

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF GEM STATE WATER)
COMPANY LLC’S APPLICATION FOR AN) CASE NO. GSW-W-22-01
ORDER AUTHORIZING AN INCREASE IN)
ITS RATES AND CHARGES FOR WATER) ORDER NO. 35728
SERVICE IN THE STATE OF IDAHO)
_____)**

On July 21, 2022, Gem State Water Company, LLC (“the Company” or “Gem State”) applied to the Idaho Public Utilities Commission (“Commission”) requesting authorization to increase its rates and charges for water service. Commission Staff (“Staff”) submitted comments to which the Company filed a reply; there were no other parties in the case.

On March 1, 2023, the Commission issued Order No. 35692 approving an annual revenue requirement for the Company of \$789,044 and a corresponding rate design. Order No. 35692 at 16, Attachment 2, “Gem State Water, Approved Rates.” The approved revenue requirement was based on adjustments and calculations summarized in Attachment 1 to Order No. 35692. The Commission directed the Company to submit conforming tariffs in compliance with the rates and charges by March 15, 2023.

On March 13, 2023, the Company submitted a “Petition for Clarification or Reconsideration” (“Petition”) explaining that, because “calculations related to taxes were not adjusted” in Order No. 35692, the Company’s Commission’s approved revenue requirement was incorrectly calculated. Petition at 1-2.

The Commission granted Staff and the Company’s joint motion to Extend the Deadline to File Conforming Tariffs and for Procedural Relief on the record at its March 14, 2023, Decision Meeting. Order No. 35708.

On March 16, 2023, Staff filed an Answer to the Company’s Petition (“Answer”) confirming the Company’s analyses and recommending Order No. 35692 be modified consistently with the Petition’s request.

With this Order, we clarify that the Company shall have an authorized revenue requirement of \$834,870, and provide corresponding Attachments, including a rate design, reflecting this revenue requirement.

COMPANY'S PETITION

In its Petition, the Company explained that there appeared to be an error in how taxes were calculated in the Commission's order. Thus, the Company claimed that the supporting attachments setting forth a final revenue requirement and corresponding rate design were inconsistent with the Commission's other approved adjustments. To be consistent with the Commission's other adjustments, the Company stated that its taxes must "increase by approximately \$45,773." Petition at 1. Accordingly, the Company requested that Order No. 35692 be "revised or clarified to reflect a revenue requirement of \$834,870" along with other corresponding adjustments to rate design, Income Taxes, Total Other Expenses and Net Income. *Id.* at 2. The Company requested updates to the attachments to Order No. 35692 as well as modifications on pages 7, 15, and 16 of the Order "such that the references to [sic] revenue requirement of '\$789,004' and '37.3%' increase be changed to a revenue requirement of '\$834,870' and a rate increase of '45.3%.'" *Id.* at 4.

STAFF'S ANSWER

Staff reviewed the Company's Petition, including "Table 1: Rate Proof", "Table 2: Update to Attachment 1, page 1 of 2", and "page 2 of 2", and "Table 2: Update to Attachment 2." After analyzing the Company's Petition and comparing it to the Excel model Staff used to formulate its recommendation, Staff believed that a formula error in the Excel model resulted in the discrepancy in Order No. 35692. Staff concurred with the Company's analyses and conclusions and believed that Order No. 35692 should be modified consistent with the Petition's request.

COMMISSION DECISION

The Commission has jurisdiction over this matter and the issues in this case under Title 61 of the Idaho Code. Specifically, the Commission regulates "public utilities," including "water corporations" that serve the public or some portion thereof for compensation. *See Idaho Code* §§ 61-125, -129, and -501. The Commission may clarify, rescind, alter or amend any final order on its own motion or in response to another's motion. IDAPA 31.01.01.325, 326.

We have reviewed the Company's Petition and Staff's Answer. Based on that review, we find that an error in the Excel model upon which we relied in determining a final revenue requirement resulted in a \$45,773 miscalculation of the Company's taxes. As a result, the final revenue requirement that was reflected in Order No. 35692 was inconsistent with what was intended. Therefore, we clarify that Order No. 35692 should reflect a revenue requirement of '\$834,870' on pages 7, 15, and 16. We further clarify that the reference to a rate increase on page

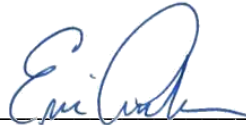
7 should be “45.3%.” The two attachments to this Order, Attachment 1 and Attachment 2, reflect our clarification of the revenue requirement and the corresponding adjustments to the Company’s rate design and revenue requirement calculation. With the clarification to the revenue requirement, the approved rate design attached to this Order (Attachment 2) results in a fixed charge/volumetric charge ratio of 42%/58%.

ORDER

IT IS HEREBY ORDERED that Gem State shall have an annual revenue requirement of \$834,870, with expenses, rate base, rate of return, capital structure, and rate design as detailed in the Attachments to this Order. The rates and charges authorized in this Order shall be effective for service rendered as of March 1, 2023, and supplant the rates and charges previously authorized by Order No. 35692.

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 with regard to 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. *Idaho Code* § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 7th day of April 2023.



ERIC ANDERSON, PRESIDENT

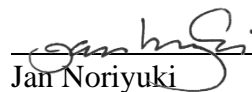


JOHN R. HAMMOND, JR., COMMISSIONER



EDWARD LODGE, COMMISSIONER

ATTEST:



Jan Noriyuki
Commission Secretary

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CALCULATION OF REVENUE REQUIREMENT

1	Rate Base	1,375,818
2	Rate of Return	<u>7.41%</u>
3	Net Operating Income Requirement	101,948
4	Net Operating Income Realized	<u>(91,353)</u>
5	Net Operating Income Deficiency	193,301
6	Net Operating Income Deficiency	193,301
7	Gross up Factor	<u>1.34645</u>
8	Total Incremental Revenue Requirement	260,270
9	Revenues at existing rates	<u>574,600</u>
10	Total Revenue Requirement	<u>834,870</u>
11	Percent Increase Required	45.3%

	Company Application	Labor Adj	Bldg Lease	Company Truck	Chemical Testing	Removing Inventory from Depreciation	Depreciation Adj	GIS Labor Adjustment	Adjustment to Plant In Service	Adjustment to Income Tax	
Income											
400 · Operating Revenue											
461.1 · Metered Residential	572,799										572,799
464 · Other Water Sales Revenue	1,801										1,801
Total 400 · Operating Revenue	574,600	-	-	-	-	-	-	-	-	-	574,600
Total Income	574,600	-	-	-	-	-	-	-	-	-	574,600
Expense											
601.1-6 Labor - Operation & Maintenance	127,673	(25,695)						(6,037)			95,942
601.7 Labor - Customer Accounts	18,694	(1,965)									16,729
601.8 Labor - Administrative & General	92,662	(5,763)									86,899
604 · Employee Benefits	65,329	(14,913)						(1,620)			48,796
610 · Purchased Water	5,086										5,086
615-16 · Electrical Power & Fuel for Power	88,731										88,731
618 · Chemicals	791										791
620.1-6 · M&S - O&M	15,891										15,891
620.7-6 · M&S - A&G	50,385										50,385
620.7 · Postage	-										-
620.8 · Office	-										-
620.81 · Telephone Expense	-										-
620.82 · Bank service charges	-										-
620.83 · Office Utilities Expense	-										-
631.1-34 · Contracting Services - Professional	72,849										72,849
635 · Contracting Services - Water Testing	1,923				3,741						5,664
636 · Contracted Services - Other	9,148										9,148
641-42 · Rental of Property & Equipment	59,319		(27,408)								31,911
650 · Transportation Expense	6,572										6,572
656 · Insurance Expense	14,146										14,146
675 · Miscellaneous	49,021										49,021
Total Expense	678,221	(48,337)	(27,408)	-	3,741	-	-	(7,657)	-	-	598,560
Net Ordinary Income	(103,620)	48,337	27,408	-	(3,741)	-	-	7,657	-	-	(23,960)
Other Income/Expense											
Other Expense											-
403 · Depreciation Expense	114,917			(2,650)		(2,230)	(40,230)		(2,909)		66,897
408 · Taxes											-
408.11 · Property Taxes	21,322										21,322
408.12 · Payroll Taxes	18,469	(2,584)						(444)			15,442
408.13 · Other Taxes	4,077										4,077
Total 408 · Taxes	43,868	(2,584)	-	-	-	-	-	(444)	-	-	40,841
Income Taxes	(74,409)									34,063	(40,346)
408.10 · Regulatory Fee	-										-
409.10 · Federal Income Tax	-										-
409.11 · State Income Tax	-										-
Total Other Expense	84,376	(2,584)	-	(2,650)	-	(2,230)	(40,230)	(444)	(2,909)	34,063	67,392
Net Other Income	(84,376)	2,584	-	2,650	-	2,230	40,230	444	2,909	(34,063)	(67,392)
NET Income	(187,996)	50,921	27,408	2,650	(3,741)	2,230	40,230	8,101	2,909	(34,063)	(91,353)
Plant in Service											
Total											
301 - Organization	-										-
302 - Franchises and Consents	-										-
303 - Land & Land Rights	14,545										14,545
304 - Structures & Improvements	40,438										40,438
305 - Collecting & Impounding Reservoirs	120,672										120,672
307 - Wells	1,365,304										1,365,304
309 - Supply Mains	84,319										84,319
310 - Generators	140,880										140,880
311 - Pumps & Accessories	410,891					(55,753)					355,138
320 - Purification Systems	1,504										1,504
330 - Distribution Reservoirs & Standpipes	7,195										7,195
331 - Trans. & Distrib. Mains & Accessories	140,252										140,252
332 - Services	-										-
334 - Meters	129,431										129,431
335 - Hydrants	4,405										4,405
339 - Other Plant and Misc Equip	117,626			(18,552)					(20,155)		78,919
340 - Office Equipment	120,834										120,834
343 - Tools & Equipment	11,523										11,523
345 - Power Operated Equipment	42,352										42,352
346 - Communications Equipment	5,728										5,728
347 - Miscellaneous Equipment	3,168										3,168
348 - Other Tangible Property	2,655										2,655
Total Plant in Service	2,763,722	-	-	(18,552)	-	(55,753)	-	-	(20,155)	-	2,669,262
Less Accumulated Depreciation	(1,428,485)					1,118			17,245		(1,410,122)
Net Plant in Service	1,335,237	-	-	(18,552)	-	(54,635)	-	-	(2,910)	-	1,259,140
Less Contributions in Aid of Construction											
Gross Contributions (12/31/2021)	9,307										9,307
Less Accumulated Amortization (12/31/2019)	-										-
Net Contributions in Aid of Construction	9,307	-	-	-	-	-	-	-	-	-	9,307
Net Plant in Service	1,325,930	-	-	(18,552)	-	(54,635)	-	-	(2,910)	-	1,249,833
Working Capital (1/8 of Operation and Maintenance Expense)	84,778	(6,042)	(3,426)	-	468	-	-	(957)	-	-	74,820
Materials and Supplies	-					55,753					55,753
Deferred Taxes	(4,587)										(4,587)
Total Rate Base	1,406,120	(6,042)	(3,426)	(18,552)	468	1,118	-	(957)	(2,910)	-	1,375,818

Water System	Meter Size	Fixed Monthly Charge	Volume Included (gallons)	Price for Excess	Fixed Monthly Charge	Price for Excess
Spirit Lake East	1-Inch	35.00	7,500	2.5200	37%	8%
Spirit Lake East	1 1/2-Inch	70.00	15,000	2.5200	174%	8%
Spirit Lake East	2-Inch	112.00	30,000	2.5200	338%	8%
Bar Circle "S" Water Company	1-Inch	35.00	7,500	2.5200	28%	45%
Bar Circle "S" Water Company	1 1/2-Inch	70.00	15,000	2.5200	155%	45%
Bar Circle "S" Water Company	2-Inch	112.00	30,000	2.5200	308%	45%
Diamond Bar Estates	1-Inch	41.00	7,500	2.4500	0%	111%
Lynnwood Estates Subdivision	1-Inch	35.00	15,000	2.4500	0%	
First Block			15,001 - 100,000	-		145%
Second Block			100,001 - 200,000	-		23%
Third Block			over 200,001	-		-18%
Bitterroots Water Company, Inc	1-Inch	35.00	10,000	2.4500	67%	42%
Rickel Water Company	1-Inch	35.00	10,000	2.4500	17%	123%
Troy Hoffman Water Corporation, Inc	1-Inch	35.00	7,500	2.4500	27%	119%
Happy Valley Water Systems, Inc	1-Inch	35.00	15,000	1.4500	30%	107%
Happy Valley Water Systems, Inc	1 1/2-Inch	70.00	15,000	1.4500	159%	107%
Happy Valley Water Systems, Inc	2-Inch	112.00	30,000	1.4500	315%	107%

Line No.	Water System
1	Irrigation Service - Diamond Bar
2	Irrigation Service - Diamond Bar
3	Irrigation Service - Diamond Bar

PRESENT		
Meter Size	Allotted Volume	Basic Charge
1 Inch	-	\$ -
1-1/2 Inch	-	\$ -
2 Inch	-	\$ -

Commission Approved Rate Structure		
Meter Size	Allotted Volume	Basic Charge
1 Inch	7,500	\$ 35.00
1-1/2 Inch	20,000	\$ 70.00
2 Inch	32,000	\$ 112.00