

IDAHO PUBLIC UTILITIES COMMISSION

MINUTES OF DECISION MEETING

SUBJECT TO APPROVAL

January 28th, 2025 – 1:30 p.m.

In attendance was Commissioner Eric Anderson, Commissioner John R. Hammond, Jr. Commissioner Lodge was absent. Commissioner Anderson called the meeting to order.

The first order of business was the **APPROVAL OF MINUTES FROM THE PREVIOUS MEETING** on October 1st, 2024. The Commission voted unanimously to approve the minutes as written.

The next order of business was **CONSENT AGENDA:**

2. Action Item: Michael Eldred’s January 28, 2025, Decision Memorandum re: In the Matter of the Application of Idaho Power Company to Increase Rates for Electric Service to Recover Costs Associated with Incremental Capital Investments and Certain Ongoing Operations and Maintenance; Case No. IPC-E-24-07.

3. Action Item: Chris Burdin’s January 28, 2025, Decision Memorandum re: In the Matter of Commission Staff’s Formal Complaint Concerning Intermountain Gas Company and the Rexburg Liquid Natural Gas Facility; Case No. INT-G-25-01.

Commissioner Hammond addressed the formal complaint concerning safety issues at Intermountain Gas Company’s Rexburg Liquid Natural Gas Facility. Commissioner Hammond stressed the seriousness of the safety allegations and the importance of building a comprehensive record for decision-making.

Commissioner Anderson made a motion to approve Staff’s recommendations for Items 2 and 3 under the Consent Agenda. A vote was taken on the motion, and it carried unanimously.

The next order of business was **MATTERS IN PROGRESS:**

4. Action Item: Joseph Terry’s January 28, 2025, Decision Memorandum re: In the Matter of the Application of CDS Stoneridge Utilities, LLC for Authorization to Borrow Funds from Related Entities to Cover Operating Losses; Case No. SWS-W-25-01.

Joseph Terry presented the memorandum regarding CDS Stoneridge Utilities, LLC’s request to borrow \$207,000 from Esprit Enterprises to cover losses incurred in 2024. The majority of these losses stem from unpaid bills related to transactions with Esprit Enterprises. Stoneridge has stated it is unwilling to inject additional equity capital and considers this loan the only form of additional paid-in capital it will accept. The loan terms detailed in the application include 6% interest over 30 years, with approximate monthly payments of \$1,200.

Mr. Terry presented staff's recommendations to reject the application as accepting the loan would worsen Stoneridge's already negative equity position, significantly lowering its rate of return. If the \$207,000 were treated as additional paid-in capital instead of debt, equity would improve to approximately 50%. Esprit Enterprises' financial records are unavailable, making it difficult to assess the true cost of the loan. The 6% interest rate is likely below market rates for a small company like Stoneridge. Staff expressed concern that the loan would cover expenses previously denied recovery in the latest rate case. Allowing debt issuance for such expenses conflicts with the commission's prior decisions. Stoneridge's refusal to inject additional capital raises concerns about its ability to maintain adequate service. Utilities are capital-intensive and often require external or owner funding to operate effectively. Stoneridge suggested a potential 3% rate increase to cover the loan. Staff clarified that loans are recovered through depreciation and return on equity/capital, not as a direct line item in bills.

Mr. Terry also informed the commission of Mr. Garrison's petition to intervene, recommending rejection of the application on several grounds: (1) Stoneridge did not use legal counsel to file the application, contrary to the commission's prior order, (2) The application is nearly identical to a previous securities request that was rejected, and (3) Stoneridge's claim that commission-approved rates are inadequate is incorrect; this loan request appears to be a backdoor attempt to increase water rates.

Commissioner Hammond sought clarification surrounding the potential 3% rate increase and wanted to ensure Stoneridge is aware that any rate increase must be approved by the commission. Mr. Terry confirmed that Stoneridge is aware of the rate increase process.

In the end, staff is recommending that the commission deny this application. But considering the details in this, staff also believes that there may be benefit in letting the company respond to staff's analysis and Mr. Garrison's intervention. And therefore, staff is requesting the commission find good cause to extend the due date for the order past the 30 days for an additional 30 days and then also establish a 14 day reply period for the company to respond to the staff's recommendation and Mr. Garrison's petition to intervene.

Commissioner Anderson had a question regarding Stoneridge's legal representation. Mr. Terry clarified that although Mr. Piskel has confirmed he is representing Stoneridge, the application was submitted under Mr. Karupiah's name.

Commissioner Hammond made a motion finding good cause to extend the case past the 30-day time frame as provided in Idaho code 61-904, as well as a 14-day reply period for Stoneridge to respond to staff's recommendations and Mr. Garrison's petition to intervene. A vote was taken on the motion, and it carried unanimously.

Commissioner Anderson stated there was no further business before the Commission and the meeting was adjourned.



COMMISSION SECRETARY

2/4/2025

DATE OF APPROVAL