

## DECISION MEMORANDUM

**TO:** COMMISSIONER KJELLANDER  
COMMISSIONER SMITH  
COMMISSIONER REDFORD  
COMMISSION SECRETARY  
COMMISSION STAFF

**FROM:** DON HOWELL

**DATE:** MAY 16, 2007

**RE:** EAGLE WATER COMPANY'S REQUEST FOR ANOTHER EXTENSION  
TO FILE ITS ENGINEERING REPORT AND IMPLEMENTING  
APPLICATION, CASE NO. EAG-W-05-02

On May 1, 2007, Eagle Water Company filed a "Status Report and Petition for Extension of Time" concerning an application ordered by the Commission to be filed no later than May 1. The Company's application was to accomplish two purposes. First, the application was "to identify the infrastructure improvements necessary to serve the present and future needs of Eagle Water and its customers. Second, the application will include Eagle Water's proposal for a new rate design to recover the costs of the identified infrastructure improvements and make other rate changes as necessary." Order No. 30266 at 3 *citing* Order No. 30213 at 4. In its Petition, Eagle Water requests that the Commission grant an extension for filing the application until July 1, 2007.

### BACKGROUND

The history of the case is contained in Order No. 30266 but the pertinent events are briefly outlined here. In August 2005, the Commission issued an emergency Order directing Eagle Water to "use all deliberate speed" to increase water pressure in a portion of its service territory. In addition to taking immediate action, the Company was directed to prepare an engineering study to address the chronic low-pressure problems in its system and to project its water supply needs for the future. 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.

To recover the costs of preparing the engineering study, the Commission authorized Eagle Water to implement a temporary rate surcharge. Order No. 29969. The surcharge was designed to recover \$112,414. Once the authorized amount was recovered, the surcharge would be discontinued. Order No. 29969 at 6.

After the Commission issued its surcharge Order, Eagle Water and DEQ signed a "Consent Order" in which Eagle Water acknowledged violations of DEQ's Drinking Water Rules. In addition to paying a civil penalty of \$13,500, Eagle Water was required to submit a "Preliminary Engineering Report" to DEQ. The Consent Order provided that Eagle Water was to submit the report to DEQ for review and approval. Based upon DEQ's review, Eagle Water would then submit a "final" engineering report for DEQ's approval. Consent Order at p. 2.

Previous to the current Petition, the Commission has twice extended the deadline for filing the engineering report and application. The delays were attributed to satisfying the DEQ requirements.

### **THE CURRENT PETITION**

In its current Petition, Eagle Water again asserts that it has been "diligently pursuing" the completion of the final engineering report but said it will not be able to meet the May 1 deadline contained in the Commission's Order No. 30266. The Company reported that a final "draft" engineering report was submitted to DEQ on March 14, 2007. "DEQ completed its review of that draft report and sent Eagle Water a letter outlining several Action Items on March 22, 2007." Petition at 2. The Company's engineers have been in consultation with DEQ and the Company anticipates filing its "final" engineering report to DEQ by June 15, 2007.

The Company also reports that a total of \$135,509.63 has been collected through the surcharge as of April 30, 2007. *Id.* The balance above the \$112,414 cap imposed by the Commission (\$23,095.63) is being retained in a separate account. Eagle Water asserts that it incurred engineering expenses in excess of \$121,000 as of May 1, 2007. Exhibit 1.

In summary, Eagle Water requests that the Commission continue to allow Eagle Water to collect the current surcharge amount in a separate account and extend the deadline for filing the application and final engineering report to July 1, 2007.

### **COMMISSION DECISION**

1. Does the Commission wish to grant Eagle Water an extension for filing its system improvement application until July 1, 2007?

2. Does the Commission wish to continue the current surcharge but withhold recovery of the surcharge in excess of the \$112,414 cap previously imposed by the Commission?

3. Anything else?



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Don Howell

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