

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

<b>IN THE MATTER OF GEM STATE WATER</b>	)	<b>CASE NO. GSW-W-23-01</b>
<b>COMPANY, LLC’S APPLICATION FOR</b>	)	
<b>APPROVAL OF THE ACQUISITION OF</b>	)	<b>NOTICE OF APPLICATION</b>
<b>THE ASSETS OF THE WATER BUSINESS</b>	)	
<b>OF VALIANT IDAHO, LLC</b>	)	<b>NOTICE OF</b>
	)	<b>INTERVENTION DEADLINE</b>
	)	
	)	<b>ORDER NO. 35690</b>
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On February 6, 2023, Gem State Water Company, LLC, (“Company” or “Gem State”) applied for Commission approval of its acquisition of the assets of the water supply system of Valiant Idaho, LLC (“Valiant”) and TIC Utilities, LLC (“TIC”) (collectively the “Selling Parties”). Application, 1. The Company requests the Idaho Public Utilities Commission (“Commission”) find this transaction consistent with the public interest and amend its Certificate of Public Convenience and Necessity (“CPCN”) No. 293<sup>1</sup> to include the service areas of the Selling Parties or issuing a new CPCN to Gem State that authorizes the Company to provide water service to the areas served by the Selling Parties. *Id.* at 1, 6 & 8. The Company requests its Application be processed by Modified Procedure. *Id.* at 1.

The Commission now issues this Notice of Application and Notice of Intervention Deadline establishing deadlines for interested parties to intervene.

**BACKGROUND**

Gem State is a regulated public utility providing water service to customers in northern Idaho. Gem State is a wholly owned subsidiary of NW Natural Water of Idaho, LLC (“NW Natural Water of Idaho”), which is owned by NW Natural Water Company, LLC (“NW Natural Water”), and the Company represents there are sufficient resources to “proactively address the infrastructure

<sup>1</sup> Gem State operates water systems through CPCN No. 293 that were previously owned by Spirit Lake East Water Company and Lynnwood Water.

needs of the utility” and “make needed improvements to the water system.” *Id.* at 2, 5. The Company has acquired other water utilities in Idaho.<sup>2</sup> *Id.* at 3.

The Selling Parties own a water system that is not regulated by the Commission and had been providing water service to “approximately 148 residential customers in or near Bonner County, Idaho” (“Water Business”). *Id.* at 3. The area served by the Selling Parties is close to territory that Gem State provides water service to. *Id.*

### **NOTICE OF APPLICATION**

YOU ARE HEREBY NOTIFIED that Gem State submitted a Water System Asset Purchase Agreement (“Agreement”), executed by the Company and the Selling Parties on December 9, 2022. *Id.* The Agreement is contingent upon the Commission’s approval. *Id.* at 4.

YOU ARE FURTHER NOTIFIED that if the Commission approves the transaction (“Transaction”) set forth in the Agreement Gem State will acquire the Selling Parties’ assets related to the Water Business (“Water Business Assets”) and will provide water service to the Selling Parties’ customers as a regulated public utility. *Id.* 3-4. The Water Business Assets “include real property and personal property used to operate the Water Business, including all water rights.” *Id.* at 4.

YOU ARE FURTHER NOTIFIED that Gem State requests the Commission amend CPCN No. 293 to include the expanded service area or issue a new CPCN to the Company. *Id.* at 6.

YOU ARE FURTHER NOTIFIED that Gem State asserts that the Transaction is in the public interest for the following reasons. Approval of the Transaction will allow for “access to capital that is not currently available to the Selling Parties.” *Id.* at 4. Gem State also represents it will offer expertise in operating regulated utilities. *Id.* The Company also contends it will maintain or improve the level of services currently provided. *Id.* at 5. Further, Gem State represents that the Company will continue operating the water system using the Selling Parties rates and charges until it requests and the Commission approves any rate changes in a future rate proceeding. *Id.* at 4.

YOU ARE FURTHER NOTIFIED that Gem State asserts that “[i]f the Transaction is approved, Gem State Water will assess what, if any, capital investments are needed.” *Id.* at 6. The

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<sup>2</sup> Gem State has the following CPCNs in Idaho: “a) CPCN No. 319 (Bitterroot); (b) CPCN No. 296 (Bar Circle); (c) CPCN No. 293 (Spirit Lake East); (d) CPCN No. 390 (Happy Valley Water Systems, Inc.); (e) CPCN No. 280 (Troy Hoffman Water Corp., Inc.); (f) CPCN No. 413 (Diamond Bar Estates); and (g) CPCN No. 293.” *Id.* at 6.

Company represents that “[s]uch capital investments may include installation of meters and/or other projects.” *Id.*

YOU ARE FURTHER NOTIFIED that the Company intends to publish notice in the local newspaper and mail all customers notice of the transaction. *Id.* at 7.

YOU ARE FURTHER NOTIFIED that the Application, testimony, and supporting documentation have been filed with the Commission and are available for public inspection during regular business hours at the Commission’s office. These documents are also available on the Commission’s website at [www.puc.idaho.gov](http://www.puc.idaho.gov). Click on the “WATER” icon, select “Open Cases,” and click on the case number as shown on the front of this document.

YOU ARE FURTHER NOTIFIED that the Commission has jurisdiction over Gem State, it’s filing, and the issues pertaining to this case pursuant to Title 61 of the Idaho Code.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission’s Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

#### **NOTICE OF INTERVENTION DEADLINE**

YOU ARE FURTHER NOTIFIED that persons desiring to intervene in this matter to obtain parties’ rights of participation must file a Petition to Intervene with the Commission pursuant to this Commission’s Rules of Procedure 72 and 73, IDAPA 31.01.01.072 and -.073. **Persons who wish to intervene as a party must file a Petition to Intervene no later than 21 days after the date of service of this Order.** Such persons shall also provide the Commission Secretary with their email address to facilitate further communications. After the intervention deadline runs, the Commission Secretary shall issue a Notice of Parties that identifies the parties and assigns exhibit numbers to each party. Once the Notice of Parties has been issued, Commission Staff shall confer with the Company and any intervening parties about how to further process this case and shall then report back to the Commission on a proposed case schedule.

YOU ARE FURTHER NOTIFIED that persons who would like to present their views without parties’ rights of participation and cross-examination do not have to intervene but may present their views by submitting written comments to the Commission.

YOU ARE FURTHER NOTIFIED that the following persons are designated as the Company’s representatives in this matter:

Preston N. Carter  
Rebecca M. Fitz  
Givens Pursley LLP  
601 W. Bannock St.  
Boise, ID 83702  
[prestoncarter@givenspursley.com](mailto:prestoncarter@givenspursley.com)  
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Eric W. Nelsen  
NW Natural  
250 SW Taylor St.  
Portland, OR 97204  
[eric.nelsen@nwnatural.com](mailto:eric.nelsen@nwnatural.com)

### **ORDER**

IT IS HEREBY ORDERED that the persons desiring to intervene in this case for the purpose of obtaining parties' rights of participation must file a Petition to Intervene with the Commission, under Rules 71-73, IDAPA 31.01.01.071-.073, no later than 21 days after the service date of this Order.

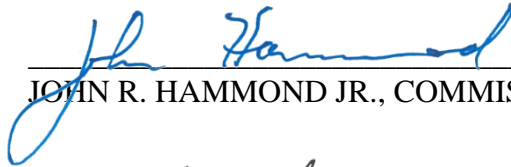
IT IS FURTHER ORDERED that, after the Secretary issues a Notice of Parties, Staff will informally confer with the parties to discuss the appropriate scheduling of this case.

IT IS FURTHER ORDERED that parties comply with Order No. 35375, issued April 21, 2022. Generally, all pleadings should be filed with the Commission electronically and will be deemed timely filed when received by the Commission Secretary. *See* Rule 14.02. Service between parties should continue to be accomplished electronically when possible. However, voluminous discovery-related documents may be filed and served on CD-ROM or a USB flash drive.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 27<sup>th</sup> day of February 2023.



ERIC ANDERSON, PRESIDENT

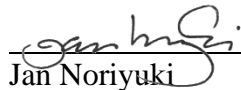


JOHN R. HAMMOND JR., COMMISSIONER



EDWARD LODGE, COMMISSIONER

ATTEST:



Jan Noriyuki  
Commission Secretary

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