

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF BAR CIRCLE S)	CASE NO. BCS-W-18-01
WATER COMPANY’S APPLICATION TO)	
EXTEND WATER LINE)	ORDER NO. 34290
)	

On July 27, 2018, Bar Circle S Water Company (the Company) applied to the Commission for permission to extend a water line to serve a new subdivision. The Commission issued Notice of Application and set a September 4, 2018 deadline for interested persons to intervene as a party to the case. *See* Order No. 34126. No one intervened and, on February 4, 2019, the Commission issued a Notice of Modified Procedure that set comment and reply deadlines. Commission Staff filed the only comments. The Company did not reply. *See* Order No. 34239.

Having reviewed the record, the Commission enters this Order granting the Company’s Application as further discussed below.

THE APPLICATION

In its Application, the Company asked to extend its water service to the Garwood Corner Subdivision being developed by McCarthy Capital, Inc. (the Developer). The Company attached a letter from the Developer noting the subdivision would consist of about 136 acres and 24 lots in Kootenai County. *See* Application.

The Company explained it would extend its water line using looped system with water being supplied from three existing wells. The Developer would pay the Company a \$2,500 hook-up fee at the closing of each purchased lot. *Id.* The Developer also would transfer the system and water rights to the Company. *Id.*

To support its Application, the Company provided: (1) a letter from a property owner stating it would sell the property for the subdivision to the Developer; (2) a letter from the Developer asking the Company to serve the subdivision’s lots; (3) a letter from the planner who represents the property owner and the Developer, also requesting the extension; (4) a Preliminary Plat Layout of the subdivision; and (5) the Company's current rate schedule, which would apply to future customers in the subdivision. *See* Attachments to Application.

THE COMMENTS

Staff reviewed the Application and its attachments. Staff noted that during the case, the Company submitted documents reflecting there would be 26 five-acre residential lots in the

subdivision instead of 24 lots, and that the Developer would install the water system in the subdivision and then convey it to the Company.

Staff confirmed the Company would not need to amend Certificate of Public Convenience and Necessity (CPCN) No. 296 to serve the subdivision. Staff noted the subdivision would be within the Company's existing service area. Staff also noted Company's most recent Enhanced Sanitary Survey from the Idaho Department of Environmental Quality confirmed the Company's system is sufficient to serve the certificated area.

While Staff noted the Company would not have to amend its CPCN, Staff noted the Company would need a one-time waiver of tariff provisions that would otherwise require the Company to collect connection charges and advance payments from new customers or the Developer.

First, the Company would need a one-time waiver of tariff provisions that would otherwise require the Company to collect the following connection charges from new customers to offset the costs of improvements needed to serve them:

For a first time connection to the Bar Circle "S" Water Company system when an existing service line and meter base are already in place on the property the charge is \$400.

If there is no service line tap to the Company's water mains or meter box in place on the property the charge is \$2,500.

Staff explained the Company would not need to collect these connection charges from new customers because they are being covered by the Developer. The Developer would connect the subdivision's lots to the system, so the Company would not need to collect the \$400 connection charge from new customers. The Developer also would pay the Company \$2,500 for each lot in the subdivision to cover the cost of necessary facilities, so the Company would not need to collect that connection charge from new customers.

Second, the Company would need a one-time waiver of tariff provisions that incorporate the Commission's Uniform Main Extension Rule for Water Utilities, including Section C, which states: "an applicant for a main extension to serve a new subdivision . . . shall . . . advance to the utility, before construction is commenced, the estimated reasonable cost of the extension.. .." While the Main Extension Rule ordinarily would require the Company to collect advance payment from an applicant or developer, Staff noted the Company would not need to collect an

advance payment here because the Developer will install the facilities and then convey them to the Company.

Since the Company will collect the money from the Developer before the Company serves new customers in the subdivision, the Company should not earn a return on the Developer-financed extension. Staff thus recommends the Company book the Developer's payments so the cost of the extension is excluded from rate base.

FINDINGS AND DISCUSSION

The Company is a water corporation under Idaho Code § 61-125. The Commission has jurisdiction over it and the issues in this case under Title 61 of the Idaho Code. Having reviewed the record, including the Application and Staff's comments, the Commission finds it reasonable to approve the Company's Application and allow the Company to serve the subdivision. Since the subdivision is already in the Company's service area as described in CPCN No. 296, the Commission finds it reasonable for the Company to serve the subdivision customers under the Company's approved tariff rates without having to amend the CPCN. Further, since the Developer will build the water system and convey it to the Company, we find it reasonable to grant the Company a one-time waiver of the requirement that it collect a \$400 connection charge from new customers in the subdivision. We also find it reasonable to similarly waive the tariff's requirement that the Company collect a \$2,500 connection charge from each new customer, because the Developer will have already paid the Company a \$2,500 per lot hook-up fee. We note these hook-up fee arrangements differ from what is strictly required by the tariff. But we find it reasonable to grant the one-time waiver because the Company's alternative arrangements with the Developer ensure existing customers will not subsidize the cost to hook-up and serve the new customers. Last, we find it reasonable to direct the Company to record the funds collected from the Developer in a manner that ensures the extended system is excluded from rate base.

ORDER

IT IS HEREBY ORDERED that the Company's Application is approved, as outlined above. The Company may serve the subdivision after the Developer builds and conveys the extended water system to the Company.

IT IS FURTHER ORDERED that the Company shall have a one-time waiver of the connection charge portion of its tariff. The Company shall not collect the \$400 or \$2,500 connection charge from new customers in the subdivision.

IT IS FURTHER ORDERED that the Company book the funds collected from the Developer to ensure the extended water system is excluded from the Company's rate base.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this ^{29th} day of March 2019.



PAUL KJELLANDER, PRESIDENT



KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Diane M. Hanian
Commission Secretary

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