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Attorney for the Commission Staff

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE APPLICATION OF )**  
**EAGLE WATER COMPANY, INC., TO AMEND )** **CASE NO. EAG-W-04-2**  
**ITS CERTIFICATE OF PUBLIC )**  
**CONVENIENCE AND NECESSITY NO. 278. )** **COMMENTS OF THE**  
**)** **COMMISSION STAFF**  
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**COMES NOW** the Staff of the Idaho Public Utilities Commission, by and through its attorney of record, Lisa Nordstrom, Deputy Attorney General, and submits the following comments in response to the Notice of Application, Notice of Modified Procedure, Notice of Comment/Protest Deadline and Order No. 29519 issued on June 8, 2004.

**BACKGROUND**

On May 21, 2004, Eagle Water Company, Inc. (Eagle Water; Company) filed an Application with the Idaho Public Utilities Commission (Commission) requesting authorization to amend its Certificate of Public Convenience and Necessity No. 278 by extending the boundary of the area in which it is authorized to provide service. This proposed expansion is located in Ada County just east of Old Highway 55/Horseshoe Bend Road. The proposed area to be served contains five parcels and is contiguous to Eagle Water's main system.

According to the Company's Application, Jan G. Troutner, Dorothy McKay and the Dry Creek Cemetery Maintenance District have requested water service to their respective properties.

Attachment No. 1 shows the locations of these parcels in relation to the service area boundaries of Eagle Water and United Water, Idaho. Service to these properties would be provided through Eagle Water's eight-inch main line located on the east side of Old Highway 55/Horseshoe Bend Road. Extension of service to these parcels by Eagle Water will require excavation; installation of mains, fire hydrants and service meter boxes; bedding; backfill; compaction; inspection; and testing. The estimated construction cost for this project is between \$15,000 and \$20,000 plus legal fees, all of which will be paid by the developer pursuant to Eagle Water's standard "Main Extension Contract" as provided for in its tariff on file with the Commission. In addition to construction costs, Eagle Water will incur legal fees in connection with this Application that have yet to be determined.

Eagle Water proposes to begin construction in June 2004 and complete construction in August 2004. The proposed expansion will add three to five customers to Eagle Water's customer base. The Company estimates that the monthly gross revenue per such customer is \$20 to \$30. According to the Application, there will be no effect on Eagle Water's revenue requirement.

Eagle Water states it has an adequate source of supply to provide service to these properties in a safe and reliable manner, as evidenced by a letter from James M. Rees, P.E., MTC, Inc. The Company also submits that the extension of its facilities to service the Idaho State Veterans Cemetery is consistent with the public convenience and necessity.

#### **STAFF ANALYSIS**

Of the five parcels Eagle Water is seeking to add to its certificated area, three are residential, one will be the site of a future church, and the remaining parcel is the existing Dry Creek Cemetery. By far, the majority of the area Eagle Water is seeking to add is the Dry Creek Cemetery. However, it is Staff's understanding that the cemetery already irrigates its grounds using an alternate water source, and that Eagle Water will only be providing water for potable water and fire protection.

In Order No. 29429 issued on February 20, 2004, the Commission approved the expansion of Eagle Water's certificated area to include the Idaho State Veterans Cemetery, which is contiguous to the Dry Creek Cemetery. Eagle Water has informed Staff that it inadvertently omitted the Dry Creek Cemetery from its earlier Application seeking to add the Idaho State Veterans Cemetery to its certificated area.

Both Eagle Water and United Water have the capability to serve the properties. Both utilities have a main line along the east side of Horseshoe Bend Road, fronting two of the residential lots. In fact, United Water is currently supplying water to a residential lot at the corner of Horseshoe Bend Road and Hill Road, which is also adjacent to one of the parcels Eagle Water is seeking to serve in this Application. Both utilities also have main lines near the Dry Creek Cemetery.

Given that both utilities have the capability to serve the requested parcels, Staff believes the Commission should consider which utility it believes will provide the best service to customers over the long term. Eagle Water has had problems in the past providing sufficient pressure to the nearby Bonita Hills and Eagle Springs Estates Subdivisions (reference Case No. EAG-W-00-1, Order No. 28513). Staff believed that water pressure problems of the past had been resolved following Eagle Water's installation of a booster station nearby. However, on June 2, 2004, Eagle Water informed Staff that the main line supplying the booster station had been exposed by excavation activities of a nearby sand and gravel operation. As a result, the exposed line had to be taken out of service, which in turn, has again caused very low water pressure on the northeast side of Eagle Water's system. After a month, Eagle Water has still been unable to relocate the main line and restore normal water pressure in the area. Staff understands that there may be a dispute over the property easement within which the main line is located, and that Eagle Water is having difficulty securing an easement for an alternate route. Nevertheless, Eagle Water customers located east of Horseshoe Bend Road are again facing poor water pressure during the hottest part of the year. Eagle Water is not able to commit to a date by which the problem will be resolved.

Because of Eagle Water's ongoing problems in providing adequate pressure in the vicinity, Staff believes that United Water possesses greater capability for providing the best service. United Water can easily serve the requested properties without diminishing its ability to continue to provide adequate service to its existing customers.

Although it is not being requested in this Application, Staff believes that further apportionment of uncertificated areas surrounding Eagle is ripe for a decision. Areas around Eagle are rapidly growing and it is just a matter of time before the Commission will be required to make decisions about which company will provide service. Presumably, both utilities would benefit by knowing in advance the reasonable extent of their service areas so that nearby

facilities could be planned and sized accordingly. A piecemeal approach to awarding certificated areas may not be in the best interests of the customers of either utility.

## RECOMMENDATIONS

Staff recommends denial of the Company's Application. Staff further recommends that Eagle Water and United Water be directed to try to negotiate apportionment of uncertificated areas in the vicinity of Eagle between the two companies and the City of Eagle. For those areas where apportionment between Eagle Water and United Water cannot be agreed upon, Staff recommends that either or both companies make a filing with the Commission to open a new docket for the purpose of resolving which company shall serve contested areas in the future.

Respectfully submitted this 29<sup>th</sup> day of June 2004.

  
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Lisa Nordstrom  
Deputy Attorney General

Technical Staff: Rick Sterling

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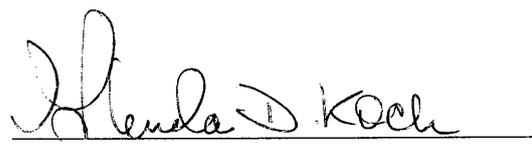


## CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 29TH DAY OF JUNE 2004,  
SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE  
NO. EAG-W-04-2, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE  
FOLLOWING:

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