

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE INVESTIGATION
OF TERRA GRANDE WATER AND THE
ISSUANCE OF RELATED CERTIFICATE OF
PUBLIC CONVENIENCE AND NECESSITY
NO. 429.**

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) **CASE NO. TGW-W-04-1**

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) **NOTICE OF INVESTIGATION**

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) **ORDER NO. 29512**
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On February 19, 2004 in Case No. UWI-W-04-2, United Water Idaho Inc. (United Water) and Barbara V. Child dba Terra Grande Water (Terra Grande Water; Company) filed a joint Application with the Idaho Public Utilities Commission (Commission) for an Order approving the purchase by United Water of water service properties owned by Barbara V. Child. As part of its diligent investigation United Water reached the conclusion that more investment than anticipated would be required. United Water sought to amend the purchase agreement. Terra Grande Water found the proposed amendment unacceptable. United Water elected to rescind the agreement. Mutually agreeable terms of rescission have yet to be negotiated.

The Commission in this Order finds that Terra Grande Water is being operated by Ms. Child in such a manner as to bring it within the jurisdiction of the Commission under Title 61, Idaho Code; *Idaho Code* §§ 61-124, 61-125, 61-129. We further find that the present and/or future public convenience and necessity requires issuance of Certificate of Public Convenience and Necessity No. 429 to Ms. Barbara V. Child dba Terra Grande Water. Reference *Idaho Code* §§ 61-526, 61-528; IDAPA 31.01.01.111. We authorize continued water service under the existing flat rate.

BACKGROUND

Terra Grande Water has been operating for over 50 years and provides water service to approximately 117 residential customers in the Terra Grande Subdivision in Ada County, Idaho. Terra Grande is located south of Overland Road, east of Milwaukee Street, north of Targee Street and west of South Ash Park Lane in Ada County. See Attachment to Certificate No. 429. Terra Grande customers are presently served under a two-season flat rate. The monthly summer rate for four months is \$26 and the monthly non-summer rate for eight months is \$14, producing total annual per customer revenue of \$216.

The results of Commission Staff's investigation of the Terra Grande water system were set out in its comments filed in Case No. UWI-W-04-2, which we incorporate herein by reference. As reflected in those comments, Staff contacted the Idaho Department of Environmental Quality (DEQ) to ascertain the status of the existing wells and water quality on the Terra Grande system. DEQ reports that Terra Grande has not been monitoring and testing the water according to the DEQ required schedules. There is no water treatment program on the existing Terra Grande system. One of the four wells included in the Terra Grande water system has not been used in a number of years due to the poor quality of its water. A second well currently exceeds the maximum radiological contaminate levels. A number of other contaminates are presently borderline acceptable and may require treatment in the near future. DEQ has required a number of repairs to the Terra Grande system which have not been made. In addition to the system improvements, the DEQ will require accelerated water quality testing due to the failure of Terra Grande to perform the tests at the required intervals and because contaminate levels identified are marginal. The first year's accelerated testing expense is expected to be about \$8,000. Those test results will determine the next year's testing requirements/costs. DEQ has delayed enforcement action toward Terra Grande awaiting the outcome of this proposed sale.

The Commission is informed that (1) Terra Grande Water has retained an engineer to assess the condition of its water system; (2) Terra Grande Water in meetings with Staff has represented that the water system is in better condition than reflected in Staff comments; (3) Terra Grande and the Department of Environmental Quality have agreed to a schedule of water testing; and (4) Terra Grande has recently replaced a section of water pipe at a cost of approximately \$7,000.

Staff represents that further investigation is required in order to better assess the quality of water, the physical condition of the water system and the economic viability of Terra Grande Water. At this point, it is the Commission's understanding that Terra Grande is providing water to all its customers.

COMMISSION FINDINGS

The Commission has reviewed and considered the filings of record in Case No. UWI-W-04-2, and the representations of Staff in related public decision meetings of the Commission. Based on the established record and information provided, we find that Barbara V.

Child dba Terra Grande Water is operating a water corporation in the Terra Grande Subdivision in Ada County, Idaho and is providing water service to approximately 117 customers. *Idaho Code* §§ 61-124 and 61-125. We find that the Company's customers have no say regarding operation and management of the Company or the prices it charges for water. We find that Ms. Child is operating Terra Grande Water as a public utility as defined by *Idaho Code* § 61-629 and in such a manner as to fall within the Commission's regulatory jurisdiction under Title 61, Idaho Code.

YOU ARE HEREBY NOTIRFIED that the Commission finds it reasonable to conduct an investigation of Barbara V. Child dba Terra Grande Water pursuant to our statutory authority and jurisdiction under Title 61 of the Idaho Code, specifically, *Idaho Code* §§ 61-501 and 61-503. In particular, we note that our investigation will seek to establish:

- (1) Whether the existing rates for water service are just and reasonable. Reference *Idaho Code* § 61-301.
- (2) Whether Terra Grande Water furnishes, provides and maintains service, instrumentalities, equipment and facilities that promote the safety and health of its patrons, employees and the public and is in all respects adequate, efficient, just and reasonable. Reference *Idaho Code* § 61-302.

Based on Staff's investigation and comments in Case No. UWI-W-04-2, our findings above and the Company's purported acquiescence to Commission jurisdiction, this Commission finds it reasonable to issue Certificate of Public Convenience and Necessity No. 429 to Barbara V. Child dba Terra Grande Water. Reference *Idaho Code* §§ 61-526, 61-528; IDAPA 31.01.01.111.

Pending further investigation, the Commission finds it reasonable to direct Terra Grande Water to continue providing water service at the Company's present flat rates. The Company is directed to file formal tariffs setting forth the customer rates and charges we approve. The Company is apprised that as a regulated utility all rates and charges of the utility must be approved by the Commission and set forth in tariff schedules on file with the Commission. *Idaho Code* § 61-313. No other charges are permitted.

We further find it reasonable that Terra Grande Water be required to adopt and implement the Commission's Customer Relations Rules (IDAPA 31.21.01.000 *et seq.*), the Commission's Utility Customer Information Rules (IDAPA 31.21.02.000 *et seq.*), and an

accounting system consistent with the information required by the Commission's annual report for small water companies (*Idaho Code* § 61-405).

The Commission further finds it reasonable to require Terra Grande Water to file a written plan for any additional capital investment in the water system, with estimated costs and proposed timing. No further capital investment in the water system is to be made without Commission approval.

CONCLUSIONS OF LAW

The Idaho Public Utilities Commission has authority and jurisdiction over Barbara V. Child dba Terra Grande Water, a water utility, and the issues raised in Case No. TGW-W-04-1 pursuant to Title 61 of the Idaho Code and the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

ORDER

In consideration of the foregoing and as more particularly described above, IT IS HEREBY ORDERED and the Commission does hereby issue Certificate of Public Convenience and Necessity No. 429 to Barbara V. Child dba Terra Grande Water for the water system operated by the Company, located in the Terra Grande Subdivision, Ada County, Idaho.

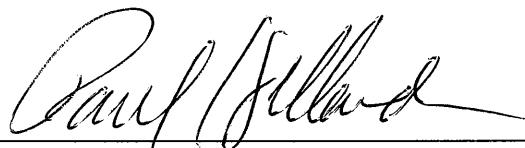
IT IS FURTHER ORDERED and Terra Grande Water is authorized to provide continued water service at the Company's existing two-season flat rate. The monthly summer rate for four months is \$26 and the monthly non-summer rate for eight months is \$14. The Company is directed to file a tariff schedule setting forth the Commission approved rates and charges.

IT IS FURTHER ORDERED and Terra Grande Water is required to adopt and implement the Commission's Customer Relations Rules (IDAPA 31.21.01.000 *et seq.*), the Commission's Utility Customer Information Rules (IDAPA 31.21.02.000 *et seq.*) and an accounting system consistent with the information required by the Commission's annual report for small water companies (*Idaho Code* § 61-405).

IT IS FURTHER ORDERED and Terra Grande Water is required to make written Petition or Application to the Commission prior to any proposed change in ownership of the water system.

THIS IS AN INTERLOCUTARY ORDER. Any person interested in this Order may file a Petition for Review within twenty-one (21) days of the service date of this Order with regard to any matter decided in this Order. A Petition to Review may request that this Commission: (1) Rescind, clarify, alter, amend; (2) stay; or (3) finalize this Interlocutory Order. After any person has petitioned for review, any other person may file a cross-petition within seven (7) days. See Rules 321, 322, 323.03, 324, 325 (IDAPA 31.01.01.321-.325).

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 8th day of June 2004.



PAUL KJELLANDER, PRESIDENT

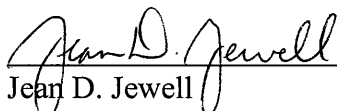


MARSHA H. SMITH, COMMISSIONER



DENNIS S. HANSEN, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

vld/O: TGWW0401_sw