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Reply to Comments of Commission Staff Case No. NSW-W-21-01

2021 OCT 13 PM 4:22

Hookup Fee & Reserve Fund

IDAHO PUBLIC
UTILITIES COMMISSION

We have never constructed/repared a water system for a developer before North Star. We called it a hookup fee and apparently we shouldn't have. What we called the hookup fee was actually our other company Black Water, LLC's profit for going through the engineering process, DEQ approval, and repairing the water system. We have since fixed this and sent the developer an invoice for work completed. See attachment 1 Invoice. Therefore, we will not have that reserve fund. When we started this project we thought it would be a good idea to have some reserves for the water system. However, it seems that we are basically being penalized for having reserves and not being able to charge the rates we feel appropriate because of it. Black Water LLC will have to loan North Star LLC some funds in the beginning because it will not be able to generate enough revenue to covers its expenses. Please see attachment 2 North Star Water Operation & Maintenance Expenses.

Revenue Requirement and Rate Base

Our revenue needs to be higher than \$19,869 per year. When you adjust for the correct sampling schedule, and budget for reserves more revenue needs to be generated. I also added a few additional rows to the North Star Water Operation & Maintenance Expenses (attachment 2) that were previously missed these include Sanitary Survey (once every 3 years) \$166.67 per year, Water Assessment Fee \$100 per year, Consumer Confidence Report \$100 per year, and Public Utility Commission Regulatory Fee \$50 per year. We budget \$500 for every sanitary survey. This equates to \$125 per hour for 4 hours. We prep for the sanitary survey, meet DEQ at the water system for the inspection, and turn in any paper work required. The water assessment fee is just a fee that DEQ charges us every year for the water system. The consumer confidence report covers office staff generating the report each year and sending it out to everybody on the system.

Repairs

The \$500 for Repairs and Maintenance expenses should be added back into the budget. There will no longer be a reserve account.

Lab Testing Fees

Attachment No. B. Lab Testing Required by IDEQ has several errors. Total coliform & E. coli are required monthly not annually and the price is \$17 for both. Nitrate & Nitrite both cost \$19 a piece not \$35. Volatile Organic Contaminants are not on the table and they are required quarterly the first year, then annually for 3 years, then every 3 years. A group called Semi Volatile Organic compounds was left out of the list of Synthetic Organic Contaminants. It costs an additional \$250

and is quarterly for at least 1 year then every 3 years. Please see attachment 3 for emails from Brandon Lowder at IDEQ regarding the missed Semi Volatile Organic Compounds. I made a new spreadsheet for North Star's Sampling costs for 2022-2030. See attachment 4 North Star Sampling Costs. The average annual sampling costs over the 9 year time frame is \$1702.89 per year. North Star first year of sample is going to cost \$8,443.00. This is an average of \$703.58 per month. We will have to start sampling when 10 homes are connected so we will only be receiving 41% of our revenue when we have this expense. See attachment 5 Sampling requirements at 10 home occupancy. How are we suppose to pay these costs when you state that under Reserve Fund, "Staff recommends that these funds should be placed in a separate account, and their usage be restricted to emergencies and major unplanned capital expenditures such as leak repairs and other unplanned replacements." The sampling costs are planned expenses that you are not allowing us to budget for. I am very confused on how the commission staff is estimating the sampling costs at \$600.67 per year. There will no longer be a reserve account. It is not fair to make a company charge less than what it actually costs to run a water system just because they have reserves. With the Public Utilities Commission recommendations the system would be bankrupt within a few years.

Equipment and Spare Parts

The \$1,000 for inventory and spare parts should remain in the operation and maintenance expenses. The subdivision may take a few years to build out. It doesn't make sense for us to have to carry these expenses for an extended period of time when as you can from above we will spend \$8,443.00 on sampling in the first year.

Rate Design

We do not agree with merging the two and charging one flat rate. It makes sense to have them as two different line items on the bill. We can adjust the following year if more expenses are the potable/irrigation vice versa.

Late Payment Charge

Is there a Idaho Code that actually states what we can charge for a late payment? With our previous experiences the less of late fee we charge the more often we get late payments.

Reconnection Fee

Our proposed rates of \$35 for reconnection during normal business hours, and \$70.00 when the request is after normal business hours is completely reasonable. See attachment 6 Google Maps Office to North Star Water System The North Star Water System is 25.9 miles from our office. 51.8 miles roundtrip. This drive takes

approximately 1 hours and 14 minutes. If you count our employees time at what it costs us including social security, medicare, unemployment tax, workers comp, for just the drive time, not time for reconnection, and the mileage we would pay our employee for driving the 51.8 miles it costs us \$59.30. Is there an Idaho Code stating what I can charge for this? I appreciate the staffs recommendation but it is completely out of touch with reality. It also doesn't make sense that municipalities are allowed to charge these kind of fees when they are generating much more revenue but you guys want to restrict small businesses from charging a completely reasonable fee. As you can see from above the \$35 reconnection fee is being very generous.

Black Water, LLC

PO BOX 3723
Nampa, ID 83653

Invoice

Date	Invoice #
10/7/2021	7260

Bill To
Elevation 2500 Partners LLC 10284 W. River Rock Lane Garden City, Idaho 83714

P.O. No.	Terms	Project

Quantity	Description	Rate	Amount
	Water system upgrades-labor and materials	75,000.00	75,000.00
		Total	\$75,000.00
		Payments/Credits	\$0.00
		Balance Due	\$75,000.00

Phone #	Fax #	E-mail
208-250-9275	208-461-3098	blackwaterllc.idaho@gmail.com

Attachment 2 - North Star Water Operation & Maintenance Expenses

North Star Water System Operation & Maintenance Expenses						
Category	Year					
	1	1	2	3	4	5
	Monthly Cost	Annual Cost	Annual Cost	Annual Cost	Annual Cost	Annual Cost
Contract Operator	\$450.00	\$5,400.00	\$5,400.00	\$5,400.00	\$5,400.00	\$5,400.00
Sanitary Survery (once every 3 years)	\$13.89	\$166.67	\$166.67	\$166.67	\$166.67	\$166.67
Routine Maintenance (labor + Materials)	\$20.83	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00
Repairs	\$41.67	\$500.04	\$500.04	\$500.04	\$500.04	\$500.04
Equipment and Spare parts	\$83.33	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00
Power	\$445.00	\$5,340.00	\$5,340.00	\$5,340.00	\$5,340.00	\$5,340.00
Lab fees	\$142.00	\$1,704.00	\$1,704.00	\$1,704.00	\$1,704.00	\$1,704.00
Insurance	\$120.00	\$1,440.00	\$1,440.00	\$1,440.00	\$1,440.00	\$1,440.00
Office and Billing	\$200.00	\$2,400.00	\$2,400.00	\$2,400.00	\$2,400.00	\$2,400.00
Office Supplies, Postage, Notifications	\$20.00	\$240.00	\$240.00	\$240.00	\$240.00	\$240.00
Other utilities	\$50.00	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00
Professional Services	\$200.00	\$2,400.00	\$2,400.00	\$2,400.00	\$2,400.00	\$2,400.00
Water Assessment Fee (DEQ)	\$8.33	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00
Consumer Confidence Report	\$8.33	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00
Public Utilities Commission Regulatory Fee	\$4.17	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00
Landscape/ weed control	\$100.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00
Subtotal	\$1,907.56	\$22,890.70	\$22,890.70	\$22,890.70	\$22,890.70	\$22,890.70
Reserve Debt service	\$458.33	\$5,499.96	\$5,499.96	\$5,499.96	\$5,499.96	\$5,499.96
Total O&M Expense with 3% inflation	2365.89	\$28,390.66	\$29,242.38	\$30,119.65	\$31,023.24	\$31,953.93
Revenue	\$2,400	\$28,800.00	\$28,800.00	\$28,800.00	\$28,800.00	\$28,800.00
Profit	\$34.11	\$409.34	-\$442.38	-\$1,319.65	-\$2,223.24	-\$3,153.93



Black Water LLC williams-black <blackwaterllc.idaho@gmail.com>

North Star Water Monitoring Schedule

6 messages

Black Water LLC<blackwaterllc.idaho@gmail.com>

Wed, Sep 22, 2021 at 5:11 PM

To: Brandon.Lowder@deq.idaho.gov

Hi Brandon,

I am looking for a sampling schedule for North Star Water so I can get an annual average price over to the public utilities commission. Is this something you could help with?

Thanks,

Taylor

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Black Water LLC

PO BOX 3723

Nampa, ID 83653

Brandon.Lowder@deq.idaho.gov<Brandon.Lowder@deq.idaho.gov>

Thu, Sep 23, 2021 at 6:48 AM

To: blackwaterllc.idaho@gmail.com

Cc: Lisa.Bahr@phd3.idaho.gov

Sure. I'm copying Lisa Bahr on this email. She is the drinking water compliance person at Southwest District Health that will have oversight of the system. She can correct anything I might get incorrect. I was contacted by Johan Kalala Kasanda from the PUC on September 3rd for this same information, so I would think they already have it. Below is the list I sent him. I assumed North Star will not have any disinfection or other treatment, but if that is incorrect, let me know and I'll update the list. The distribution counts are based on population served,

so I assumed a brand new system with a population less than 100 to start off. If additional wells are added, they would follow the same requirements as I have listed for Well #1.

- **Well #1**

- **Inorganic Contaminants** (Antimony, Arsenic, Barium, Beryllium, Cadmium, Chromium, Fluoride, Mercury, Nickel, Selenium, Sodium, Thallium) - Every three years
- **Volatile Organic Contaminants** - Quarterly for at least 1 year, then annual for 3 years, then every 3 years
- **Synthetic Organic Contaminants** (Carbamates, Chlorinated Herbicides, Diquat, EDB/DBCP, Endothall, Glyphosate, Chlorinated Pesticides/PCBs) - Quarterly for at least 1 year, then every 3 years.
- **Nitrate** - Annually
- **Nitrite** - Every 9 years
- **Radionuclides** (Gross Alpha, Uranium, Radium 226, Radium 228) - Quarterly for 1 year, then reduced anywhere from 3 years to 9 years depending on the results.

- **Distribution System**

- **Lead and Copper** - 5 samples every 6 months. After two six-month rounds, reduced to annual. After two annual rounds, reduce to every 3 years.
- **Total coliform and *E. coli*** - 1 sample monthly

Thanks,

Brandon



Brandon Lowder | Drinking Water Compliance Supervisor

Idaho Department of Environmental Quality

1445 N. Orchard, Boise, ID 83706

Office: (208) 373-0568

<http://www.deq.idaho.gov/>

Our mission is to protect human health and the quality of Idaho ' s air, land, and water.
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**Black Water
LLC**<blackwaterllc.idaho@gmail.com>
To: Brandon.Lowder@deq.idaho.gov

Thu, Sep 23, 2021 at 9:29 AM

Cc: "Bahr, Lisa" <Lisa.Bahr@phd3.idaho.gov>

Yes, you are correct, no disinfection. Thanks, I'll let you know if I have any more questions.

Thanks,

Taylor

[Quoted text hidden]

Black Water LLC<blackwaterllc.idaho@gmail.com>
To: Brandon.Lowder@deq.idaho.gov

Fri, Sep 24, 2021 at 11:42 AM

Cc: "Bahr, Lisa" <Lisa.Bahr@phd3.idaho.gov>

Hi Brandon,

I saw that Semi Volatile Organic Compounds isn't included with the Synthetic Organic Contaminants. When I called the lab they include this test with the SOCs package. Was this just missed in your list or should we not be having the Semi Volatile Organic Compounds ran when SOCs are due?

Thanks,

Taylor

[Quoted text hidden]

Brandon.Lowder@deq.idaho.gov<Brandon.Lowder@deq.idaho.gov> Fri, Sep 24, 2021 at 11:57 AM
To: blackwaterllc.idaho@gmail.com

Cc: Lisa.Bahr@phd3.idaho.gov

Yes, sorry for the oversight. Semi-volatiles would be included in the SOC group and are required.

Thanks,

Brandon

[Quoted text hidden]

Black Water LLC<blackwaterllc.idaho@gmail.com>
To: Brandon.Lowder@deq.idaho.gov

Fri, Sep 24, 2021 at 11:59 AM

Cc: Lisa.Bahr@phd3.idaho.gov

Okay that' s what I thought. Thank you!

Thanks,

Taylor

[Quoted text hidden]

Attachment 5 - Sampling Requirements at 10 home occupancy Emails



Black Water LLC williams-black <blackwaterllc.idaho@gmail.com>

First year water sampling for 23 lot sub

Brandon.Lowder@deq.idaho.gov<Brandon.Lowder@deq.idaho.gov>

Fri, Apr 30, 2021 at
6:44 AM

To: blackwaterllc.idaho@gmail.com

That sounds about right. We typically average about 2.5 people per home, so at 10 homes, you'd have 25 people. Please make sure to reach out to either me or your other drinking water contact at DEQ. I can tell you exactly which compliance person if you let me know the system name or number.

Brandon

[Quoted text hidden]

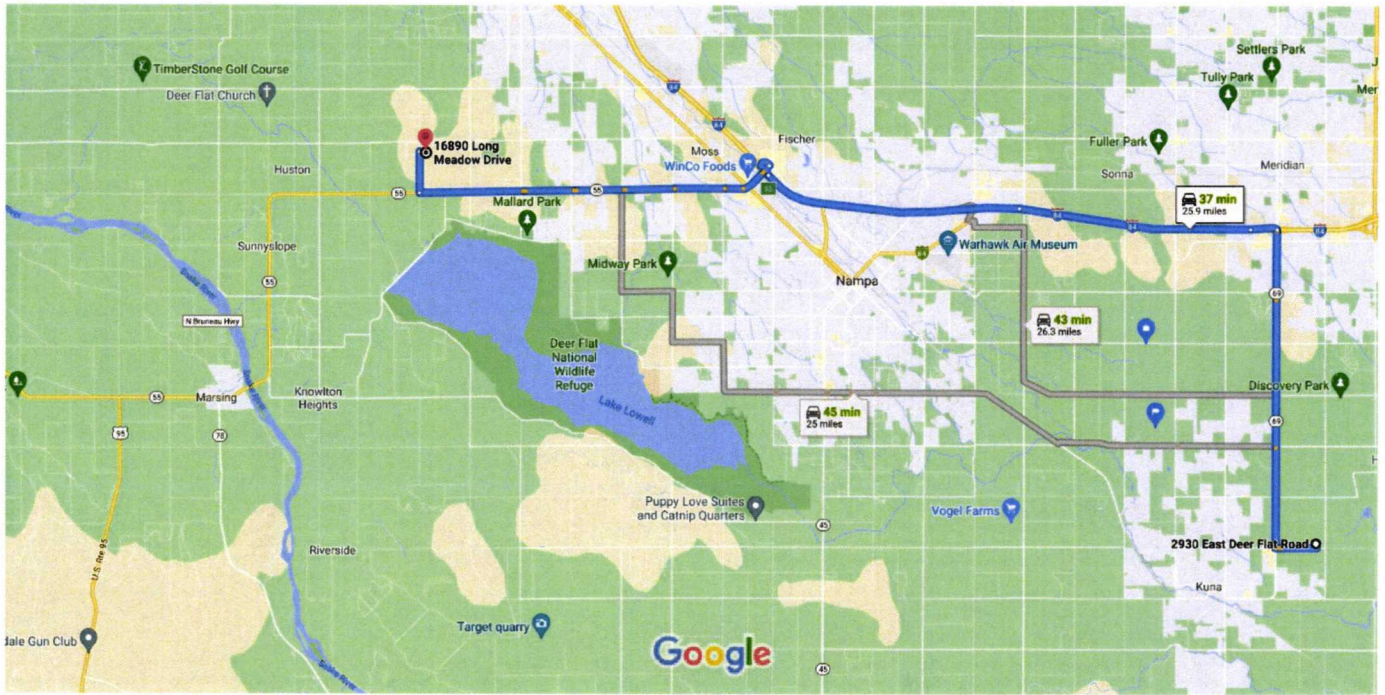
Attachment 6 -Google Maps Office to North Star Water System



2930 East Deer Flat Road, Kuna, ID to 16890 Long Meadow Dr, Caldwell, ID 83607


Drive 25.9 miles, 37 min

Office to North Star Water System



Map data ©2021 Google 1 mi

 **via I-84 W** **37 min**
Fastest route, the usual traffic 25.9 miles

 **via W Karcher Rd** **43 min**
26.3 miles

 **via E Greenhurst Rd** **45 min**
25.0 miles

Explore 16890 Long Meadow Dr

Restaurants Hotels Gas stations Parking Lots More