

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF DRY CREEK WATER) CASE NO. DRY-W-25-01
COMPANY LLC'S APPLICATION FOR A)
GENERAL RATE CASE) ORDER NO. 37002
)

On September 15, 2025, Dry Creek Water Company LLC (“Company”) applied to the Idaho Public Utilities Commission (“Commission”) requesting authority to increase its rates and charges for providing water service over a three-year period, beginning with an average increase of 6 percent for residential customers effective October 15, 2025 (“Application”).

On October 6, 2025, the Commission issued a Notice of Application, a Notice of Intervention Deadline establishing a 21-day intervention period, and a Notice of Suspension suspending the Company’s proposed effective date. Order No. 36790. No petitions to intervene were filed.

On November 12, 2025, the Commission issued a Notice of Modified Procedure setting written comment deadlines, a Notice of Public Workshop, and a Notice of Customer Hearing. Order No. 36843. Commission Staff (“Staff”) filed comments to which the Company replied. The Commission also received three public comments. None of the Company’s customers attended or testified at the February 19, 2026, customer hearing.

Having reviewed the record, we issue this Final Order authorizing the Company to increase its rates as described below.

BACKGROUND

The Company is a Commission-regulated water corporation serving approximately 700 customers as of December 2025 in a service territory located in the Dry Creek Ranch development (“Service Territory”) located in Ada County, Idaho. In Order No. 36430, the Commission granted the Company a Certificate of Public Convenience and Necessity, and approved the Company’s current tariff and rates, effective January 1, 2025.

THE APPLICATION

The Company sought approval to increase its revenue requirement to \$1,637,275 to help it prepare for continued growth and evolving needs of its system. Application at 3–4. However, the Company stated that immediate recovery of the full revenue requirement was not necessary. *Id.* at

5. Therefore, the Company proposed a rate increase implemented in phases over a three-year period to mitigate the immediate impact to customers. *Id.* at 5.

The Company's proposal included a monthly fixed fee increase of \$2.85 in 2026, \$3.02 in 2027, and \$3.20 in 2028.¹ *Id.* at 6. The Company's proposal also included an increase in the volumetric usage rate per 1,000 gallons to \$2.12 in 2026, to \$2.25 in 2027, and to \$2.39 in 2028.² *Id.* According to the Company, the proposed increase would result in an expected rate of return of 7.3 percent on the Company's investment in used and useful property in 2028. *Id.* at 5.

STAFF COMMENTS

Staff reviewed the Company's Application, supporting exhibits, and responses to discovery requests. Staff Comments at 2. Staff also audited the Company's infrastructure, processes, and internal controls. *Id.* For its analysis, Staff used the same historical test year as the Company (2024), with revenues, expenses, and rate base updated to include known and measurable changes through the April 15, 2026, suspended effective date. *Id.* Based on its review, Staff recommended the Commission allow a revenue requirement of \$1,024,038, representing a \$165,531 or 19.28 percent increase over the Company's Staff-calculated current revenues, in increments of 6 percent increases over the next three years. *Id.* Staff calculated a rate base of \$1,957,154, a net operating income ("NOI") of \$91,723, and a revenue at present rates of \$858,507. *Id.* at 5.

Water System

According to Staff, the Company is expected to provide service to a total of 1,889 lots at full build-out. *Id.* at 2. At the time of Staff's comments, there were 811 lots that were either completed or under development. *Id.* To keep up with Service Territory growth, the Company has added a third well, a booster pump station, a storage tank, and pipeline to its system. *Id.* The Company expects to add two new booster pump stations and pressure-reducing valves by full build-out. *Id.* at 2–3.

Staff believed the Company's water system has adequate capacity, at 9,500 gallons per minute ("gpm") total between its three wells, to satisfy regulatory requirements and meet future demand. *Id.* at 3. The system's capacity exceeds total demand, including the required fire flow of 2,000 gpm, at full build-out. *Id.* Staff believed the system is being maintained and has no

¹ Paragraph 17 of the Company's Application states that both the \$2.85 increase and the \$3.20 increase were to occur in 2026. However, the context suggests the \$3.20 increase is supposed to occur in 2028.

² Paragraph 17 of the Company's Application states that both the \$2.12 and \$2.39 rates per 1,000 gallons were to take effect in 2026. However, the context suggests the \$2.39 rate is supposed to take effect in 2028.

significant deficiencies. *Id.* at 4. Staff expects the Idaho Department of Water Resources to approve the Company’s municipal use application, which will satisfy the Company’s water right needs for increased service to new customers as the development is built out. *Id.*

Revenue Requirement

According to Staff, the Company overstated current revenues due to using proposed rates, rather than current rates, to calculate test year revenues. *Id.* Staff also noted that the Company inadvertently omitted a net-to-gross multiplier from its revenue requirement deficiency calculation, resulting in a lower revenue requirement than the Company would have otherwise requested. *Id.* at 5.

Staff’s recommended revenue requirement of \$1,024,038 was based on 20 proposed adjustments to the Company’s request. *Id.* Staff’s adjustments are shown in the following table.

Table No. 1 – Adjustment Summary

			(A)	(B)	(C)	(D)	column b less column c
Line No.	Adj. No.	Company Request	Rate Base	Revenue	Expense	Net Income	
1		Company Request	5,077,169	1,016,176	1,078,761	(62,584)	
2		Proposed Adjustments					
3	1	Non-CIAC Plant-In-Service	(3,209,517)		(181,996)	181,996	
4	2	Materials & Supplies to PIS	77,276		2,869	(2,869)	
5	3	Engineering Services to PIS	26,526		977	(977)	
6	4	Cash Working Capital	(14,301)			-	
7	5	Revenue at Current Rates		(157,669)		(157,669)	
8	6	Bonuses			(14,639)	14,639	
9	7	Payroll Taxes			(1,120)	1,120	
10	8	401(k)			(1,607)	1,607	
12	9	Chemicals			(1,259)	1,259	
11	10	Power Costs			1,051	(1,051)	
13	11	Materials & Supplies Expense			(45,812)	45,812	
14	12	Engineering Services Expense			(9,309)	9,309	
15	13	Payment Services Network			(403)	403	
16	14	InfoSend			(932)	932	
19	15	Contractual Services-Other			(1,530)	1,530	
17	16	Legal Expense Baseline			(71,098)	71,098	
18	17	Legal Expense Amortization			43,683	(43,683)	
20	18	Miscellaneous- Postage & Deliveries			(1,500)	1,500	
21	19	Commission Assessment Fee			(253)	253	
22	20	State & Federal Income Taxes			(29,100)	29,100	
23		Staff Total Adjustment	(3,120,015)	(157,669)	(311,977)	154,308	sum line 3 to line 22
		Staff Total	1,957,154	858,507	766,784	91,723	sum line 1, line 23

Id. at 6.

Rate Base

Staff recommended a total rate base of \$1,957,154, while the Company had requested \$5,077,169. *Id.* at 8. Staff generally agreed with the Company’s methodology for calculating contributions in aid of construction and inventory included in rate base but recommended

adjustments to the Company’s proposed plant-in-service (“PIS”), accumulated depreciation, and cash working capital. *Id.* at 8.

After reviewing invoices and workpapers produced by the Company, Staff recommended reducing PIS from the Company’s requested amount of \$10,650,870 to \$7,219,322. *Id.* Staff’s proposed modifications to PIS were predominantly the result reclassifying certain expenses to capital assets, rather than operating expenses, and adjustments related to the degree to which assets are anticipated to be used and useful to current customers as of April 15, 2026.³ *Id.* at 9.

Staff developed “Useful Percentage” calculations to determine the extent to which certain infrastructure projects—Well No. 3, the storage tank and accompanying pipeline, and Booster Pump Station No. 1—that were designed to meet capacity demands of the development at full build-out would be used and useful by the effective date. *Id.* at 9–10. These calculations accounted for most of Staff’s recommended reduction to PIS. *Id.* at 9.

Before applying the “Useful Percentage” calculations, Staff made other adjustments to the infrastructure projects in question. First, Staff recommended a \$26,322 net increase to PIS based on expense booking errors related to Well No. 3. *Id.* at 11–12. Next, Staff applied a \$41,974 reduction to PIS for the pipeline-to-storage tank project representing a contract cancellation fee that Staff did not believe should be paid by customers. *Id.* at 12–13. Staff then recommended a \$39,610 decrease to PIS due to incorrect expense booking and trueing-up actual project costs for Booster Pump Station No. 1. *Id.* at 13.

Additionally, Staff suggested an increase to PIS of \$84,957, a corresponding increase of \$7,681 to accumulated depreciation, and an increase of \$2,869 to depreciation expense. *Id.* at 14. These adjustments were due to Company-claimed material and supply expenses that Staff believed were more appropriately categorized as capital assets that improved or extended the useful life of the water system. *Id.* at 13. Such costs included those for “building roads to well houses, commissioning wells, or repairing major leaks.” *Id.* at 14.

Similarly, Staff believed engineering service expenses that the Company recorded as operating expenses should be capitalized. *Id.* According to Staff the engineering services directly related to development of utility plant. *Id.* The adjustment resulted in Staff recommending a PIS

³ The suspended effective date of the Company’s Application is April 15, 2026. *See* Order No. 36790.

increase of \$29,314, a corresponding accumulated depreciation increase of \$2,788, and a depreciation expense increase of \$977. *Id.*

Staff's recommendations regarding asset usefulness and reclassification of expenses to capital assets resulted in decreases to the Company's requested accumulated depreciation and cash working capital. *Id.* at 14–15. There was an overall decrease of \$325,834 to the Company's requested accumulated depreciation. *Id.* at 14. There was also a decrease of \$48,338 to the Company's requested cash working capital. *Id.* at 15.

Net Operating Income

Staff recommended a NOI of \$91,723, while the Company had requested an NOI of negative \$62,584. *Id.* The difference is attributable to Staff's adjustments to the Company's revenues and expenses. *Id.*

Revenue at Current Rates

Staff proposed an adjusted test year revenue of \$858,507, as opposed to the Company-reported 2024 test year revenue of \$624,025. *Id.* at 16. Staff's adjustments consisted of (1) using December 2025 meter counts and adjusted for growth as of April 2026 based on the Company's forecast; (2) increasing fixed charge revenue from the Dry Creek Ranch Homeowners Association ("HOA") to account for a fixed charge from each of the HOA's 61 separate common lot meters, rather than the single fixed charge the Company bills to the HOA; and (3) including revenue from bulk customers who are not currently billed by the Company but are using water for dust control at construction sites. *Id.*

Operating Expenses

Staff recommended allowing the Company to recover \$766,784 for operating expenses, while the Company had requested \$1,078,761. *Id.* Staff's adjustments included reductions to expenses for bonuses, taxes, and benefits; chemicals; materials and supplies; engineering services; billing for contractual services; legal fees; postage and deliveries; Commission assessment fees; and federal and state income taxes. *Id.* at 17–25. Staff also recommended an increase in the Company's power costs relative to the Company's proposal. *Id.* at 20–21.

Staff's adjustments to bonuses, taxes, and benefits paid by the Company included (1) a reduction of \$14,639 in bonus expenses paid to the Company's water system manager that were tied to financial performance; (2) a \$1,120 reduction in payroll taxes tied to the removed bonus

amount; and (3) a reduction of \$1,607 in 401(k) expenses to match actual contributions, rather than an assumed level. *Id.* at 17–18.

Staff proposed a \$1,259 decrease in costs for chemicals allowed for recovery. *Id.* at 18. According to Staff, it calculated the chemical expense using the most updated cost of chemicals and projected customer counts. *Id.* at 19. Staff multiplied the chemical cost per amount of water production (\$41.47 per million gallons) by the Company’s annual water production of 252.25 million gallons. *Id.*

The Company’s Application grouped its expenses for electricity, internet, and operating an alarm system. *Id.* at 20. Staff recommended recording the non-power costs in account 636-Contractual Services-Other. Following that adjustment, Staff recommended an increase of \$1,051 to the Company’s requested annual power expense. *Id.* Staff calculated the power cost using the same water production amount from its chemical expense calculation and the known electricity rates the Company will be charged on April 15, 2026. *Id.*⁴

As described above, Staff recommended reclassifying significant Company expenditures as PIS rather than material and supply costs. *Id.* at 21. Staff also believed using the test year 2024 actual costs for materials and supplies provided a more reasonable representation of the annual budget than did averaging expenses from multiple years. *Id.* These adjustments resulted in Staff recommending a decrease of \$45,812 from the material and supply expense recovery sought by the Company. *Id.*

Staff’s recommendation of reclassifying engineering service expenses related to the design and development of utility plant as capital expenses also resulted in Staff recommending a decrease to the Company’s operating expenses. *Id.* at 22. Staff did not believe any engineering service expenses could be correctly classified as operating expenses and therefore recommended removal of the entire \$9,309 from the Company’s request. *Id.*

Staff suggested multiple adjustments to the Company’s requested operating expenses for contractual billing services, which included billing and system operation software. *Id.* First, Staff recommended a decrease to the Company’s proposed Payment Services Network expense of \$403 and a decrease of \$1,530 to the Company’s requested Contractual Services — Other expense for a contracted water operator due to updating the projected customer count to 728 as of April 15,

⁴ Under Commission Order No. 36891, the Company, as a Schedule 9S customer of Idaho Power Company, was subject to a 4.03 percent rate increase effective January 1, 2026.

2026. *Id.* at 22–23. Staff also recommended a decrease of \$932 for InfoSend bill printing software based on an updated per-bill cost and revised mailed bill customer count. *Id.* at 23.

While the Company sought to recover \$88,801 in legal expenses, Staff recommended reducing the amount by \$27,415. *Id.* As the basis for its adjustment, Staff used legal expenses from the 2024 test year and removed what it deemed “non-recurring” expenses associated with the Company’s initial regulation and CPCN proceedings. *Id.* at 24. However, in recognition “that certain legal costs related to initial regulation were necessary for the Company to comply with Commission requirements,” Staff also recommended recovery of \$174,731 in such non-recurring legal costs over a four-year amortization period. *Id.*

The Company requested to recover \$1,704 in postage and deliveries based on \$204 of actual expenses from the 2024 test year and a \$1,500 proforma increase. *Id.* Staff believed the test year expense reasonably reflected continuing postage and delivery costs and recommended removal of the proforma increase. *Id.*

Staff recommended a \$253 decrease to the Company’s requested Commission assessment fee expense. *Id.* at 25. The adjustment was based on using Staff-calculated Company revenue of \$858,507 and the current authorized Commission assessment rate of 0.2223 percent to calculate the fee expense. *Id.* The Company had used a \$1,016,176 revenue figure and 0.2127 percent Commission assessment rate. *Id.*

Staff recalculated the Company’s income tax using Staff-recommended revenues and expenses. *Id.* Because of the adjustments to NOI, Staff also recommended a federal and state income tax expense decrease of \$29,100 from the Company’s request. *Id.*

Rate of Return

Staff recommended approval of the Company’s requested 11 percent rate of return, which was based on a capital structure of 100 percent equity. *Id.* at 6. Staff believed the request was reasonable for a privately owned water company. Staff also believed the corresponding request for an 11 percent return on equity was consistent with Commission precedent for similarly situated, privately owned water companies. *Id.* at 7.

Net-to-Gross Multiplier

Using the Commission-authorized assessment rate and the federal and state income tax rates, Staff used a net-to-gross multiplier of 133.96 percent, rather than the 151.48 percent calculated by the Company. *Id.*

Rate Design

Staff explained that the Company's current rates consist of a \$47.50 fixed monthly charge and \$2.00 per 1,000-gallon volumetric usage charge. *Id.* at 26. The Company proposed an annual 6 percent increase in both fixed and volumetric charges over a three-year period. *Id.* The Company sought to bill the HOA a \$15.00 monthly fixed charge for each of its meters during the three-year period in addition to billing the HOA for each of its common lot meters. *Id.*

Staff supported the Company's request to phase a rate increase incrementally over three years. *Id.* at 27. Staff also supported the Company's proposal to charge a fixed monthly fee for each meter connection. *Id.* Staff believed the Company's current approach of charging the HOA only a single service charge does not fairly recover the cost to serve each of the HOA's service points. *Id.*

Staff disagreed with the Company's proposal to assess fixed monthly charges without regard to meter size. *Id.* According to Staff, meter size affects system demand, as larger meters require more capacity to maintain and deliver sufficient water pressure. *Id.* Staff recommended specific fixed charges for each meter size based on the Base-Extra Capacity method described in the American Water Works Association ("AWWA") M1 manual. *Id.* at 28. Staff's recommended rate design is illustrated in Attachment O to its comments. *Id.* at 30. Staff's proposal makes no exceptions for the HOA and ensures the bulk customers using water for dust control at construction sites are also charged for their water usage. *Id.*

Rather than a constant usage rate proposed by the Company, Staff recommended a two-block seasonal usage rate. *Id.* at 28. Under Staff's method, customers would be charged "a uniform rate for all usage from October through April, and a higher rate from May through September for all monthly usage exceeding 7,000 gallons." *Id.* Staff believes seasonal usage rates will encourage conservation when peak consumption is highest and help alleviate concerns about the sufficiency of the Company's permitted water volume at full build-out. *Id.* at 29–30.

Hookup and IDEQ Fees

The Company proposed a \$648 hookup fee for both ¾-inch and 1-inch meters. *Id.* at 31. Staff recommended a differing fee based on meter size resulting from its analysis of the costs of installing different meter-size hookups. *Id.* Because ¾-inch meters can be installed in a single or dual-port configuration, Staff believed the hookup fee for such meters should be determined by a weighted-average of the cost for each configuration, reflecting the savings of a dual-port.⁵ *Id.* Accordingly, Staff recommended a \$430 hookup fee for ¾-inch meters and a \$580 hookup fee for 1-inch meters. *Id.* Staff stated that the Company provided contradictory responses when asked whether ¾-inch meters are always used for small lots and requested the Company clarify the matter as part of its reply comments. *Id.* at 32.

The Company currently recovers its annual Department of Environmental Quality (“IDEQ”) fee through a monthly rate per customer. *Id.* at 33. The Company sought to continue this practice. *Id.* However, Staff recommended that the Commission require the Company to assess the IDEQ fee on a per service connection basis to align with IDEQ’s fee structure. *Id.*

Press Release

Staff believed the Company failed to comply with the requirements of the Idaho Administrative Procedures Act (“IDAPA”) 31.01.01 by sending its press release regarding the proposed rate increase to only the Idaho Statesman and not the required radio and television stations within the Company’s service territory. *Id.*

PUBLIC COMMENTS

All three public comments received by the Commission were critical of the Company’s proposed rate increase. One comment expressed skepticism of the Company and asked the Commission to ensure the proposed rate increase is necessary. Another comment stated that the development already has the highest water and sewer fees in the area. The final comment referenced the rising fees in all aspects of living in the development and questioned whether costs could be avoided by using separate irrigation water for lawn and garden care.

⁵ Staff further explained that when there is an odd number of adjacent small lots, the Company is forced to use a single-port configuration, through no fault of the customer. Staff Comments at 32. Therefore, Staff believed it would be fair to set a single hookup fee for all ¾-inch meters, regardless of configuration, based on the per lot weighted average of the meter size. *Id.*

COMPANY REPLY COMMENTS

The Company's reply comments were focused on: (1) responding to Staff's proposed revenue requirement adjustments; (2) proposing a recovery mechanism for excess capacity assets; and (3) defending its requested rate design.⁶ Company Reply Comments at 1.

Revenue Requirement

The Company generally agreed with Staff's \$1,024,038 revenue requirement recommendation. *Id.* at 2. While the Company identified certain Staff adjustments that it might revisit in future rate proceedings—including income tax rate, reclassification of certain material and supply costs to PIS, net-to-gross multiplier, and legal expenses—it did not challenge Staff's recommended revenue requirement in this case. *Id.*

Excess Capacity Assets

Although the Company maintained Well No. 3, the storage tank and pipeline, and Booster Station No. 1 are currently used and useful (including by providing support during fire events), the Company proposed adopting Staff's "Useful Percentage" calculations, "provided that the Company can recover prudently incurred costs as the system reaches full utilization." *Id.* at 2–3. According to the Company, a staged recognition approach for assets providing excess capacity might be appropriate for the growing development. *Id.* at 3. However, the Company worried partial recognition of the assets absent a clearly defined path to full recovery could lead to an uncertain timeframe and unnecessary future rate proceedings. *Id.*

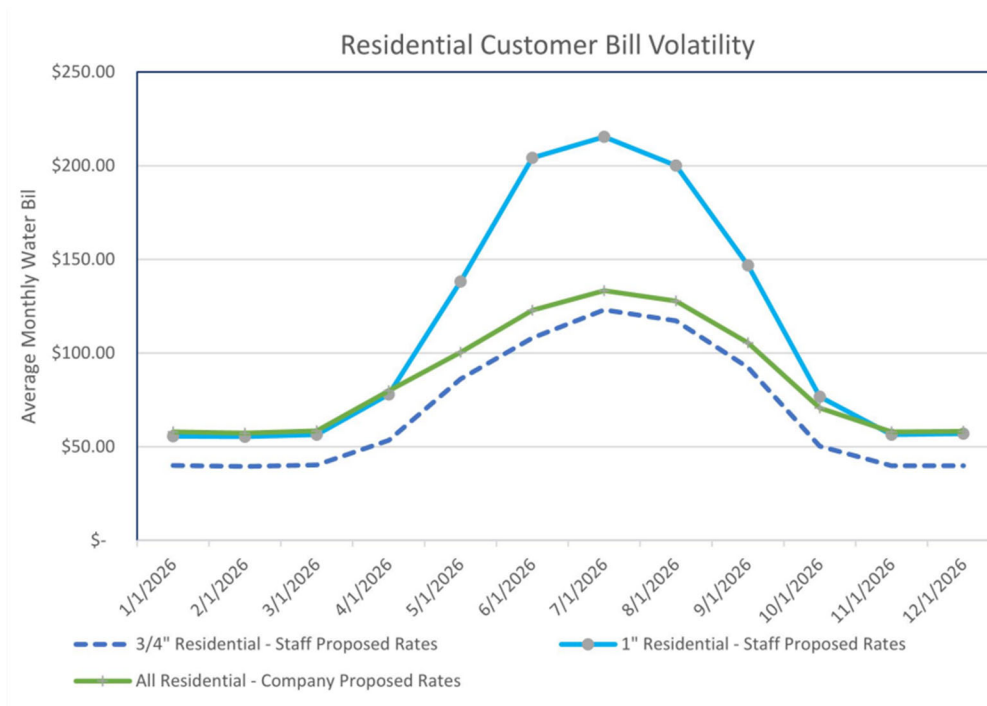
Consequently, the Company proposed an Excess Capacity Recovery Mechanism detailed in Attachment A to its comments. *Id.* at 4. The Company's proposal would allow recovery for the specified assets corresponding to new service connections beginning on January 1, 2029. *Id.* The mechanism would permit the Company to include the incremental PIS in rate base upon Commission approval of an annual compliance report showing the increase in customers served. *Id.* at 5.

Rate Design

The Company disagreed with Staff's recommendations regarding (1) a seasonal two-block rate structure and (2) fixed charges based on meter size. *Id.* at 6. According to the Company,

⁶ Additionally, in response to Staff's comment alleging insufficiency of its press release dissemination, the Company stated that Staff had agreed that a narrower distribution was appropriate considering the Company's size. Company Reply Comments at 1.

revenue stability and customer impact were among its primary priorities when evaluating rate design, consistent with the AWWA M1 Manual and prior Commission orders.⁷ *Id.* at 6–9. The Company argued “Staff’s tiered and seasonal block rates would amplify customer bill volatility and lead to increased Company revenue instability—increasing the risk of under-collection during winter months when usage (and volumetric recovery) is lowest.” *Id.* at 6–7. The Company believed Staff’s proposal would result in customer rate shock during the summer, shortly after new rates are set to take effect, particularly for residential customers with 1-inch meters. *Id.* at 8. The Company created the following graph to demonstrate the effects the competing plans would have on residential customers’ bills:⁸



Id. at 9. The Company stated that “overwhelming majority of customers” would fall into the higher block during the irrigation season and that the lower block was effectively unattainable. *Id.* The Company further worried that Staff’s seasonal block rates would concentrate revenue recovery into summer months and create structural cash flow risks. *Id.* at 12.

⁷ The Company represented conservation and demand management are already “effectively addressed through the Company’s separate conservation program and system infrastructure...” Company Reply Comments at 6.

⁸ The Company’s graph represents an average bill per customer in ¾ and 1-inch rate classes. It does not depict Company revenues.

The Company also defended its request to bill the HOA a \$15.00 monthly fixed charge per meter during a three-year period. *Id.* at 10. The Company explained that the HOA was previously the water utility billing entity and did not pay a per-meter rate. *Id.* The Company's proposal was designed as a gradual phased-in approach. *Id.* Conversely, Staff's proposal of billing each HOA common lot meter like other customers would result in an estimated \$60,000 increase to the HOA's 2026 bill. *Id.* According to the Company, the HOA began billing based on its 2026 budget developed pursuant to the Company's notice, and the HOA is unable to absorb a significant water bill increase mid-budget year. *Id.* As the HOA serves the same customers as the Company, the Company noted that any savings residents realized from shifting water service costs to the HOA would eventually be counteracted by higher HOA dues. *Id.*

COMMISSION FINDINGS AND DECISION

The Commission has jurisdiction over this matter and the issues in this case under Title 61 of the *Idaho Code*. The Commission regulates "public utilities," including "water corporations" that serve the public, or some portion thereof, for compensation. *Idaho Code* §§ 61-125, -129, and -501. The Commission, upon finding that the rates charged by a public utility ". . . are insufficient . . . shall 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.

In a general rate case, the Company's "revenue requirement and every component of it, both rate base and expense, are at issue." IDAPA 31.01.01.124.01. "The Commission may grant, deny, or modify the revenue requirement requested and may find a revenue requirement different from that proposed by any party is just, fair, and reasonable." *Id.* The Company's retail rates and charges, both recurring and non-recurring, are at issue, and every component of every existing and proposed rate and charge is at issue. IDAPA 31.01.01.124.02. "The Commission may approve, reject, or modify the rates and charges proposed and may find that rates and charges different from those proposed by any party are just, fair, and reasonable." *Id.*

Based on the record before us, the Commission approves a total revenue requirement of \$1,024,038, consisting of a \$1,957,154 rate base, rate of return of 11 percent with 100 percent equity, and a net-to-gross multiplier of 133.96 percent. The rate increase shall be implemented in annual increases over the next three years as shown in Attachment A, beginning April 15, 2026. The Company shall charge a \$430 hookup fee for ¾-inch meters, a \$580 hookup fee for 1-inch meters, and assess an IDEQ fee on a per service connection basis.

While the Commission appreciates the rationale for the Company's proposed Excess Capacity Recovery Mechanism, we believe authorizing a fixed path for full recovery of Well No. 3, the storage tank and pipeline, and Booster Station No. 1 would be premature and unnecessary at this time. The rates approved by this Order will be in place until 2029, giving the Company ample time to file for additional recovery related to assets currently providing excess capacity with updated data. A separate filing would give Staff and any other interested parties a full and fair opportunity to explore the specifics of the Company's proposed recovery mechanism.

We understand Staff's proposed rate design was intended to account for cost of service by differentiating between meter sizes and to encourage conservation by introducing seasonal and tiered usage rates. Staff also sought to ensure HOA meters were billed consistently with other customers. The Commission agrees with the purpose of Staff's proposals (we have structured several small and large water companies' rates in this manner), however, we also recognize the Company's goals of avoiding rate shock, smoothing Company revenue collection, and preventing HOA budgetary issues in this rate case. Therefore, we direct the Company to adopt a three-year phased approach to rate design, detailed in Attachment A to this Order, that will incrementally differentiate meter sizes, introduce seasonal rates, and treat HOA common lot meters consistently with other customers. Our decision provides for a transition for the customers, the Company, and the HOA that will better balance the Company's revenues during the three-year rate plan and set the stage to bring the HOA to full cost of service and potentially establish a seasonal tiered block rate for all customers in the next rate case. We find this approach best ensures fair, just, and reasonable rates considering the interests of the Company and its customers.

When filing for future rate cases, we direct the Company to comply with the notice requirements of the Commission's Rule of Procedure 125. IDAPA 31.01.01.125.

ORDER

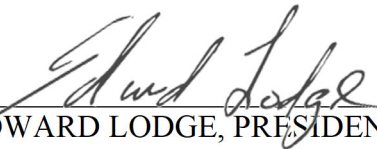
IT IS HEREBY ORDERED that the Company is permitted to increase its rates and charges as described above and in Attachment A.

IT IS FURTHER ORDERED that the Company must submit tariffs in compliance with the rates and charges identified herein within 30 days of the service date of this Order.

IT IS FURTHER ORDERED that the Company shall collaborate with Staff to ensure customer documentation complies with the Utility Customer Relation Rules within 60 days of the service date of this Order.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within 21 days of the service date of this Order. Within 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 15th day of April 2026.


EDWARD LODGE, PRESIDENT


JOHN R. HAMMOND JR., COMMISSIONER


DAYN HARDIE, COMMISSIONER

ATTEST:


Monica Barrios-Sanchez
Commission Secretary

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