



# PUBLIC WORKSHOP

## Gem State Water Rate Case

Case No. GSW-W-22-01

IDAHO PUBLIC UTILITIES COMMISSION  
NOVEMBER 15, 2022



# Introduction

**Jolene Bossard – Utilities Compliance Investigator**

**Joe Terry – Auditor 3**

**Travis Culbertson – Utility Analyst**

# Purpose of Public Workshop

**Informational session to learn about this case**

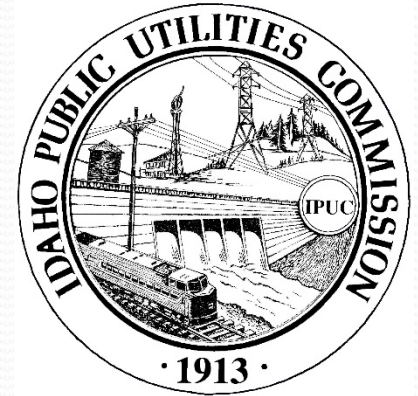
- **Present Gem State's application.**
- **Explain Staff's role in this case.**

**Provide customers an opportunity to meet Commission Staff.**

**Ask questions to Staff and learn how to submit written public comments.**

**This Public Workshop is not part of the official case record.**

# What is the Idaho Public Utilities Commission?



- Established in 1913. Idaho Code Sections 61, 62, and 63.
- The Commission regulates Idaho's investor-owned utilities, ensuring adequate service and reasonable rates.
- The Commission is made up of three commissioners appointed by the Governor. The Commissioners make the decisions in each case.
- Commission Staff is made up of Auditors, Consumer Compliance Investigators, Engineers, & Technical Analysts.
- Staff is conducting this workshop. Staff is one of the Parties in the rate case and providing comments to the commissioners.

# Why can't the Commission just tell them no?

Customers may want the Commission to reject Gem State's request to raise rates, but state law requires that the Commission:

- Consider the evidence that is on the record, which includes the Company's Application, comments from Staff, and customers' written comments or oral testimony at customer hearings.
- Meet the statutory public interest standard that ensures customers have adequate, safe, and reliable service at just and reasonable rates.

## Important Points to Consider:

- It is not in the public interest to have a utility that cannot adequately serve all the customers in its assigned territory now and in the future.
- All Commission decisions must withstand Idaho Supreme Court appeals from either utility or customer groups.

# Why can't utilities cut costs just like any other business?

**Regulated utilities are not like any other business.** They are assigned service territories and must serve every customer in that territory. What they charge customers is determined by state regulators. In exchange for their guarantee to provide **adequate, safe, and reliable service**, the state must provide utilities the opportunity to:

- Recover **prudently incurred** expenses necessary to serve customers; and,
- Earn a **reasonable rate of return** on their investment.





# Gem State Application



# Schedule



Event	Date	Location
Case Filed	July 21, 2022	
<b>Public Workshop</b>	<b>November 15, 2022</b>	<b>Coeur d'Alene</b>
Staff Comments	January 11, 2023	
<b>Public Comments</b>	<b>January 11, 2023</b>	
Company Response	January 31, 2023	
Customer Hearing	TBA	TBA
Close of Case	Final Order	
Proposed Effective Date	March 1, 2023 (or Final Order date)	



# Most Recent Rate Changes by Water System

- Happy Valley Water 2001
- Bitterroot 2006
- Bar Circle “S” 2010
- Spirit Lake East 2013
- Troy Hoffman 2014
- Diamond Bar Estate 2016
- Lynnwood Estates N/A

# Rate Case Drivers

- \$553,187 Increase in Expenses
  - \$207,082 Increase in Payroll Expense
  - \$93,274 Increase in Depreciation
  - \$64,031 Increase in Contract Services Professional
  - \$51,119 Increase in Rental Expense
  - \$47,100 Increase in Power Expense
- \$692,030 Increase in Plant In Service

# Case No. GSW-W-22-01

<b>Gem State Water Cost Categories</b>	Previous Cases	% of Total		Current Filing	% of Total		Difference	% of Total Diff
Payroll Expense	97,277	36.08%		304,359	36.36%		207,082	37.43%
Power Expense	41,631	15.44%		88,731	10.60%		47,100	8.51%
Materials & Supplies - Operations & Maintenance	54,896	20.36%		16,682	1.99%		(38,214)	-6.91%
Materials & Supplies - Admin & General	3,156	1.17%		50,385	6.02%		47,229	8.54%
Purchased Water	-	0.00%		5,086				
Contract Services - Professional	8,818	3.27%		72,849	8.70%		64,031	11.57%
Contract Services - Water Testing	1,865	0.69%		1,923	0.23%		58	0.01%
Contract Services - Other	-	0.00%		9,148				
Rental Exp	8,200	3.04%		59,319	7.09%		51,119	9.24%
Transportation Exp	1,474	0.55%		6,572	0.79%		5,098	0.92%
Insurance	10,407	3.86%		14,146	1.69%		3,739	0.68%
Rate Case Amortization	5,080	1.88%		-	0.00%		(5,080)	-0.92%
Misc. Expense	10,992	4.08%		49,021	5.86%		38,029	6.87%
Depreciation Expense	21,643	8.03%		114,917	13.73%		93,274	16.86%
Regulatory Fees	1,568	0.58%		-	0.00%		(1,568)	-0.28%
Property Tax	1,824	0.68%		21,322	2.55%		19,498	3.52%
Payroll taxes	20	0.01%		22,546	2.69%		22,526	4.07%
DEQ Fees	735	0.27%		-	0.00%		(735)	-0.13%
<b>Total Expenses</b>	<b>269,585</b>			<b>837,006</b>			<b>553,187</b>	
<b>Plant in Service</b>	<b>643,216</b>			<b>1,335,246.00</b>			<b>692,030</b>	



# Revenue Requirement

# Revenue Requirement

- The amount the Company needs to meet its expenses, cover depreciation, and offer a sufficient rate of return to attract investors.
- **Components:**
  - Operating Expenses;
  - Taxes;
  - Depreciation;
  - Return on Rate Base:
    - Rate Base x Rate of Return;
    - Rate Base consists of Net Plant in Service and Working Capital;

# Expenses

- Must be prudent
- Must be used for service

# Taxes

- Properly Calculated

# Depreciation

- Properly Calculated
- Based on Plant in Service



# Return on Rate Base

- Plant in Service:
  - Used and Useful; and,
  - Must be prudent.
- Working Capital (cash needed for everyday operations).
- Rate of Return:
  - Calculated based on Debt and Equity Costs; and,
  - Must be able to access the capital needed to maintain the system.



# Rate Design

# Rate Design

- Partial Consolidation of water system rates.
- Benefits may include:
  - Limiting the detail in cost tracking to reduce burden;
  - Improve customer service;
  - Help mitigate rate impact for large investments;
  - A single schedule for non-recurring charges.

# Rate Design Cont.

- Consolidation of water system rates:
  - Spirit Lake East & Lynnwood Estates;
  - Bar Circle “S” & Diamond Bar;
  - Bitterroots, Rickel, & Happy Valley; and,
  - Troy Hoffman.
- Proposed rate design:
  - 1 ½-inch and 2-inch meters; and,
  - Irrigation service.

# Rate Design Cont.

- Commodity Charges:
  - Increase in rates per 1,000 gallons above minimum volume.
- A single schedule for non-recurring charges:
  - Hook-Up Fee Increase;
  - Late Payment Charge;
  - Reconnection Fees.



# Rate Proposal



# Proposed Customer Charges

<u>Water System:</u>	<u>Meter Size</u>	<u>Current Rates</u>	<u>New Rates</u>	<u>% Increase</u>
Spirit Lake East	1 - Inch	\$25.55	\$35.00	<b>37.0%</b>
Spirit Lake East	1 1/2 – Inch	\$25.55	\$70.00	174.0%
Spirit Lake East	2 – Inch	\$25.55	\$112.00	338.4%
Lynnwood Estates Subdivision	1 - Inch	\$35.00	\$35.00	<b>0.0%</b>
Bar Circle “S” Water Company	1 - Inch	\$27.43	\$35.00	<b>27.6%</b>
Bar Circle “S” Water Company	1 ½ - Inch	\$27.43	\$70.00	
Bar Circle “S” Water Company	2 - Inch	\$27.43	\$112.00	
Diamond Bar Estates	1 - Inch	\$41.00	\$35.00	<b>-14.6%</b>
Happy Valley Water Systems	1 - Inch	\$27.00	\$35.00	<b>29.6%</b>
Happy Valley Water Systems	1 ½ - Inch	\$27.00	\$70.00	159.3%
Happy Valley Water Systems	2 - Inch	\$27.00	\$112.00	314.8%
Bitterroots Water Company	1 - Inch	\$21.00	\$35.00	<b>66.7%</b>
Rickel Water Company	1 - Inch	\$30.00	\$35.00	<b>16.7%</b>
Troy Hoffman Water	1 - Inch	\$27.50	\$35.00	<b>27.3%</b>

# Proposed Commodity Charges

Per 1,000 gallons

<u>Water System:</u>		<u>Current</u>	<u>Proposed</u>	<u>Current</u>	<u>New</u>
Spirit Lake	1 - Inch meter	Over 8,000	Over 8,000	\$2.33	\$5.10
Lynnwood	1 - Inch meter	20,000-100,000	Over 8,000	\$1.00	\$5.10
Lynnwood	1 - Inch meter	101,000-200,000		\$2.00	\$5.10
Lynnwood	1 - Inch meter	Over 200,001		\$3.00	\$5.10
Bar Circle	1 - Inch meter	Over 7,500	Over 7,500	\$1.74	\$2.26
Bar Circle	1½ - Inch meter	Over 7,500	Over 20,000		\$2.26
Bar Circle	2 - Inch meter	Over 7,500	Over 32,000		\$2.26
Diamond Bar	1 - Inch meter	Over 5,500	Over 7,500	\$1.16	\$2.26
Happy Valley	1 - Inch meter	Over 20,000	Over 10,000	\$0.70	\$2.85
Happy Valley	1½ - Inch meter	Over 20,000	Over 20,000		\$2.85
Happy Valley	2 - Inch meter	Over 20,000	Over 32,000		\$2.85
Bitterroots	1 - Inch meter	Over 15,000	Over 10,000	\$1.73	\$2.85
Rickel Water	1 - Inch meter	Over 15,000	Over 10,000	\$1.10	\$2.85
Troy Hoffman	1 - Inch meter	Over 20,000	Over 10,000	\$1.12	\$4.15

# Irrigation Metered Rates

	<u>Meter Size</u>	<u>Proposed Rates</u>	<u>Volume</u>
Diamond Bar Irrigation	1 - inch	\$35.00	7,500
Diamond Bar Irrigation	1 1/2 - inch	\$70.00	20,000
Diamond Bar Irrigation	2 - inch	\$112.00	32,000
Commodity Charge over usage measure		\$2.26	



# Consumer Assistance

# Consumer Assistance

- Utility Compliance Investigators assist customers to resolve issues and/or disputes with the Company.
- Investigators monitor compliance with laws, commission rules, and the Company tariff.
- In a rate case, investigators review issues from previous cases, review previous complaints, review submitted comments from customers, and investigate consumer issues raised in the case.

# Consumer Issues

As of this week, the PUC has received 86 Customer Comments

## Rate / Rate design

- Concerns with the economy and the high average increase;
- Requesting a lower or phased in increase;
- Disagree with the changes in the volume amounts; and,
- Disagree with aligning the systems.

## Winter usage / Irrigation

- Bank low usage for the irrigation season; and,
- High cost to irrigate large properties, gardens, etc.



# Consumer Issues

## Customer Notice

- Not enough information
- Incorrect information

## Additional comments:

- Back-up power for outages
- Back-up well / improvements
- Low water pressure / Fire prevention
- Water quality
- Drought / Conservation
- Requested workshop / customer hearing

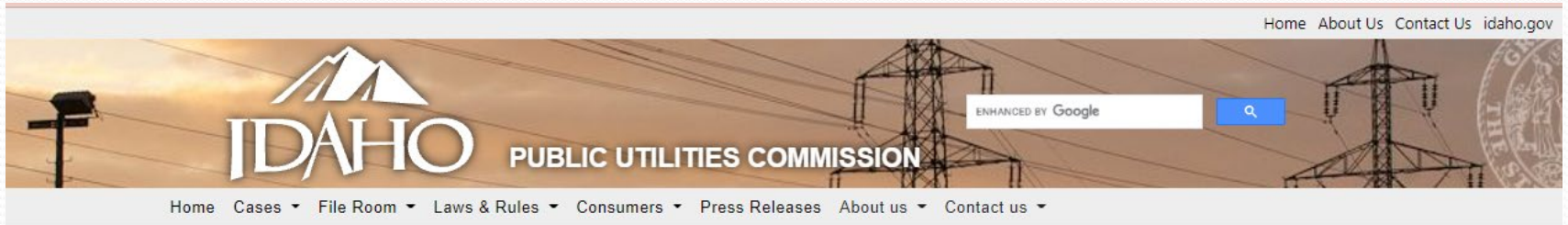
# CUSTOMER COMMENTS

Customer written comments are due no later than **January 11, 2023**  
(Reference Case Number **GSW-W-22-01**)

- Internet Website Address – [puc.idaho.gov](http://puc.idaho.gov)
- Select - Case Comment Form (once comments are submitted, they become part of public record)
- Email – Address: [secretary@puc.idaho.gov](mailto:secretary@puc.idaho.gov)
- Mail – IPUC, PO Box 83720, Boise, ID 83720-0074
  - Blank Customer Comments sheets are available here tonight to be mailed in or left with Staff.
  - Fax letters or comment sheets to the Commission at 208-334-3762
- Customer Hearing – TBD

COMMENTS ONLY  
(QUESTIONS WILL NOT BE ADDRESSED)

# Idaho Public Utilities Homepage



- Case Comment Form**
- Annual Gross Intrastate Revenues Report Form**
- Electric**
- Telecom**
- Water**
- Natural Gas**
- Rail Safety**
- Pipeline Safety**
- Multi-Utility**

## Consumers

- Consumer Complaint / Inquiry Form
- Frequently Asked Questions
- Consumer Resources

## Energy Issues

- Office of Energy and Mineral Resources

## Agenda, Orders & Notices

- Commission Agenda
- Recent Orders & Notices
- Subscribe to our RSS Feeds

## IPUC Guidance Documents

- Pending Title 61 Utility Tariffs
- Safety & Accident Reporting Rules
- Case Processing Guidelines

## News Updates

- Idaho Power VODER Study Public Hearings
- In Re COVID-19 Response - Order No. 35375
- Current Openings - Careers
- IPUC Rules of Procedure Track Changes Draft Case No. RUL-U-21-01
- Negotiated Rulemaking Summary Case No. RUL-U-21-01



# Comment Form Page



## Case Comment or Question Form

Use this form to **file a comment or ask a question about a utility case** pending before the Commission. If you know the case number, please include it.

Submit electronically below or send in to:

Idaho Public Utilities Commission  
P O Box 83720  
Boise, Idaho 83720-0074  
FAX: (208) 334-3762

Use the **Consumer Complaint / Inquiry Form** if you need help resolving a problem with a utility or have a question about your bill, disconnection of service, service reliability and outages, cost of a line extension, customer service, or other issues that are not related to a utility case.

**Case Comment Form**

Use this form to file a comment or ask a question about a case

Case Number:

First Name:

Last Name:

Address:

City:

State:

Zip:

Daytime Phone:

Email:

Utility Company:

I acknowledge that submitting a comment in an open case constitutes a public record under Idaho Code § 74-101 (13) and all information provided by me on this form is available for public and media inspection. My comment may be reviewed by the utility.

Ask a question or state your comment:

# Case Summary Page

Home Cases File Room Laws & Rules Consumers

- Case Comment Form
- Annual Gross Intrastate Revenues Report Form
- Electric
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- Natural Gas
- Rail Safety
- Pipeline Safety
- Multi-Utility

Consumers

Water

Cases

Open Cases  
Closed Cases

Resources

Water Company Information Packet  
EPA Information

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## IPUC Open Water Cases

Search:

For:

Value

Go

CaseNo	Company	Description
<a href="#">CAP-W-22-01</a>	CAPITOL WATER CORPORATION	CAPITOL WATER -- APPLICATION TO CHANG
<a href="#">FLS-W-22-01</a>	FALLS WATER COMPANY INC	FALLS WATER--APPLICATION FOR DEFERR
<a href="#">GNR-W-17-01</a>	GENERIC	INVESTIGATION OF VP, INC, AN UNREGULA
<a href="#">GSW-W-22-01</a>	GEM STATE WATER COMPANY LLC	GEM STATE--APPLICATION FOR AN ORDER
<a href="#">ROC-W-21-01</a>	ROCKY MOUNTAIN UTILITY COMPANY, INC.	ROCKY MOUNTAIN UTILITY CO--FORMAL C
<a href="#">VEO-W-22-02</a>	VEOLIA WATER IDAHO INC.	VEOLIA WATER IDAHO--GENERAL RATE CA
<a href="#">VEO-W-22-03</a>	VEOLIA WATER IDAHO INC.	VEOLIA WATER--APPLICATION TO AMEND E

Results: 7 Pages: 1

Intervenor

Public Comments

08/01/2022 COMMENTS(12)\_12.PDF  
08/02/2022 COMMENTS(11)\_11.PDF  
08/03/2022 COMMENTS(3)\_3.PDF  
08/04/2022 COMMENTS(5)\_5.PDF

# Where do we go from here?

- Customers can subscribe to the Commission's RSS feed to receive updates about the case via email.
- Written comments are due by **January 11, 2023**.
- Customer Hearing, date is TBD
- The Commission will issue a final order after the record is closed.





You can find case information and file comments on the PUC website:

[puc.idaho.gov](http://puc.idaho.gov)

Case Number GSW-W-22-01

Direct: (208) 334-0300

Toll-Free: (800) 432-0369

Fax: 208-334-3762



# QUESTIONS?