

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	
OF TETON WATER & SEWER COMPANY)	CASE NO. TTS-W-17-02
FOR AUTHORITY TO ACCESS THE)	
COMPANY'S EMERGENCY RESERVE)	ORDER NO. 34000
ACCOUNT)	
)	

On October 10, 2017, Teton Water & Sewer (“Teton”) submitted an Application requesting the Commission to approve access to a reserve fund to pay for two valve repairs—Cluff Lane, \$3,328.12, and Teton Springs Lodge, \$5,351.22. On December 6, 2017, the Commission issued a Notice of Modified Procedure and set a comment deadline of January 9, 2018, and a Company reply deadline of January 23, 2018. Staff filed timely comments supporting the request and making additional recommendations. No other comments were received.

BACKGROUND

In 2008, Teton applied to the Commission for a Certificate of Public Convenience and Necessity, and approval of rates and charges. The Commission granted the CPCN and authorized certain changes in rates. Order Nos. 30571, 30718. In January 2009, the Commission also found that the Company did not have sufficient earnings should it experience a financial emergency. Order No. 30718. The Commission thus established an emergency reserve fund, and parameters for access to it. The Commission stated, “[t]he reserve fund is to be used only for emergencies and major unplanned capital expenditures (plant repair, maintenance and replacement). It is not intended to . . . fund capital expenditures that should have been planned.” *Id.* at 12. The account balance at the end of 2016 was \$15,543.

The Commission allowed for immediate access to these funds, but outlined requirements for approval of the expenditures, including that the Company file notice when money from the fund is used; provide an audit trail for the use of the funds; and only use the funds for unplanned repair costs exceeding 10% of the Company’s annual revenue requirement.

THE APPLICATION

With its Application, the Company asked the Commission to let it use the reserve fund to pay for two valve repairs. The Company stated that it completed the repairs in September

2016 and June 2017. The Company claimed that the total cost for the repairs was \$8,679.34, including \$3,328.12 for a repair at Cluff Lane, and \$5,351.22 for a repair at Teton Springs Lodge. The Company provided invoices and pictures to support its request.

STAFF COMMENTS

Commission Staff filed the only comments. Staff recommended the Commission authorize the Company to use the reserve fund for the repairs, and that changes be made to the fund's access requirements.

Staff believed the Application provided adequate notice to the Commission. Staff's analysis showed the valve repairs were necessary, unplanned, and the type of repair the fund was intended to pay for. Staff further stated that the Company provided an auditable paper trail adequate to support the request. However, Staff determined that neither repair exceeded 10% of the Company's revenue requirement, a requirement imposed by the Commission when the fund was created.

Staff explained that the Company's annual revenue requirement is \$146,309. This makes the minimum allowed project amount \$14,631. Even when combined, the repairs do not meet the 10% requirement. Staff explained that, as a small water company, Teton lacks access to capital markets, and that the 10% requirement has proven too burdensome. Staff recommended the Commission eliminate the 10% requirement. Ultimately, Staff felt that use of the funds on the repairs were appropriate and should be approved.

DISCUSSION AND FINDINGS

The Commission has jurisdiction over the Company and the issues in this case under Title 61 of the Idaho Code, including *Idaho Code* §§ 61-124, -125, -129, and -501. The issue before the Commission is simply if access to the plant reserve fund is in the public interest. When determining whether a course of action is in the public interest, the Commission considers all relevant factors, including cost, to determine if the Application is consistent with the public interest:

In general, where the Commission is required to consider the "public interest," it must look to "the interest of the public, their needs and necessities and location and, in fact, all the surrounding facts and circumstances to the end that the people be adequately served."

Browning v. Wood, 99 Idaho 174, 579 P.2d 120 (1978); *see also*, Commission Order No. 28213, Case No. PAC-E-99-1. Additionally, utilities must maintain service that is "adequate, efficient,

just and reasonable.” *Idaho Code* § 61-302. This concept takes into account broad concepts of safety, health, comfort, convenience of patrons, employees, and the public.

After a thorough analysis of the proposal, Commission Staff recommended that the Commission approve the Application and eliminate the 10% requirement. The Company does not oppose Staff’s recommendation.

We find that the Company’s request is reasonable and generally adheres to our prior Order regarding the method to be used for access to the reserve fund. While the projects do not meet the 10% requirement, we find that use of the fund was nonetheless justified. Further, we find that that the 10% condition is too onerous, and we believe it should be eliminated. With regard to the accounting treatment of funds used from the reserve fund, they shall be treated as contributions-in-aid of construction.

Accordingly, the Commission approves the Company’s Application to access the reserve fund to pay for two valve repairs amounting to a total of \$8,679.34. We find further that elimination of the 10% requirement imposed in Order No. 30718 is fair, just and reasonable. However, we reiterate the requirement that the fund only be used for emergencies and major unplanned capital expenditures. The Commission appreciates the Company’s willingness to work closely with Staff in resolving this matter.

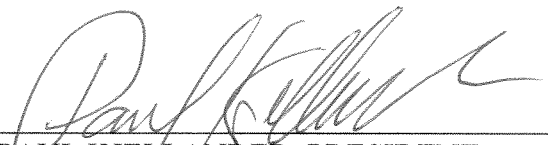
ORDER

IT IS HEREBY ORDERED that the Company’s Application is approved. The Company is authorized to utilize \$8,679.34 in plant reserve funds.

IT IS FURTHER ORDERED that the condition that a repair must exceed 10% of the Company’s revenue requirement before the Company may use the reserve fund to pay for it, is eliminated.

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 *2nd*
day of March 2018.



PAUL KJELLANDER, PRESIDENT



KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Diane M. Hanian
Commission Secretary

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