

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE INVESTIGATION)
OF TERRA GRANDE WATER AND THE) **CASE NO. TGW-W-04-1**
ISSUANCE OF RELATED CERTIFICATE)
OF PUBLIC CONVENIENCE AND) **NOTICE OF STIPULATION**
NECESSITY NO. 429.)
) **NOTICE OF COMMENT**
) **DEADLINE**
)
) **ORDER NO. 29933**
)

YOU ARE HEREBY NOTIFIED that Terra Grande Water Inc. (Terra Grande), United Water Idaho Inc. (United Water), and the Staff of the Idaho Public Utilities Commission (Staff) have reached agreement regarding a Stipulation by which United Water will take over the operation of Terra Grande's water distribution system. Staff has agreed to certain cost recovery and accounting treatment for the investment by United Water to take over the system, including the installation of individual meters. Terra Grande and United Water have agreed to terms for the transfer of the system to United Water. In this Notice the Commission establishes a review period and written comment deadline concerning the Stipulation.

BACKGROUND

On February 19, 2004, in Case No. UWI-W-04-2, United Water and Terra Grande filed a joint Application with the Commission for an Order approving the purchase by United Water of Terra Grande's water system. Originally the agreed upon purchase price for the system was \$47,000. However, on April 2, 2004, Staff filed comments recommending the purchase price should be reduced to \$0.00 because after United Water's acquisition of the system more capital than initially anticipated would have to be invested. Staff Comments at 6-7 (Case No. TGW-W-04-1). Staff also stated that if Terra Grande would not agree to transfer the system to United Water for no value then it should be brought within the jurisdiction of the Commission. *Id.* United Water, in turn, offered an Amendment to the Purchase and Sale Agreement reflecting a \$0.00 price. Reply Comments at 2-3. At that time Terra Grande determined it was not in its

best interest to proceed with the purchase and sale transaction, therefore the Application was withdrawn.

On June 8, 2004, the Commission issued Order No. 29512 in Case No. TGW-W-04-1, issuing Terra Grande a Certificate of Public Convenience and Necessity and opening an investigation to establish: (1) whether the existing rates for water service charged by Terra Grande are just and reasonable, *Idaho Code* § 61-301; and (2) whether Terra Grande 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. *Idaho Code* § 61-302.

On January 21 and January 24, 2005, the Commission was notified by Terra Grande and by the Idaho Department of Environmental Quality (DEQ) that the three water supply wells of Terra Grande were contaminated with Trichloroethylene (TCE), a hazardous chemical, and thus were unusable. As a result, an emergency interconnection between Terra Grande's distribution system and United Water's supply system was completed. The Commission issued Order No. 29735 in Case No. TGW-W-05-1 that approved interim rates for Terra Grande based upon the interconnection with United Water. Terra Grande was also ordered to develop a permanent service arrangement plan and submit it to the Commission for approval prior the establishment of permanent rates.

On August 12, 2005, a petition signed by approximately 61 Terra Grande customers was filed with the Commission requesting that it require Terra Grande to install individual water meters.

Commission Staff, Terra Grande, and United Water subsequently entered into discussions whereby the parties have agreed that it is in the public interest to enter into the Stipulation to effectuate the transfer of Terra Grande's water distribution system to United Water which would take over the operation of the water system, install meters and other necessary and prudent improvements, and incorporate Terra Grande's customers into its service area.¹

¹ Although all parties have reached agreement on the Stipulation, Terra Grande is awaiting documentation from the Trustee, who previously held title to the Terra Grande system prior to the time when Terra Grande became a public utility. According to the trust document, once Terra Grande became a regulated public utility, i.e., when its Certificate of Public Convenience and Necessity was issued, title was to transfer from the trust to Ms. Childs. This documentation should be forthcoming, and in any event it was deemed prudent to request that a public comment period commence on the parties' Stipulation.

NOTICE OF COMMENT DEADLINE

YOU ARE HEREBY NOTIFIED that the Commission has reviewed the Stipulation in Case No. TGW-W-04-1 and finds it reasonable to require written comments concerning the Stipulation to be filed with the Commission **no later than January 13, 2006**. Written comments concerning this Stipulation should be mailed to the Commission and to Terra Grande and United Water at the addresses reflected below.

Commission Secretary
Idaho Public Utilities Commission
PO Box 83720
Boise, ID 83720-0074

Street Address For Express Mail:
472 W. Washington Street
Boise, ID 83702-5983

For United Water:

Dean J. Miller
McDevitt & Miller, LLP
420 W. Bannock Street
Boise, ID 83702
E-mail: joe@mcdevitt-miller.com

For Terra Grande:

John R. Hammond, Jr.
Batt & Fisher, LLP
U.S. Bank Building
101 S. Capital Blvd, Suite 500
Boise, ID 83702
E-mail: jrh@battfisher.com

These comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's home page located at www.puc.idaho.gov. Click the "Comments and Questions" icon, and complete the comment form, using the case number as it appears on the front of this document. These comments must also be sent to Terra Grande and United Water at the e-mail addresses listed above.

YOU ARE FURTHER NOTIFIED that the Stipulation can be viewed online at www.puc.idaho.gov by clicking on "File Room" and "Water Cases," or it can be viewed during regular business hours at the Idaho Public Utilities Commission, 472 West Washington Street, Boise, Idaho.

YOU ARE FURTHER NOTIFIED that the Idaho Public Utilities Commission has jurisdiction over Terra Grande, United Water, and the issues involved in this case by virtue of

Title 61 of the Idaho Code and the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

ORDER

IT IS HEREBY ORDERED that a review and comment period be established for the Stipulation between Commission Staff, Terra Grande, and United Water. Persons interested in submitting written comments regarding this Stipulation should do so no later than January 13, 2006.

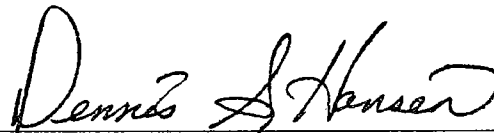
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 21st day of December 2005.



PAUL KJELLANDER, PRESIDENT

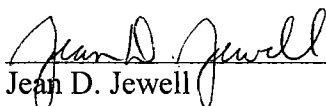


MARSHA H. SMITH, COMMISSIONER



DENNIS S. HANSEN, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

O:TGW-W-04-01_dw2_Stipulation

NOTICE OF STIPULATION
NOTICE OF COMMENT DEADLINE
ORDER NO. 29933