Office of the Secretary
Service Date
December 19, 2024

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF CAPITOL WATER CORPORATION'S APPLICATION TO INCREASE ITS RATES AND CHARGES FOR WATER SERVICE IN THE STATE OF IDAHO	))))))	**CASE NO. CAP-W-24-01** **ORDER NO. 36427**

On March 1, 2024, Capitol Water Corporation ("Company") applied to increase its rates and charges for water service in Idaho. The Company requested an April 1, 2024, effective date for the new rates.

On March 22, 2024, the Commission issued a Notice of Application, Notice of Intervention Deadline, and Notice of Suspension of Proposed Effective Date, setting a deadline for interested parties to petition to intervene and suspending the Company's proposed effective date for 30 days plus five months. Order No. 36118. The city of Boise City intervened. Order No. 36167.

On May 21, 2024, the Commission issued a Notice of Modified Procedure establishing dates for public comments and the Company's reply in addition to setting dates for a virtual public workshop and customer hearing. Order No. 36187.

On August 20, 2024, the Commission issued Order No. 36295, vacating the comment deadlines and customer hearing set in Order No. 36187 and indefinitely suspending the effective date of the Company's proposed rate increase. The Commission did this to provide Commission Staff ("Staff") with additional time to review the Company's financial records which it was directed to review in Order No. 36281.

On October 11, 2024, the Commission issued Order No. 36356, establishing comment deadlines and scheduling an in-person customer hearing. Three customers filed comments. Staff also filed comments to which the Company replied.

On November 1, 2024, the Commission held an in-person customer hearing. One customer of the Company testified, supporting the proposed rate increase.

Having reviewed the record in this case, we issue this Final Order authorizing the Company to raise its rates as described below. Additionally, we direct the Company to take the steps described below to rectify the overbilling issue discovered during this general rate case.

BACKGROUND

The Company is a Commission-regulated water corporation serving approximately 2,521 residential, 279 commercial, and 35 private fire protection customers in Boise, Idaho. The Company provides service under Certificate of Public Convenience No. 239. The Company's water system draws from four wells that operate throughout the year. Due to its high iron content, the water drawn from these wells is treated with polyphosphates. The Company also uses a supply return well during the irrigation season. The Company's current rates were set about 15 years ago in Case No. CAP-W-08-02.

THE APPLICATION

The Company applied to increase customer rates through the addition of a $5.12 monthly service charge to all its customers including residential, commercial, and private fire protection. If approved as filed, this rate increase will satisfy a proposed revenue requirement of $881,396, rate base of $1,143,371, a working capital adjustment of $65,872, and a 12 percent Return on Equity ("ROE"). The Company represented that, if its request is approved in full, bills for most of its customers would increase by 24.61 percent and increase the Company's annual revenues by $174,068.

STAFF COMMENTS

After reviewing the Company's Application, exhibits, workpapers, and responses to production requests, Staff recommended that the Commission establish an $821,545 revenue requirement for the Company, increasing annual Company revenues by 16.15 percent. This proposed revenue requirement is based upon a ROE of 10.5 percent applied to a net rate base of $963,760. Departing from the Company's proposed uniform service charge, Staff recommends a uniform percentage increase to all billing components, believing this would more equitably recover costs from customers.

1. Revenue Requirement

a. ROE & Rate of Return

Staff recommended the Commission authorize a ROE of 10.5 percent and a corresponding 10.08 percent rate of return. This rate of return resulted in a $22,136 adjustment to the Company's proposed revenue requirement. In support of this recommendation, Staff cited recent rate cases for water corporations smaller than the Company that have resulted in ROEs of 11 percent. *See* Order No. 33658, 33910 & 35978. Staff indicated that smaller companies like these generally require a higher ROE to obtain a return on their investments sufficient to maintain safe, reliable operations. In addition to the Company's larger customer base, Staff also cited the Company's Purchased Power Cost Adjustment ("PPCA") as a justification for a lower ROE. According to Staff, the largest expense a water utility generally incurs annually is for electricity to power well pumps. The PPCA mitigates the Company's risk of underearning due to unanticipated high energy costs.

b. Interest on Debt

Staff recommended reducing the Company's proposed revenue requirement by $156 to avoid counting interest on long-term debt as a factor in the gross-up multiplier and the revenue requirement.

c. Net-to-Gross Multiplier

Staff recommended slightly adjusting the Company's proposed 135.04 percent net-to-gross multiplier. Specifically, Staff recommended recalculating the multiplier using the current Idaho income tax rate of 5.8 percent and Commission's assessment rate of 0.21270 percent. This results in a 134.77 percent net-to-gross multiplier and a corresponding $301 reduction to the Company's request.

d. Plant-In-Service & Accumulated Depreciation

Staff recommended updating the Company's proposed adjustments to 2023 year-end plant and proforma adjustments to plant for 2024 to 2023 actuals. Staff's recommended year-end plant balance for 2023 of $4,199,968 exceeds the Company's proposed plant-in-service by $12,689, increasing its revenue requirement by $2,947. In addition to updating plant-in-service to 2023 year-end actuals, Staff recommended similarly updating accumulated depreciation to the 2023 year-end value of $3,000,583, decreasing the Company's proposed revenue requirement by $9,338.

2. Rate Base

Staff recommended a net rate base for the Company of $963,760, representing a $179,611 reduction in the Company's $1,143,371 proposed rate base.[1] Staff's specific proposed rate base adjustments are discussed more thoroughly below.

[1] Staff also recommended that the Company document and retain certain information related to large plant investments. While reviewing the Company's plant investments since its last general rate case, Staff discovered that the Company could not provide project plans or quotes from multiple sources. Staff indicated that the Company should, at least periodically, obtain quotes from sources other than its preferred contractors to ensure low-cost investments are made. Staff provided a specific example of what it expected the Company to provide in relation to future vehicle purchases.

a. Well Repairs, Rehab, and Fencing

Staff recommended updating the Company's proforma investment for a safety fence surrounding its Well No. 4 to the actual total project cost of $24,543. Using this amount reduces the Company's proposed rate base by $5,857 and the revenue requirement by $1,112. Additionally, Staff recommended including $10,201 the Company spent to repair a pump motor for Well No. 4 in rate base as the work was completed during 2024 and necessary to provide safe, reliable service to customers. The additional $10,201 of rate base increased the Company's proposed revenue requirement by $1,936.

Staff further recommended removing two proforma investments for fencing and rehabilitation of Well No. 7 from the Company's proposed rate base. Both projects remain incomplete and their final costs remain unknown. Removing these two projects decreases rate base by $98,703 and reduces the Company's revenue requirement by $18,734.

b. Billing Software

Staff recommended adjusting the depreciation expense the Company proposed for its new billing software from a 9-year life to the 7-year useful life guideline endorsed by the National Association of Regulatory Commissioners ("NARUC"). This would reduce rate base by $23,750, and depreciation expense by $1,964 while increasing Operating Expense by $18,768 and the revenue requirement by $19,419.

c. Lincoln Aviator

Staff recommended removing the Lincoln Aviator the Company purchased in 2020 from rate base, arguing that purchasing the luxury vehicle was not reasonable and prudent. Instead of including the full purchase price of the Lincoln Aviator, Staff proposed including the average manufacturer's suggested retail price of four comparable non-luxury vehicles and adjusting the accumulated depreciation and depreciation expense associated with the vehicle to reflect a 10-year depreciable life. Staff further recommended reducing the Company's depreciation expense by $6,287, accumulated depreciation by $16,241, and the Company's revenue requirement by $16,241.

d. Working Capital

As a result of the adjustments Staff proposed to the Company's operating expenses, Staff recommended reducing the company's working capital by $603 and the revenue requirement by $82.

3. Revenue

Staff believes the Company properly billed its flat rate customers, but miscalculated its revenue from metered customers. Staff discovered errors in the Company's billing practices that resulted in the collection of amounts differing from the Company's authorized tariff rates. Staff confirmed that the Company overbilled metered customers a total of $9,162 during 2022. Accordingly, Staff recommends a revenue requirement increase of $12,348.

4. Expenses

Staff recommended various adjustments to the expenses that the Company seeks to recover. Staff's analysis of each expense adjustment is discussed below.

a. Depreciation Expense

After adjusting the depreciable life of the Company's plant accounts to align with the NARUC Depreciation Manual for Small Water Utilities, Staff recalculated the Company's annual depreciation expense for plant as of December 31, 2023, and Staff's plant proforma for 2024. Based on these calculations, Staff recommended a depreciation expense of $88,691. Additionally, Staff noted that its $12,024 in adjustments to proforma additions must be removed to avoid double counting, resulting in a $1,848 reduction to depreciation expense and a $2,491 reduction to the revenue requirement.

b. Salaries

Staff recommended that only 3 percent of the Company's planned 10 percent increase to employee's salaries be included in the Company's revenue requirement because only that amount has been awarded. This reduces the Company's proposed salary expense by $15,956 and the revenue requirement by $21,504.

c. 401k Contributions

Staff recommended that, consistent with prior Commission orders, the Company's 401k matching expenses be based upon test year levels. According to Staff, not only would using the Company's 401k matching contributions from the 2022 test year to determine the Company's 401k matching expenses be consistent with prior orders, but it would also avoid including in rates overpayments the Company made during 2023. Accordingly, Staff recommended a $596 reduction to the Company's revenue requirement.

d. FICA & Medicare

Instead of calculating FICA & Medicare expenses by applying the current 7.65 percent tax rate to the Company's total salary calculation, Staff used its salary expense calculation to determine FICA & Medicare expenses. Based on these calculations, Staff recommended decreasing the Company's revenue requirement by $1,950.

e. Phonebook Advertising

Staff recommended removing $1,182 from the revenue requirement associated with expenses for advertisements in the YellowPages and White Pages that the Company no longer purchases.

f. Food

Staff recommended removing expenses arising from the purchase of meals and snacks provided for employees. According to Staff, provision of snacks and food to employees is not essential for the Company to service customers, nor does it benefit customers. Consequently, Staff recommended reducing the Company's revenue requirement by $206.

g. Dental Procedures

Despite acknowledging that dental insurance premiums generally can be included in rates, Staff argued that the Company should not be permitted to include the cost of actual dental procedures that did not result directly from an on-the-job injury. Consequently, Staff recommended removing $3,082 from the Company's revenue requirement related to employee dental procedures.

h. Rate Case Expenses

Staff recommended removing $6,750 of rate case expenses the Company incurred because the invoice for these expenses did not describe the work performed. Additionally, Staff indicated that it believed that the work performed for this $6,750 rectified Company billing errors that resulted from a mistake by the Company. As such, Staff believed the expenses should not be included in rates. Consequently, Staff asserted that the Company should be allowed to recover a total of $9,435 amortized over a three-year period, increasing the Company's revenue requirement by $4,238.

Staff further recommended reducing the Company's revenue requirement by an additional $1,669 to eliminate expenses the Company paid an attorney to review its financial records in preparation for this rate case. However, because the Company did not elect to use this vendor for this rate case, Staff asserted that this one-time expense should be removed from the revenue requirement as it was not used and useful.

i. Water Testing

Staff recommended calculating the Company's water testing expenses according to a nine-year rotation schedule and including an annualized amount in rates. Staff determined that the annual amount to be recovered over a nine-year period is $13,608, decreasing the Company's water testing expenses by $5,844.

j. Chemical & Power Expenses

Staff believed that the Company's proposed $36,322 expense for water treatment chemicals and $105,652 expense for power are reasonable.

5. Rate Design

Staff disagreed with the Company's proposed flat monthly service charge of $5.12. Instead, Staff argued that imposing a uniform 16.53 percent increase for all customers and the Company's sprinkling charge[2] was a more equitable method of cost recovery. To support this argument, Staff reasoned that the Company's proposed monthly service charge did not address the difference between land-owning customers who use additional water during the summer to irrigate their lawns and customers who do not own land (*e.g.*, residents of multi-unit properties). Additionally, Staff noted that its proposed uniform percentage increase better aligns revenue recovery with class consumption and provides for more even increases to customer bills.

6. Tariff, Notices & Press Release

The Company submitted copies of the customer notice and press release issued in relation to this case. The Company included the notice in customer bills sent February 29, 2024, and the press release was sent to local news outlets on March 1, 2024. Staff reviewed the customer notice and press release and believed they satisfy Rule 125 of the Commission's Rules of Procedure.

Staff also observed that the Company has not updated its tariff since 2009. As the Commission's Model Tariff for small water companies has changed since then, Staff recommended that the Company submit a revised tariff reflecting these changes within 30 days of

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[2] From May 1st through September 30, the Company collects an additional monthly charge from customers who use water to irrigate their lawns. The Company refers to this charge as a "sprinkling charge". *See* Company's Tariff Sheet No. 1.

the issuance of a final order in this case. Staff indicated that it is willing to work with the Company to update its tariff.

7. Billing Errors

As indicated above, the Company incorrectly billed its metered customers prior to July 2024. The improper billing resulted from errors in its billing software, causing metered customers who used more water than the minimum charge commodity allowance to be over or underbilled depending on their connection size. After learning of the billing issue, The Company updated its billing software prior to sending customer bills for July 2024 service and verified with Staff that customers would not be overbilled from July 2024 going forward.

The Company reviewed the bills for its metered customers from January 2022 through July 2024 and that customers were overbilled by a total of $30,150.35 during that period. Staff reviewed and confirmed the Company's calculations. Overbilled customers are entitled to a refund of up to three years of incorrect bills.

The Company proposes refunding overbilled customers up to $100.00 via a credit to their monthly bills. If the credit does not fully refund the amount a customer was overbilled, then that customer can request a refund for the amount exceeding $100.00. The Company indicated that it does not intend to rebill customers who were underbilled.

Staff noted that the Company's proposal does not comply with the refund provisions of the Commission's Utility Customer Relations Rules ("UCRR"). The relevant portion of the UCRRs states:

> 04. Refunds. The utility will promptly recalculate the refund amounts overpaid by the customer and issue a credit within two (2) billing cycles. Any remaining credit balance will be credited against future bills unless the customer, after notice from the utility, requests a refund. The utility will advise the customer of the option to have any remaining credit balance exceeding twenty-five dollars ($25) refunded.

IDAPA 31.21.01.203.04.

However, Staff believed that strictly applying the rules could cause the Company financial hardship. Accordingly, Staff recommended that the Commission approve the Company's proposed refund procedure. Staff further recommended that the Company expeditiously process refund requests and submit quarterly reports disclosing the status of all accounts affected by the billing issue described above and a final report once all rebilling is complete.

COMPANY REPLY COMMENTS

The Company accepted Staff's adjustments to the net-to-gross multiplier and rate design. The Company also largely accepted Staff's rate base adjustments. However, the Company disagreed with some of Staff's proposed expense adjustments. These differing expense adjustments resulted in the Company proposing a different working capital adjustment than Staff. The Company's objections to Staff's proposed expense adjustments are described separately below.

1. **Interest on Debt**

The Company indicated that, due to an accounting error, returned check fees and other bank charges had been erroneously listed in its Application and 2022 Annual Report in Account 427.3 Interest Exp. on Long-Term Debt. Because these fees are appropriately recorded in Account 620.7-8, Materials & Supplies – Administrative and General, the Company contends it should be allowed to recover these fees and charges. Reversing Staff's proposed adjustment for interest on long-term debt would increase the Company's revenue requirement by $156.

2. **Food**

The Company argued that the meals and snacks it purchased for employees benefited customers by (1) allowing certain employees to remain at the site of necessary after-hours water line repairs, thereby minimizing service outages; and (2) increasing productivity and collaboration between the Company's employees and its outside accountant via biannual working lunches. Reversing Staff's proposed adjustment for the Company's food purchases would increase the Company's revenue requirement by $206.

3. **Dental Procedures**

The Company asserted that, over a decade ago, it determined that the benefits of providing dental insurance to its President and Office Manager outweighed its cost. In lieu of paying dental insurance premiums for these employees, the Company provides them with a $1,500 annual allowance for dental expenses. The Company contends this practice is reasonable, and reversing Staff's proposed adjustment for these expenses would increase the revenue requirement by $2,021.

4. **Rate Case Expenses**

The Company challenged Staff's characterization of the amounts it paid to a vendor to evaluate its financial records in preparation for this case as a one-time expense that was not used and useful. Despite acknowledging that it ultimately looked elsewhere for help with its rate case, the Company asserted that the preliminary consultation with this initial vendor was useful by revealing what to expect when assembling a general rate case. The Company also indicated that an awareness that its decisions affect customers prompted it to seek out a less expensive consultant after determining that the initial vendor would be too costly. Accordingly, the Company asserted that it should be allowed to recover the initial vendor's costs. Reversing Staff's proposed adjustment for this expense would increase the Company's revenue requirement by $1,669.

5. Working Capital

As a result of the above-described expense adjustments, Staff recommended increasing its working capital revenue requirement by $49.

PUBLIC COMMENTS/TESTIMONY

Three customers of the Company filed comments. Two comments supported the Company's proposed rate increase, and one comment opposed it.

COMMISSION JURISDICTION

The Commission is "vested with power and jurisdiction to supervise and regulate every public utility in the state and to do all things necessary to carry out the spirit and intent of [The Public Utilities Law]." *Idaho Code* § 61-501. A "water corporation" as defined in *Idaho Code* § 61-125 is a "public utility" as defined by *Idaho Code* § 61-129. Accordingly, the Commission has jurisdiction over "every corporation or person, their lessees, trustees, receivers or trustees, appointed by any court whatsoever, owning, controlling, operating or managing any water system for compensation within this state" *Idaho Code* § 61-125.

The Commission's regulatory authority extends to the service rates charged by public utilities. Specifically, upon finding that the rates charged by a public utility are "unjust, unreasonable, discriminatory, or in any wise in violation of any provision of law, or that such rates . . . are insufficient" the Commission must "determine the just, reasonable or sufficient rates . . . to be thereafter observed and in force and shall fix the same by order . . . ." *Idaho Code* § 61-502; *see also Idaho Code* § 61-503.

However, this authority over rates is not unlimited. Public utilities are entitled to a reasonable rate of return on prudent investments. "[A] public utility is entitled to such rates as will permit it to earn a return on the value of the property which it employs for the convenience of the public, equal to the return generally being made at the same time and in the same general part of the country on investments and other business undertakings which are attended by corresponding risks and uncertainties." *Utah Power & Light Co. v. Idaho Public Utilities Comm'n*, 105 Idaho 822, 827 (1983). The Commission has the power and the duty to set rates of return within a "broad zone of reasonableness." *Intermountain Gas Co. v. Idaho Public Utilities Comm'n*, 97 Idaho 113, 128 (1975). "The main elements in fixing reasonable rates for service rendered by [a] public utility are the cost of rendering service on an economical and efficient basis, fair return to the utility on its property used and useful in such service and fairness to consumers." *Application of Pacific Tel. & Tel. Co.*, 71 Idaho 476, 480-81 (1951).

COMMISSION DISCUSSION AND FINDINGS

Under our statutory authority, we have reviewed the record in this case, including the Company's Application, public comments, Staff comments, and the Company's reply comments. Based on that review, we approve a new, total revenue requirement for the Company of $823,592. The Company shall satisfy this revenue requirement by uniformly increasing all its billing components by 16.44 percent. Our decisions regarding the new rates and charges are set forth in detail below. The Company's new rates shall go into effect on the service date of this Order.

1. Revenue Requirement

Our policy is to set a public utility's annual revenue requirement and rates using a historical test year in which the utility's actual, booked costs and revenues are verified through auditing. *See e.g.*, Order No. 30342 at 8 (Case No. SWS-W-06-01). Based on our review of the record we find there is no dispute on the use of 2022 as the historical test year, and that a 2022 historical test year is reasonable and appropriate for this case. After establishing the test year, pro forma adjustments are made to the actual test year data for all known and measurable changes to the operating results of the test year. *Id.*

Using the above-described method, Staff recommended an overall revenue requirement of $821,545. The Company did not object to Staff's recommended adjustments to the Company's proposed Net-to-Gross Multiplier and generally agreed with the various expense adjustments Staff recommended in its revenue requirement calculation, objecting to only five. Based upon our review of the record, we find the undisputed adjustments Staff recommended above fair, just, and reasonable and reduce the Company's proposed revenue requirement accordingly. Our decision on each of the adjustments the Company disputed is set forth below.

a. Interest on Debt

Despite the Company's assertion that Staff's recommended adjustment for interest on long-term debt results from an accounting error, we decline to reverse this adjustment. Even if the funds underlying this adjustment are returned check fees and other bank charges that were erroneously recorded in Account 427.3 Interest on Long-Term Debt, we are not convinced the Company should be allowed to recover these in rates. The Company can charge the customer responsible for a dishonored check the lesser of $20 or the amount of the check. *See Idaho Code* § 22-28-105. Because returned check fees can be recouped from the individual customers responsible causing them and the basis for any other bank fees erroneously recorded in Account 427.3 is unclear, it would not be fair, just, and reasonable to allow the Company to recover those funds in rates. This results in a $156 reduction to the Company's proposed revenue requirement.

b. Meals

It is incumbent upon the Company to establish that meals and snacks it purchased for employees benefited customers. Even if the Company is correct that food it purchased allowed workers to remain at the site of necessary repair work, that does not necessarily mean that the purchase reduced service outages or benefitted customers. Although the workers provided with meals would not have to use part of their allotted meal break to leave the worksite to get food, it is not clear that resulted in the workers returning to work any sooner than they otherwise would have. Similarly, it is unclear to what extent, if any, the alleged increase in collaboration and productivity resulting from the working lunches between Company staff and its outside accountant benefited customers. Accordingly, we find that it would not be fair, just, and reasonable to allow the Company to recover the costs of these meals in rates. This reduces the Company's proposed revenue requirement by $206.

c. Dental Procedures

In prior cases, we have allowed utilities to recover the cost of dental insurance premiums paid on behalf of employees. We find the Company's decision to provide its President and Office Manager with a $1,500 annual allowance for dental procedures in lieu of paying insurance premiums to be reasonable because the Company has explored various avenues of providing dental insurance and the allowance provided by the Company is practical under the circumstances. Accordingly, we reverse Staff's proposed expense adjustment for the amounts the Company paid for employee dental procedures.

d. Rate Case Expenses

Generally, utilities are allowed to recover actual, known, and measurable rate case expenses that are reasonably and prudently incurred. *See* Order No. 33658. Based on the evidence in the record, we find it reasonable to allow the Company to recover $9,435 in rate case expenses. This amount shall be amortized and recovered over a three-year period resulting in $4,238 being added to annual expenses as rate case amortization.

Although we do not intend to discourage utilities from selecting the most economical consultants to aid with rate cases, it does not appear that the initial financial analysis the Company had a third-party consultant perform to prepare for this case was used and useful. We commend the Company's decision to switch to a less expensive consultant after determining that the first consultant it engaged was too expensive. However, the record does not show why the Company did not discover this without incurring the expense by, for example, receiving a price estimate or quote from the consultant before engaging, even preliminarily. Nor is it clear that the work this initial consultant performed aided the second consultant the Company hired who filed and aided the Company in processing this rate case. Accordingly, we find that it would not be fair, just, and reasonable to allow recovery of the amounts the Company paid for the initial financial analysis performed in preparation for this case. This reduces the Company's proposed revenue requirement by $1,669.

2. Rate Base

Staff recommended a net rate base of $963,760. The Company largely agreed with this recommendation, proposing only a slight readjustment for working capital due to its objections to Staff's proposed expense adjustments. Based upon our review of the record, we find Staff's recommended rate base reasonable with one caveat. Our determination that the Company can recover the amounts it paid for employee dental procedure expenses necessitates an adjustment to working capital. This reduction to working capital results in a $56 reduction to the Company's proposed revenue requirement.

3. Rate of Return

We find it just and reasonable to authorize the Company the opportunity to earn a 10.5 percent ROE with a corresponding overall rate of return of 10.08 percent. Although many water utilities smaller than the Company have recently received a ROE of 11 percent, the underearning risk mitigation provided by the Company's PPCA justifies a slightly lower ROE.

4. Rate Design

Based on our review of the record, we find it fair, just, and reasonable to approve Staff's proposed uniform percentage increase to all the Company's billing components. This rate design provides a more equitable method of cost recovery than the Company's proposed flat surcharge. For many residential customers, the Company's proposed surcharge would constitute a significant percentage increase to their rates. However, a large commercial customer would experience only a relatively small percentage increase, despite using significantly more water. To recover its authorized $823,592 revenue requirement via a uniform percentage increase, the Company will have to increase all its billing components by 16.44 percent. Accordingly, based on our above findings and pursuant to our authority granted under *Idaho Code* § 61-622, we find that the Company's existing rates are no longer reasonable, and we approve as just and reasonable a uniform 16.44 percent increase to all the Company's billing components.

In sum, we find that the Company's existing rates, charges, and practices are unreasonable to the extent described above, and that those rates do not afford sufficient revenue to the Company. *See Idaho Code* §§ 61-501 and -502. We also find it fair, just, and reasonable for the Company to change its rates, charges, and practices as described in this Order.

5. Overbilling Issue

As described above, the Company has overbilled certain metered customers a total of $30,150.35. The Company proposed a procedure for refunding customers. However, the Commission's Utility Customer Relations Rules ("UCRRs") contain provisions governing the refunding of amounts to customers. *See e.g.*, IDAPA 31.21.01.203.02. Rather than approving the Company's proposed procedure for refunding overbilled customers, we direct the Company to promptly address the balances owed to overbilled customers according to the UCRRs. We further find it reasonable to direct the Company to submit quarterly reports to Staff disclosing the status of all accounts affected by the overbilling issue and a final report once all rebilling is complete.

ORDER

IT IS HEREBY ORDERED that the Company is permitted to increase its rates and charges as described above.

IT IS FURTHER ORDERED that the Company must submit tariffs in compliance with the rates and charges identified herein no later than 30 days from the service date of this Order.

IT IS FURTHER ORDERED that the Company shall address the balances owed to overbilled customers in accordance with the UCRRs and submit quarterly reports to Staff disclosing the status of all accounts affected by the overbilling issue and a final report once all rebilling is complete. The reports must be filed until all customers have been made whole.

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 about any matter decided in 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 19th day of December 2024.

ERIC ANDERSON, PRESIDENT

JOHN R. HAMMOND JR., COMMISSIONER

EDWARD LODGE, COMMISSIONER

ATTEST:

Monica Barrios-Sanchez
Commission Secretary

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