

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF EAGLE)	CASE NO. EAG-W-15-01
WATER COMPANY’S APPLICATION)	
FOR AUTHORITY TO IMPLEMENT)	NOTICE OF PROPOSED SETTLEMENT
A CUSTOMER SURCHARGE)	
)	NOTICE OF MODIFIED PROCEDURE
)	
)	ORDER NO. 34225
)	
)	

On November 10, 2015, Eagle Water Company filed an Application seeking authority to implement an immediate and temporary surcharge of 53.82% on customers’ water usage over 600 cubic feet per month. The Company also requests permission to access funds in an existing surcharge account. The Company would use the new surcharge and the existing balance in the surcharge account to pay for several large capital improvement projects, and its legal and accounting fees associated with this proceeding. Application at 3-5.

On December 3, 2015, the Commission issued a Notice of Application and Notice of Intervention Deadline. No one intervened in the case. The Commission also suspended the proposed effective date for 90 days, until March 10, 2016. Order No. 33430. The Company subsequently agreed to several further suspensions. *See* Order Nos. 33478, 33509. On August 10, 2016, the Commission approved a stipulation between the Company and Staff to stay all proceedings in this matter for one year, or “until such a time that the parties file a joint motion to lift the stay.” Order No. 33567. In October 2017, the Commission granted an indefinite stay of all proceedings. Order No. 33911.

On December 14, 2018, Staff filed a motion requesting the Commission approve a Joint Settlement Stipulation (the “Settlement”) in this matter, and order a procedural schedule. Staff also reported that the parties jointly recommend that the Commission lift the stay and process the proposed Settlement by Modified Procedure. With this Order, we lift the stay, provide notice of the proposed Settlement, and set a schedule to process the proposal.

NOTICE OF PROPOSED SETTLEMENT

YOU ARE HEREBY NOTIFIED that, in summary, the Settlement proposes to fully resolve the case as follows:¹

1. Rates and charges

The resulting settlement will not increase rates or charges to any Eagle Water customer. Rather, the Company will discontinue hookup charges of \$600 per Tariff Schedule No. 5. The balance of the hookup charge account (approximately \$370,000) will remain in the account to be used as a line-of-credit.

2. Accounting Correction

The parties submit that the Company has accumulated a substantial negative rate base through years of improperly booking capital expenditures, and failing to maintain documentation of plant. The negative rate base has accumulated to the point of creating unsound ratemaking requests, such as the proposed surcharge in the underlying Application. Based on an extensive audit conducted by Staff, the parties agree that a one-time accounting correction be made. That is, an elimination of negative base in 2008 of \$1,236,375 in year 2008 represented in contributions in aid of construction.

3. Capitalized Plant

The parties have agreed to allow capitalization of improperly documented plant including the Company's well 8, meters, repairs, equipment, materials, and labor. Going forward, the Company must properly document and capitalize all plant and labor, or recovery will be disallowed.

4. Accounting and Reporting

The parties have agreed that the Company will provide Staff with quarterly reports of costs and expenses. Staff will conduct routine audits to ensure proper booking of expenditures.

5. Collaboration on Tariffs

The Company agreed to work with Staff to update the Company's tariff language to the Commission's satisfaction.

¹ The proposed Settlement, including its attachments, is more detailed than this summary. Interested persons may view the proposed Settlement on the Commission's web site.

COMMISSION SETTLEMENT RULES

YOU ARE FURTHER NOTIFIED that the Commission will review the proposed Settlement consistent with Commission Rules 271-280.

YOU ARE FURTHER NOTIFIED that the Commission is not bound by the proposed Settlement. The Commission will independently review the proposed Settlement to decide whether to approve it, reject it, or state conditions under which to accept it. The proposed Settlement's proponents ultimately must prove it is just, fair, and reasonable, in the public interest, or otherwise in accordance with law or regulatory policy.

YOU ARE FURTHER NOTIFIED that the proposed Settlement, Application, and supporting workpapers, testimony, and exhibits are available for public inspection during regular business hours at the Commission offices. They also may be viewed on the Commission's web site at www.puc.idaho.gov by clicking on "File Room" and then "Water Cases" and then going to the case numbers referenced in the above caption.

NOTICE OF MODIFIED PROCEDURE

YOU ARE FURTHER NOTIFIED that the Commission has reviewed the proposed Settlement, and has determined that the public interest may not require a formal hearing in this matter and will proceed under Modified Procedure pursuant to Rules 201 through 204 of the Idaho Public Utilities Commission's Rules of Procedure, IDAPA 31.01.01.201 through .204. The Commission notes that Modified Procedure and written comments have proven to be an effective means for obtaining public input and participation.

YOU ARE FURTHER NOTIFIED that any person or party desiring to state a position on the proposed Settlement may file a written comment in support or opposition with the Commission **no later than January 16, 2019**. The comment must contain a statement of reasons supporting the comment. Persons desiring a hearing must specifically request a hearing in their written comments. Written comments concerning this matter shall be mailed to the Commission and the Applicant at the addresses reflected below:

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

Molly O'Leary
BizCounselor@Law PLLC
1775 W State St. #150
Boise, Idaho 83702
e-mail: molly@BizCounselorAtLaw.com

Street Address for Express Mail:

472 W. Washington Street
Boise, ID 83702-5918

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 "Case Comment or Question Form" under the "Consumers" tab, 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 the Applicant.

YOU ARE FURTHER NOTIFIED that the Company may file reply comments, if necessary, **no later than January 23, 2019**.

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the time limit set, the Commission may consider this matter on its merits and enter its Order without a hearing. If written comments are received within the time limit set, the Commission will consider them and, in its discretion, may set the same for formal hearing.

ORDER

IT IS HEREBY ORDERED that this case be processed by Modified Procedure. Interested persons may file written comments about this case, or protest the use of Modified Procedure, no later than January 16, 2019.

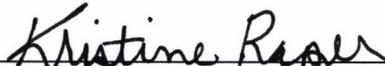
IT IS FURTHER ORDERED that the parties may file reply comments, if any, no later than January 23, 2019.

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DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this ^{28th}
day of December 2018.



PAUL KJELLANDER, PRESIDENT



KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Diane M. Hanian
Commission Secretary

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