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IDAHO PUBLIC UTILITIES COMMISSION

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE JOINT
APPLICATION OF EAGLE WATER
COMPANY, INC. AND SUEZ WATER
IDAHO INC. FOR APPROVAL OF SALE
AND ACQUISITION OF EAGLE WATER
COMPANY, INC. ASSETS BY SUEZ
WATER IDAHO INC. AND AMENDMENT
OF CERTIFICATE OF PUBLIC
CONVENIENCE AND NECESSITY NO.
143, AND APPROVAL OF RATES AND
CHARGES

**Case Nos. SUZ-W-18-02
EAG-W-18-01**

DIRECT TESTIMONY OF ROBERT DESHAZO

ON BEHALF OF EAGLE WATER COMPANY INC.

November 2018

1 **Q. Please state your name and business address?**

2 A. My name is Robert DeShazo and my office address is 188 West State Street,
3 Eagle Idaho 83616.

4 **Q. What is the name of the company you represent and your capacity?**

5 A. Eagle Water Company, Inc.. I am the President and General Manager.

6 **Q. How long have you been the President and General Manager?**

7 A. I have been the President and General Manager for 47 years.

8 **Q. What is the purpose of your testimony?**

9 A. Eagle Water Company is a joint applicant with SUEZ Water Idaho Inc.
10 requesting approval by the Idaho Public Utilities Commission of the
11 contemplated sale of Eagle Water Company's assets and transfer of its
12 certificate of public convenience and necessity to SUEZ. My testimony
13 describes the history of my involvement with Eagle Water Company, why
14 I have decided to sell the company assets now, and why the purchase of
15 those assets by SUEZ will be in the best interest of Eagle Water customers.

16 **Q. Please describe how you became involved with Eagle Water Company,
17 Inc.**

18 A. I started Eagle Water Company in 1972 when the city of Eagle, Idaho had
19 a population of about 180. I was building houses on land I was developing
20 in the area and there was no water company in Eagle. So I drilled the initial
21 wells and have spent the last 47 years building water infrastructure to
22 support the growth in the Eagle area.

1 obtaining much-needed financing for its operations, maintenance and
2 infrastructure upgrades.

3 And finally, since I have no heirs who are capable or even willing to operate
4 the company, it is important that I convey the Eagle Water Company system
5 to a company that possesses the technical, managerial and financial
6 capabilities to provide reliable and adequate service going forward (e.g.,
7 engineering; hydrology; utility management; utility accounting; customer
8 service; computer systems; water production, treatment & testing;
9 distribution system operation, and the resources to provide 24/7 emergency
10 response services).

11 **Q. Can you please describe the nature of your agreement with H2O Eagle**
12 **Acquisition?**

13 A. In May of this year Eagle Water Company entered into an asset purchase
14 agreement with H2O Eagle Acquisition, LLC. It was contemplated by the
15 parties and provided for in the agreement that by this agreement H2O Eagle
16 would acquire Eagle Water Company and transition the company into a
17 wholesale water company or at H2O Eagle's sole option, H2O Eagle's
18 rights under the agreement could be assigned to a very qualified purchaser.
19 H2O Eagle subsequently expended a great deal of time and effort—time
20 and effort that I have not been able to dedicate—to develop an appropriate
21 plan of action. After months of due diligence, outside plant modeling,
22 financial modeling, potential partner meetings and internal discussions H2O
23 Eagle ultimately made the decision to approach SUEZ as a potential

1 purchaser and negotiate an agreement committing SUEZ to purchase the
2 Eagle Water assets subject completion of its due diligence investigations
3 and Commission approval. The closing of the purchase and sale of the
4 Eagle Water assets under this agreement would occur at the same time as
5 the closing of the sale under an asset purchase agreement that SUEZ and
6 H2O Eagle have entered into (the "H2O Eagle – SUEZ APA"), and which
7 is being submitted as an attachment to the Joint Application. The intent is
8 that the Eagle Water Company assets will immediately transfer at closing
9 to SUEZ, at which point SUEZ would acquire all ownership and
10 responsibilities for operation of the water system.

11 **Q. Would you please summarize your testimony?**

12 A. For personal reasons and for what I believe to be in the best interest of Eagle
13 Water Company customers, I have decided that now is the appropriate time
14 to transfer ownership and operation of the company's water system to
15 another company that is qualified to serve its customers and has the
16 experience and financial wherewithal to upgrade and operate the system.
17 Asset purchase agreements are place that would allow transfer of ownership
18 and operation of the company's assets to SUEZ, which would become be
19 the water utility serving customers in Eagle Water Company's existing
20 service area. I firmly believe that the succession plan before the
21 Commission in the Joint Application, including the sale of the company's
22 assets and transfer of its CPCN to SUEZ as requested by the Joint

1 Application will be in the best interests of the Eagle Water Company
2 customers.

3 **Q. Does this conclude your testimony?**

4 A. Yes, it does.

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