
- 22 **A.** No, it would not.

1 **Q. Would removal of this area from SUEZ' CPCN impair SUEZ' ability to**
2 **extend service or facilities to serve existing customers or other areas**
3 **within its unaffected service territory?**

4 **A.** No, it would not.

5 **Q. Would removal of this area from SUEZ' CPCN affect planned capital**
6 **projects**

7 No, it would not.

8 **Q. Why is SUEZ seeking to have this area removed from its CPCN**
9 **now?**

10 **A.** On February 9, 2021, SUEZ and the City of Eagle entered into a Water
11 Management Agreement that provided: 1) the basis for a settlement of
12 ongoing litigation between them; and 2) a mechanism for the City and
13 SUEZ to cooperate in their future water planning and area of service
14 decisions. One of the provisions in the Water Management Agreement
15 requires SUEZ to file an application with the Idaho Public Utilities
16 Commission within sixty days of the effective date of the WMA (i.e., April
17 9, 2021) seeking to have the Trailhead Community Area removed from its
18 CPCN. SUEZ' Application fulfills that provision in the Water Management
19 Agreement.

20 **Q. Were you involved in negotiating the SUEZ-City of Eagle Water**
21 **Management Agreement?**

22 **A.** Yes, along with SUEZ' General Manager, Marshall Thompson and SUEZ'
23 legal counsel.

1 **Q. Why was this proposed amendment to SUEZ' CPCN agreed to?**

2 **A.** There were several reasons. This provision is one part of the Water
3 Management Agreement that also contains beneficial terms for both
4 parties addressing future service area adjustments, administrative filings
5 with the Idaho Department of Water Resources and with the Commission,
6 guiding principles for future intertie agreements, and maintenance of good
7 faith communications concerning items of joint interest to SUEZ and the
8 City. In turn, the Water Management Agreement is part of a broader
9 settlement that also provides increased certainty to SUEZ and the City
10 with respect to water planning and water service in the future.
11 Despite the decision in Case No. UWI-W-06-04, the City has continued
12 interest in being able to provide service in this area and surrounding
13 undeveloped lands. The Trailhead Community Area currently is an
14 isolated outlier in SUEZ' existing certificated service area, it was approved
15 based on now inaccurate assumptions about an impending large
16 development, and there are no current prospects (for SUEZ or the City) for
17 requiring service. This provision has positive aspects for both parties.
18 Under the Water Management Agreement, the Trailhead Community Area
19 would become part of an area of undeveloped land outside of SUEZ'
20 CPCN boundary extending eastward to Highway 55 and will be regarded
21 by the City and SUEZ as a "Gray Area." If development occurs in this
22 Gray Area, it would be served by whomever is able to extend service most
23 easily, efficiently and reliably. This makes sense as a means for SUEZ

1 and the City to better allocate their resources, and it increases options and
2 reduces costs for developers.

3 **Q. Since the City is not a regulated utility, why can't it provide service**
4 **there now?**

5 **A.** As between the City and SUEZ, their 2003 Franchise Agreement includes
6 a provision by which the City "agrees not to engage in the business of
7 providing water service during the life of this franchise or any extension
8 thereof in [SUEZ'] certificated service area approved by the PUC as of
9 September 10, 2002 and as subsequently amended by PUC."

10 **Q. Is the "Gray Area" concept unique to the SUEZ-City of Eagle Water**
11 **Management Agreement?**

12 **A.** No. SUEZ and the City of Meridian also have an agreement with a similar
13 provision. SUEZ believes that the Gray Area concept has fostered good
14 relations with Meridian, reduced conflicts and benefitted their respective
15 customers.

16 **Q. Has SUEZ communicated with any of the property owners**
17 **concerning this Application?**

18 **A.** Yes, on March 19, 2021 SUEZ mailed a notice letter to each of the
19 property owners indicated in Ada County's parcel records. The letter
20 advised them of the anticipated filing and how to obtain more information
21 about the application and the Commission process for public involvement.
22 A copy of this letter is appended as Attachment C to SUEZ's Application in
23 this matter.

1 **Q. Has SUEZ received any responses or inquiries as a result of the**
2 **letter?**

3 **A.** No, it has not.

4 **Q. Do you have an opinion whether SUEZ' requested removal of the**
5 **Trailhead Community Area from its CPCN is in the public interest?**

6 **A.** Yes, I do.

7 **Q. What is that opinion?**

8 **A.** In my opinion, it would be in the public interest.

9 **Q. Please explain.**

10 **A.** For the reasons I have stated above. The assumptions and expectations
11 of thirteen years ago concerning the Trailhead Community are no longer
12 valid. If development occurs in the future, the appropriate service provider
13 best able to serve will depend on new facts and circumstances. SUEZ
14 and the City of Eagle reached an agreement that settles costly, extended
15 litigation that opens a path for long overdue cooperation. Part of that
16 agreement (seeking removal of this area from SUEZ' CPCN) creates a
17 mechanism for taking into account those future facts and circumstances to
18 determine who will be best able to serve the requesting property
19 owner/developer.

20 Removal of the Trailhead Community Area from SUEZ' CPCN will not
21 affect existing customers' service or rates, SUEZ' existing plant or SUEZ'
22 ability to serve elsewhere in the balance of its certificated area. Removal
23 of the area will also give property owners/developers an option they

1 currently do not have concerning how they will obtain water service for
2 their project.

3 **Q. Does this conclude your testimony?**

4 **A. Yes, it does.**