

DECISION MEMORANDUM

TO: COMMISSIONER KJELLANDER
COMMISSIONER RAPER
COMMISSIONER ANDERSON
COMMISSION SECRETARY
COMMISSION STAFF

FROM: BRANDON KARPEN
DEPUTY ATTORNEY GENERAL

DATE: NOVEMBER 23, 2018

SUBJECT: IN THE MATTER OF THE JOINT APPLICATION OF SUEZ WATER
IDAHO, INC., TO ACQUIRE EAGLE WATER COMPANY;
CASE NOS. SUZ-W-18-02, EAG-W-18-01

On November 15, 2018, Suez Water Idaho Inc. (“Suez”) and Eagle Water Company, Inc. (“Eagle Water”) jointly (the “Applicants”), filed a Joint Application requesting that the Commission approve a proposed acquisition of Eagle Water by Suez.

BACKGROUND

Suez is a global water and wastewater company. Suez Water Idaho Inc., formerly United Water, has been operating in the Treasure Valley since 1928. Suez is a publically-traded company based in Paris, France. The water company serves approximately 240,000 customers in the Boise area.

Eagle Water is a privately held Idaho water company serving approximately 4,200 customers near Eagle, Idaho. Application at 2. Eagle Water holds Certificate of Public Convenience and Necessity No. 278. *Id.*

A third entity, H2O Eagle Acquisition, a Wyoming LLC, is also involved in the pending Application. *Id.* According to the Applicants, H2O Eagle will purchase Eagle Water for an undisclosed amount. *Id.* at 3. Simultaneously, Suez will then purchase Eagle Water from H2O Eagle for \$10 million. *Id.*

THE APPLICATION

The Applicants state that, if approved by the Commission, Suez would take over all ownership and operations of the Eagle Water system. The Applicants state that Suez may or may

not employ certain Eagle Water employees during the transition, or make them Suez employees. *Id.* at 3-4.

Suez proposes a three-year rate adjustment period, whereby Eagle Water customer rates would increase until they are in parity with Suez rates. *Id.* at 4. According to Suez, Eagle Water Residential customers would see an approximate monthly increase of \$6.44 in their billings in year one, an increase of \$9.40 in year two, and an increase of \$9.40 in year three. Cary Direct at 12. In other words, over the three-year period, Suez proposes to raise Eagle Water's existing rates by approximately 235% (204% increase for Residential customers, and 303% increase for Commercial customers). *Id.* at 12-13.

For Suez customers, the acquisition provides access to water through existing Eagle Water wells—a cost avoidance of approximately \$11.7 million. Cooper Direct at 5-6. For Eagle Water customers, the Applicants point to capital improvements that will benefit those customers, including upgraded pipelines and new meters. *Id.* at 10-11.

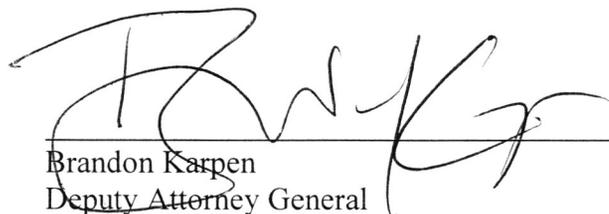
The Applicants request that this Application be processed by Modified Procedure. Application at 7-8. The Applicants do not specify a requested effective date.

STAFF RECOMMENDATION

Staff recommends that the Commission set a 21-day intervention deadline and once that deadline has passed, the parties convene an informal conference to determine and recommend a proceeding schedule.

COMMISSION DECISION

Does the Commission wish to issue a Notice of Application, set a deadline for intervention, and direct the parties to convene an informal conference to develop a proceeding schedule?



Brandon Karpen
Deputy Attorney General