BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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IN THE MATTER OF GEM STATE WATER COMPANY'S APPLICATION FOR APPROVAL OF ACQUISITION OF THE ASSETS OF THE WATER BUSINESS OF VALIANT IDAHO, LLC CASE NO. GSW-W-23-01 ORDER NO. 36099

On October 27, 2023, the Idaho Public Utilities Commission ("Commission") issued Order No. 35971 in this case, approving Gem State Water Company, LLC's ("Company") application to acquire the water supply system assets of Valiant Idaho, LLC ("Valiant") and TIC, Utilities, LLC ("TIC") (collectively the "Selling Parties"). In addition to approving the acquisition, Order No. 35971 conditionally granted the Company's request to amend Certificate of Public Convenience and Necessity ("CPCN") No. 293 to include the area served by the Selling Parties (contingent upon the Company timely submitting certain information) and requiring the Company to take other actions after the transaction closed.

On January 10, 2024, the Company filed a notice with the Commission indicating it had terminated the agreement to purchase the Selling Parties' water system assets and that the proposed transaction would not proceed. The Company asserts that there are no more outstanding issues in this proceeding and, therefore, it should be closed.

COMMISSION FINDINGS AND DECISION

The Commission has jurisdiction over this matter and the issues in this case under Title 61 of 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. Having reviewed the record and the Company's notice of termination, the Commission finds that this case should be closed as the Company has no more outstanding obligations under Order No. 35971. However, we direct Commission Staff ("Staff") to take further action as described below.

In Order No. 35971, we outlined several obligations for the Company to fulfill. Some were to be completed within a certain time following issuance of Order No. 35971. Specifically, we conditionally granted the Company's request to amend its CPCN No. 293 to include the area served by the Selling Parties' water system, contingent upon the Company submitting certain

documentation within 180 days. The Company's other obligations under Order No. 35971 were to be fulfilled after the transaction with the Selling Parties closed. For example, the Company was to establish a separate tariff for the Selling Parties' water system within 90 days of closing the transaction. Because the Company will not purchase the Selling Parties' water system, none of the Company's post-closing obligations will be triggered and amending the Company's CPCN is unnecessary. Accordingly, we find it reasonable to release the Company of any outstanding obligations under Order No. 35971.

However, termination of the purchase agreement creates an additional issue for this Commission to address. Specifically, the Company's Application indicates that the Selling Parties are not operating as a Commission regulated water utility despite potentially meeting the criteria of a utility that falls within the Commission's jurisdiction. Thus, termination of the agreement to purchase the Selling Parties' water system leaves that system in the control of entities of uncertain regulatory status. Accordingly, we direct Staff to once again contact the Selling Parties to inquire into their regulatory status. If Staff determines that additional action by the Commission is necessary, Staff shall make that recommendation in a separate proceeding. As there are no other outstanding matters in this case, we direct that it be closed.

ORDER

IT IS HEREBY ORDERED that Gem State Water Company, LLC is relieved of any outstanding obligations imposed in Order No. 35971 and this docket shall be closed.

IT IS FURTHER ORDERED that Commission Staff shall contact representatives of Valiant and TIC regarding their current regulatory status. If additional Commission action is necessary in that regard, that recommendation will be made in a separate proceeding.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date upon this Order regarding 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.

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DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho, this 23rd day of February 2024.

ERIC ANDERSON, PRESIDENT

OHN R. HAMMOND JR., COMMISSIONER

EDWARD LODGE, COMMISSIONER

ATTEST:

Monica Barrios-Sanchez Commission Secretary

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