

**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 ) AMENDED NOTICE OF**  
**AND CHARGES FOR WATER SERVICE ) APPLICATION**  
**)**  
**) AMENDED NOTICE OF**  
**) SUSPENSION OF PROPOSED**  
**) EFFECTIVE DATE**  
**)**  
**) ORDER NO. 36516**  
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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.

On January 21, 2025, the Commission issued a Notice of Application and Notice of Intervention Deadline. Order No. 36445. Additionally, the Commission suspended the Company’s proposed effective date for five months and thirty days under *Idaho Code* § 61-622.

On February 28, 2025, the Company filed an amended application to include depreciation costs associated with certain post-test-year plant in service that were omitted from the original application (“Amended Application”). The Company’s new proposal would increase the Company’s revenues by 78.8 percent. The Company requested an April 1, 2025 effective date and that its Amended Application be processed by Modified Procedure.

We now issue this Amended Notice of Application and Amended Notice of Suspension suspending the Company’s proposed effective date to August 1, 2025.

**AMENDED NOTICE OF APPLICATION**

YOU ARE HEREBY NOTIFIED that if approved as filed, the Company’s revenues would increase by \$602,050 via a requested 78.8 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 \$4.50/1,000 gallons for usage exceeding the allowance provided with the minimum charge. Over time, 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, 51 percent of the revenue requirement comes from the monthly minimum charges and the remaining 49 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 30, 2025. In Exhibit No.1 of the Amended Application the Company provides its *pro forma* rate base of \$3,799,220. 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 \$145,019.

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 debt<sup>1</sup>), 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 \$21.65 and \$27.65. *See* Exhibit No. 6. Depending on the which of the Company's six systems a customer is served by, these customers' monthly bills would increase between 53 percent and 79 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

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

complexity and fewer tariffs and associated rates resulting in improved understanding for customers and staff.<sup>2</sup>

YOU ARE FURTHER NOTIFIED that the Company notified customers that it filed an Amended Application to increase rates through a bill insert beginning March 4, 2025. The Company also sent a press release to the Coeur d'Alene Press on February 28, 2025.

YOU ARE FURTHER NOTIFIED that the Company's Amended Application and supporting documents are available for public inspection during regular business hours at the Commission's office. The Amended Application and supporting documents are also available on the Commission's web site at [www.puc.idaho.gov](http://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 the Commission has designated this case as a general rate case. As such, the Company's intrastate revenue requirement, and every component of it, both rate base and expense, are at issue. The Commission may grant, deny, or modify the revenue requirement requested and may find a revenue requirement different from that proposed by any party is just, fair, and reasonable. IDAPA 31.01.01.124.01.

YOU ARE FURTHER NOTIFIED that all of the Company's retail rates and charges, both recurring and non-recurring, are at issue, and every component of every existing and proposed rate and charge is at issue. The Commission may approve, reject, or modify the rates and charges proposed and may find that rates and charges different from those proposed by any party are just, fair, and reasonable. IDAPA 31.01.01.124.02.

YOU ARE FURTHER NOTIFIED that the Commission may approve, reject, or modify existing or proposed relationships between and among rates and charges within, between, or among customer classes or rate groupings and may approve, reject, or modify existing or proposed relationships among and between customer classes or rate groupings.

YOU ARE FURTHER NOTIFIED that the Commission may abolish, reduce, or create rate blocks or categories of rates and charges; abolish, create, or reduce components of rates and charges; abolish, reduce, or create customer classes or rate groupings; and abolish, reduce, or create absolute or relative differences among and between existing classes or rate groupings of customers.

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<sup>2</sup> It is unclear from the Application if this is Commission or Company staff.

YOU ARE FURTHER NOTIFIED that the tariffs, practices, rules and regulations, service, instrumentalities, equipment, facilities, classifications, and customer relations of the utility are at issue, and the Commission may address any of them in its order.

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.*

**AMENDED NOTICE OF SUSPENSION OF PROPOSED EFFECTIVE DATE**

The Company proposes an April 1, 2025, effective date in its Amended Application. 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 until August 1, 2025, or until the Commission enters an earlier order accepting, rejecting, or modifying the Company's request.

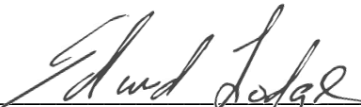
**ORDER**

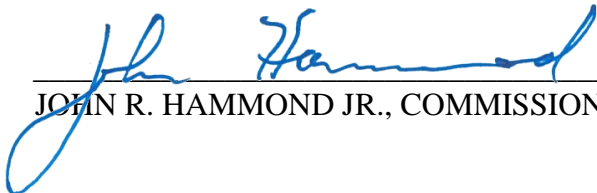
IT IS HEREBY ORDERED that the April 1, 2025, effective date proposed by the Company in its Amended Application is suspended until August 1, 2025, or until the Commission enters an earlier order accepting, rejecting, or modifying the proposed changes.

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.

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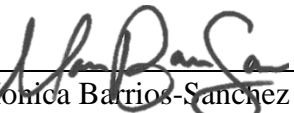
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 20<sup>th</sup> day of March 2025.

  
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EDWARD LODGE, PRESIDENT

  
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JOHN R. HAMMOND JR., COMMISSIONER

*Recused*  
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DAYN HARDIE, COMMISSIONER

ATTEST:

  
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Monica Barrios-Sanchez  
Commission Secretary

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