

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF GEM STATE WATER)	CASE NO. GSW-W-24-01
COMPANY, LLC’S APPLICATION FOR)	
AUTHORITY TO INCREASE ITS RATES)	NOTICE OF APPLICATION
AND CHARGES FOR WATER SERVICE)	
)	NOTICE OF INTERVENTION
)	DEADLINE
)	
)	NOTICE OF SUSPENSION OF
)	PROPOSED EFFECTIVE DATE
)	
)	ORDER NO. 36445
)	

On December 27, 2024, Gem State Water Company, LLC (“Company”) applied for authorization to increase its rates and charges for water service in Idaho. The Company’s Application included six exhibits. The Company requested a February 1, 2025, effective date and that its Application be processed by Modified Procedure.

We now issue this Notice of Application, Notice of Intervention Deadline establishing a 21-day deadline for interested persons to intervene, and Notice of Suspension suspending the Company’s proposed effective date for 30 days plus five months.

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that if approved as filed, the Company’s revenues would increase by \$494,808 via a requested 64.8 percent rate increase. The Company currently operates under six certificates of public convenience and necessity and six separate tariffs. The Company proposes to move all separate systems and tariffs into one rate structure under the consolidated Gem State Water Tariff. The Company proposes to charge a single monthly minimum charge for each meter size and to include a single monthly allowance of gallons provided with the minimum charges for each meter size. The Company proposed a commodity charge of \$3.95/1,000 gallons for usage exceeding the minimum charge allowance. The Company proposes to reduce the monthly allowances for each meter size and the goal is to eliminate monthly allowances eventually.

YOU ARE FURTHER NOTIFIED that under the Company's proposed rate structure, 54 percent of the revenue requirement comes from the monthly minimum charges and the remaining 46 percent comes from the commodity charge.

YOU ARE FURTHER NOTIFIED that the Company proposes a test year based on the 12 months ended September 30, 2024. The Company made *pro forma* adjustments based on known and measurable changes through January 31, 2025. In Exhibit No.1 the Company provides its *pro forma* rate base of \$3,805,025. Two of the largest adjustments are the Bitterroot system rebuild and the meter replacement program.

YOU ARE FURTHER NOTIFIED that the Company's pro forma income statement shows its operating income is negative \$64,682.

YOU ARE FURTHER NOTIFIED that The Company requests a 10.2 percent return on equity based on a hypothetical capital structure of 55 percent equity and 45 percent debt. Using a 5.22 percent cost of debt (NW Natural Water's actual cost of debt¹), the Company's proposed weighted cost of capital is 7.96 percent.

YOU ARE FURTHER NOTIFIED that under the Company's proposal to consolidate and increase rates, the average customer receiving service via a 1" meter would see their monthly bills increase between \$18.67 and \$24.67. *See* Exhibit No. 6. Depending on the system, these customers' monthly bills would increase between 46 percent and 94 percent. Despite not having customers on meters greater than 2", the Company proposes to include rates for 3", 4", and 6" meters.

YOU ARE FURTHER NOTIFIED that the Company cited several benefits stemming from consolidation including improved customer service and Company responsiveness due to reduced complexity and fewer tariffs and associated rates resulting in improved understanding for customers and staff.²

YOU ARE FURTHER NOTIFIED that the Company notified customers that it applied to increase rates through a bill insert beginning December 27, 2024. The Company also sent a press release to the Coeur d'Alene Press the same day.

¹ NW Natural Water is the holding Company that owns NW Natural Water of Idaho which directly owns Gem State.

² It is unclear from the Application if this is Commission or Company staff.

YOU ARE FURTHER NOTIFIED that the Company's Application and supporting documents are available for public inspection during regular business hours at the Commission's office. The Application and supporting documents are also available on the Commission's web site at www.puc.idaho.gov. Click on the "WATER" icon, select "Open Cases" and then locate and click on the case number as shown on the front of this document.

YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code. The Commission may enter any final order consistent with its authority under Title 61 and all proceedings in this matter will be conducted under 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.** Persons desiring to present their views without parties' rights of participation do not have to intervene and may present their comments without prior notification to the Commission or the parties.

YOU ARE FURTHER NOTIFIED that the Commission Secretary shall issue a Notice of Parties after the deadline for intervention has passed. The Notice of Parties shall assign exhibit numbers to each party in this proceeding.

YOU ARE FURTHER NOTIFIED that once the Notice of Parties is issued, Commission Staff will informally confer with the parties to discuss a schedule to process this case and other issues as may be raised by the parties.

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

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SUSPENSION OF PROPOSED EFFECTIVE DATE

The Company proposes a February 1, 2025, effective date. The Commission finds the Company's proposed effective date does not provide adequate time for Commission Staff and interested persons to evaluate the Company's proposal. Pursuant to *Idaho Code* § 61-622, the Commission suspends the proposed changes for thirty (30) days and five months or until the Commission enters an earlier order accepting, rejecting, or modifying the Company's request.

ORDER

IT IS HEREBY ORDERED that 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 72 and 73, IDAPA 31.01.01.72-73, no later than 21 days after the service date of this Order.

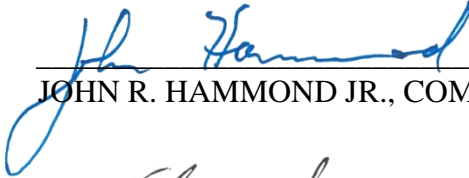
IT IS FURTHER ORDERED that the February 1, 2025, effective date proposed by the Company is suspended for 30 days plus five months or until the Commission enters an earlier order accepting, rejecting, or modifying the proposed changes.

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 21st day of January 2025.


ERIC ANDERSON, PRESIDENT


JOHN R. HAMMOND JR., COMMISSIONER


EDWARD LODGE, COMMISSIONER

ATTEST:


Monica Barrios-Sanchez
Commission Secretary

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