Office of the Secretary
Service Date
May 30, 2025

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF PRIEST LAKE WATER LLC'S APPLICATION TO INCREASE ITS RATES AND CHARGES FOR WATER SERVICE IN THE STATE OF IDAHO	)	**CASE NO. PLW-W-24-02** **ORDER NO. 36623**

On October 8, 2024, Priest Lake Water, LLC ("Company") applied for a Certificate of Public Convenience and Necessity ("CPCN"), to provide water service near Priest Lake in Bonner County, Idaho ("Application"). The Company also requested authorization to increase its rates from the current single flat monthly rate of $37 to a flat monthly rate of $98 for residential customers and a flat monthly rate of $100 for commercial customers. The Company requested a December 1, 2024, effective date for the rate increase.

On December 4, 2024, the Commission opened this case, transferring the Company's request to increase rates to it for processing and evaluation. The Commission further directed Commission Staff ("Staff") to recommend a procedural schedule for processing the requested rate increase, contingent upon the resolution of the Company's request for a CPCN.

On January 13, 2025, the Commission issued Order No. 36442, granting the Company's request for a CPCN.

On February 19, 2025, the Commission issued a Notice of Application, Notice of Modified Procedure, and Notice of Customer Hearing, establishing comment deadlines and scheduling an in-person customer hearing. Order No. 36471.

On February 24, 2025, the Marvin Estates Property Owners Association, Inc., an Idaho nonprofit corporation with members who are customers of the Company, intervened. Order No. 36473.

On April 24, 2025, the Commission issued an order vacating the original customer hearing date due to scheduling conflicts and logistical issues. Because the customer hearing could not be rescheduled before the Company's established reply comment deadline, the Commission also vacated that reply comment deadline. Order No. 36574.

On April 28, 2025, the Commission issued an Amended Notice of Customer Hearing and an order resetting the Company's reply comment deadline. Order No. 36567. The Company did not file reply comments.

On May 7, 2025, the Commission held an in-person customer hearing. Multiple customers of the Company testified, generally opposing the requested rate increase.

Having reviewed the record in this case, we issue this Final Order authorizing the Company to raise its rates as described below. Additionally, we direct the Company to take the steps described below to address the unattributed water losses Staff discovered in the Company's water system.

THE APPLICATION

The Company proposes raising its rates from the current minimum monthly charge of $37 (which includes up to 10,000 gallons of water) to $98 per month for residential customers and $100 per month for commercial customers. The new commercial rate includes up to 30,000 gallons of water. The Company included a copy of the notice of the proposed rate changes with the Application.

STAFF COMMENTS

After reviewing the Application, the supporting documents the Company submitted, its discovery responses, financial records, and internal processes, Staff recommended the Commission approve a revenue requirement for the Company of $42,356—increasing the Company's annual revenue by 24 percent. Staff's proposed revenue requirement is an increase of $8,084 over current rates, but $42,578 less than the revenue requirement sought in the Application.

Revenue Requirement

The Company requested a revenue requirement of $84,945, a 153 percent increase based on a 2023 test year. After reviewing all the components of the Company's revenue requirement, Staff recommended a lower annual revenue requirement of $42,356, using 2024 data—an increase of $8,084, or 24 percent, as detailed in Attachment A to Staff's comments ("Attachment A"). Staff's analysis of each component is explained below.

1. Net to Gross Multiplier

The Net to Gross Multiplier adjusts the operating income deficiency to account for income taxes and other revenue-related items. The Company reported an operating loss in the test year, which is not subject to taxes. Although the Company can recover an additional amount to offset the loss, it should not apply the full multiplier for tax purposes. Instead, only the Commission assessment fee component should apply to the revenue deficiency. Staff calculated a multiplier of 1.0021, as shown in Attachment A, Line 7. Staff recommended applying this multiplier to the deficiency associated with overcoming the operating loss, with a 1.3468 multiplier for any excess to account for tax liability.

2. Rate Base

Rate base represents the Company's investment eligible for a return, calculated by subtracting depreciation and contributions from plant-in-service ("PIS"), and including working capital. Staff recommended a rate base of $45,821, consisting of net PIS of $41,958 and working capital of $3,863.

Plant-in-Service

PIS is the original cost of assets used to provide water service. Staff calculated a PIS balance of $41,958. Most Company assets are fully depreciated with zero book value. However, the Company recently invested in capital improvements, including $15,295 for water rights and $26,308 for cleaning and repairing a storage tank. Staff recommended increasing PIS by $15,295 for the water rights costs and $22,825 for the known and measurable cost of the tank repairs.

Working Capital

Staff recommended a working capital allowance of $3,863, calculated using the one-eighth method.

3. Return on Equity

The Company requested an 11 percent return on equity ("ROE"), which aligns with Commission decisions for similar-sized water companies. *See* Order Nos. 35973, 35978, and 36012. Staff supported this ROE. Because the Company has no authorized debt, the 11 percent ROE is the overall rate of return used to calculate the revenue requirement.

4. Revenues

Staff reviewed the Company's rates to determine the revenue generated during the test year and calculated the revenue requirement. After finding some reported revenues to be incorrect, Staff recommended several adjustments. Consequently, Staff recommended setting the 2023 test year revenue at $34,272.

The Company reported $31,524 in revenue from monthly customer charges in 2023. Staff recommended three adjustments to this amount. First, using the 2024 customer count of 72 and current rates, Staff calculated $31,968 in revenue—exceeding reported revenue by $444. Second, the Company reported $1,641 for test year volumetric charges. However, believing that using a four-year average of volumetric consumption would mitigate weather-induced consumption deviations during the test year, Staff recommended $2,304 as a better indicator of typical volumetric water sales based on customer usage data from May 2020 through October 2024. This increases test year revenues by $663. Finally, Staff excluded $420 in late fees the Company also included in test year revenues because such fees are neither recurring nor reliable for future revenue. Combined, these adjustments resulted in a revised test year revenue of $34,272 that Staff believed reflected more accurate and consistent revenue expectations for setting rates.

5. Operating Expenses

Staff recommended reducing the $69,320 the Company reported for operating expenses during 2023 to $41,748—a $28,259 decrease. The specific adjustments Staff made to support this reduction are discussed below.

Labor – Operations & Maintenance

The Company proposed $23,400 in pro forma labor costs, based on the owner's 360 hours of work performing essential water system tasks at $65 per hour during 2024. However, Staff recommended a rate of $35 per hour as reasonable because the Idaho Department of Labor indicates that water operators in the 90th percentile earn just over $30 per hour. Using Staff's proposed pay rate results in a total labor expense of $12,600—$10,800 less than proposed. Staff believed this adjustment ensures rates reflect actual work and reasonable costs.[1]

Purchased Power

Staff calculated an annualized electricity expense of $1,142 for inclusion in the revenue requirement by determining the cost per gallon of electricity from the most recent year and applying it to a normalized water production amount.[2] Staff's comments detail the calculations performed to estimate the Company's annualized electricity expense.

[1] Staff's comments emphasized the necessity of the Company keeping records and timesheets for all hours worked to justify future increases in labor expense recovery in future rate cases.

[2] Staff discovered that the Company pumped significantly more water 2021. To avoid this unusually high production skewing the calculation, Staff excluded 2021 and used only 2020, 2022, 2023, and 2024—to calculate a normalized annual production of 3,848,800 gallons. This approach ensured a more accurate and representative estimate of electricity costs for rate-setting purposes.

<u>Unattributed Water Losses</u>

After comparing the monthly consumption data from customer meters between 2020 and 2024 with annual water production for the same period, Staff discovered significant water losses in the Company's system. The Company suggested to Staff that the water loss may be due to weekly line flushing, reservoir cleaning, and depressurizing when connecting new customers. However, corrective actions cannot be taken until the root causes of the water loss are identified. Because annualized electricity expenses are proposed for recovery from customers, Staff recommended that the Company: 1) Investigate the specific causes of water loss and develop an action plan to mitigate them by March 31, 2026; and 2) Implement this plan and show a reduction in water losses when filing its next general rate case.

<u>Materials & Supplies – Operations & Maintenance</u>

In 2023, the Company spent $10,766 on materials and supplies, but only $1,794 in 2024. Staff recommended adjusting the expense to $1,794—$8,972 less than requested.

<u>Materials & Supplies – Administrative & General</u>

The Company included $684 for administrative expenses, but spent $368 less in 2024 on postage and miscellaneous items. Staff recommended adjusting the administrative expense to $316, reflecting actual 2024 costs.

<u>Contract Services – Professional</u>

The Company requested $18,765 for contract services related to excavation and water system repairs, based on $150 per hour for 120 hours of services annually. However, the owner performed the repairs instead of using an external contractor in 2024. Considering Staff's previous recommendation to adjust labor rates, Staff recommended revising the contract services rate to $35 per hour. Staff believed this adjustment reflects a more reasonable cost for such services, reducing the Company's proposed total contract services expense by $14,565 to $4,200.

<u>Contract Services – Water Testing</u>

The Company requested $2,872 for annual water testing. Following past Commission practices, Staff recommended using a nine-year average due to the infrequency of some tests, decreasing the proposed expense by $1,821 to $1,051.

Insurance

The Company provided its 2025 insurance policy with updated coverage and costs. After reviewing it, Staff recommended including the updated expense of $2,571 in the revenue requirement to ensure rates reflect current, accurate costs.

Rate Case Expense – Amortization

The Company included $2,500 for rate case expense amortization, covering legal costs for the CPCN and rate case. After reviewing the Company's legal expenses for 2024 and 2025, totaling $11,961, Staff found them reasonable operating expenses. Consequently, Staff recommended amortizing the expense over three years, resulting in an annual expense of $3,987.

Depreciation Expense

The Company included a depreciation expense of $2,362. After evaluating the Company's depreciable assets and adjusting its plant-in-service accounts, Staff adjusted the depreciable expenses of each plant account. Further, Staff confirmed the depreciable rates align with National Association of Regulatory Utility Commissioners Depreciation Manual for Small Water Utilities. Consistent with Staff adjustments to PIS, Staff re-calculated the Company's annual depreciation expense for all assets as of December 31, 2024, and the 2025 tank repair. Accordingly, Staff recommended a depreciation expense of $1,351.

Property Taxes

Staff noted that Bonner County recently issued a property tax assessment to the Company. Since property taxes are an ongoing cost, Staff recommended including the $43 Bonner County property tax as an expense in the Company's revenue requirement.

State and Federal Taxes

Staff found the inclusion of state and federal tax expenses reasonable and recommended including $1,351 in such taxes to ensure the Company complied with its tax obligation while allowing investment in infrastructure and service improvements.

Rate Design

The Company currently charges a monthly rate of $37, which includes a 10,000-gallon water allowance. Any excess usage is billed at $3.00 per 1,000 gallons. The Application proposed increasing the monthly minimum charge to $98 for residential customers and $100 for commercial customers, with the $3.00 volumetric rate unchanged and the monthly water allowance increasing to 30,000 gallons.

Staff agreed with the structure of the monthly charge and volumetric rate, but disagreed with the proposed allowance and volumetric rate. Customer data from October 2021 to October 2024 indicates that a 30,000-gallon allowance would lead to an average annual revenue of $501 from volumetric charges. Staff found this insufficient to cover meter reading costs and results in few customers being charged the volumetric fee.

Instead of the Company's proposal, Staff recommended a 7,500-gallon allowance in the monthly minimum charge. Staff believed that this lower allowance encourages conservation by signaling that bills can increase at lower consumption levels and ensures more customers are charged volumetric fees. Staff also recommended raising the volumetric rate from $3.00 to $3.50 per 1,000 gallons for usage exceeding the allowance, noting that this combination maintains the same percentage of revenue recovery from volumetric charges as the current rate design. Staff's proposed allowance, volumetric rate, and average consumption data from October 2021 to October 2024, results in a projected revenue from volumetric charges of $3,343. Based on this, Staff recommended a monthly minimum charge is $45.15.

Tariff

1. Rate for 1-Inch Meters

The Company informed Staff during discovery of potential customers who may desire 1-inch meters. However, all customers are currently served by ¾-inch meters. Staff calculated a 1-inch monthly customer charge of $75.25 using meter equivalent ratios from the American Water Works Association M1 Manual and recommended this rate be included in the Commission-approved tariff from this case.

2. Reconnection Charges for Voluntary Disconnections Exceeding 30 Days

Staff recommended that the Commission require the Company to charge three times the monthly customer charge for shut-offs exceeding 30 days, instead of the proposed $25 charge. Staff believed this will dissuade voluntary shut-offs to avoid the monthly charge, ensuring fair cost recovery for year-round fixed costs.

3. Bulk Water Sales

The Company occasionally sells water to commercial water trucks. After reviewing the process and comparing rates from other regulated utilities, Staff recommended the Company charge a bulk water rate of $40 per day plus $1.50 per 1,000 gallons. Staff believed this rate will cover administrative, labor, and production costs related to these sales.

4. New Connection Fees

Staff believed the proposed fees for new connections to its water system are unreasonable. After reviewing the Application and the Company's responses, Staff recommended that the Company: (1) Modify Schedule No. 3 – Hookup Fee according to Staff's recommended connection fee schedule; (2) Allow customers to choose between ¾-inch and 1-inch meters for new connections; and (3) Permit customers to hire approved contractors for service installation, subject to Company inspection. Staff's comments contain the following "Table No. 4," which details Staff's recommended connection fee schedule.

Table No. 4: Comparison Between Company and Staff's Proposed New Connection Fees

Category	Company Proposal	Staff Estimation	
		3/4-inch Meter	**1-inch Meter**
Cost of Materials	$3,116	$2,016	$3,016
Labor	$1,500	$384	$384
Total	$4,616	$**2,400**	$**3,400**

5. Meter Size

Staff recommended separate connection charges for both ¾-inch and 1-inch meters, believing customers should be allowed to choose the meter size that fits their needs. Although the Company originally proposed using only 1-inch meters for future hookups, it later agreed with Staff's recommendation to offer both sizes. Staff noted a significant cost difference between ¾-inch and 1-inch meter installations, so customers should be charged accordingly. Staff further recommended the Company work with Staff to include clear language in the tariff reflecting this customer choice.

6. Customer-Contracted Hookup Option

Staff and the Company agreed that customers should also be allowed to hire Company-approved contractors to perform new service connections, subject to Company inspection and approval. The following three contractors were approved by the Company: 1) Storro Excavating, LLC (Tel.: 208-290-5912); 2) Dixon Dirt Works, LLC (Tel.: 208-610-6057); and 3) Nefzger Development (Tel.: 509-991-8463). Because this list may change, Staff recommended that customers confirm the current list with the Company before hiring a contractor

Staff believed that the Company should remain responsible for ensuring all work complies with local, state, and federal rules and should conduct a final inspection of each new connection to maintain system safety and reliability. Staff recommended that the Company work with Commission Staff to develop clear tariff language outlining this option and related requirements.

7. Tariff Updates

Staff noted that the Company's current tariff will need to be updated based on the Commission's final decisions in this case. Required updates include:

1. Revising Schedule No. 3 – Hookup Fee to reflect new connection charges;
2. Adding language allowing customers to request either ¾-inch or 1-inch meters in writing;
3. Including provisions for customers to directly contract service connections, with Company oversight; and
4. Requiring the Customer and Company to coordinate the placement of the pit-setter and meter.

Staff recommended that after the Commission issues its final order, the Company work with Staff to revise the tariff and file the updated version within 30 days.

Customer Notification, Press Release, Workshop, and Customer Comments

1. Customer Notice and Press Release

On November 11, 2024, the Company sent a draft customer notice to Staff, which did not meet Commission rules. Staff requested revisions and asked the Company to resubmit a revised notice, but the Company submitted a notice with its Application on December 5, 2024, without further review. This notice was mailed to customers on January 1, 2025, but not published in local newspapers.

2. Customer Workshops

A virtual customer workshop was held online on Thursday, February 27, 2025, at 6:00 p.m. (PST). Seventeen people attended, along with several Company representatives. A week later, an in-person customer workshop was held in Coolin, Idaho. Customer concerns shared during these workshops were consistent with those submitted in written comments to the case record.

PUBLIC COMMENTS/TESTIMONY

As of March 11, 2025, the Commission received 24 customer comments. Including input from the virtual and in-person workshops, all customers opposed the proposed rate increases. Customers objected to the higher monthly charge and the increase in the water allowance from 10,000 to 30,000 gallons, citing concerns that it would discourage conservation and reduce reserves for emergencies like fires. Customers also expressed frustration over a lack of transparency, the financial burden on retirees or those on fixed incomes, and a perception that the Company was earning excessive profit.

Concerns were also raised about the system's aging infrastructure, with some feeling it was the Company's responsibility to maintain it without passing costs to customers. Customers with vacant lots were unhappy with hookup fees and wanted to use outside contractors. Some felt the part-time management of the system did not justify a full-time wage.

Customers also requested clearer definitions for terms like duplex, multi-family, multi-use, and accessory dwelling units ("ADUs"), and clarification on how recreational vehicle use, residential vs. commercial status, and property types impact rates. Customers also questioned tariff language regarding short-term rentals, arguing it conflicts with Idaho law, which defines them as residential, not commercial.

Numerous customers of the Company attended and testified at the in-person customer hearing on May 7, 2025. Customers who testified at the hearing generally opposed the rate increase requested in the Application and echoed the concerns expressed in written comments and during the customer workshops.

COMMISSION JURISDICTION

The Commission is "vested with power and jurisdiction to supervise and regulate every public utility in the state and to do all things necessary to carry out the spirit and intent of [The Public Utilities Law]." *Idaho Code* § 61-501. A "water corporation" as defined in *Idaho Code* § 61-125 is a "public utility" as defined by *Idaho Code* § 61-129. Accordingly, the Commission has jurisdiction over "every corporation or person, their lessees, trustees, receivers or trustees, appointed by any court whatsoever, owning, controlling, operating or managing any water system for compensation within this state" *Idaho Code* § 61-125.

The Commission's regulatory authority extends to the service rates charged by public utilities. Specifically, upon finding that the rates charged by a public utility are "unjust, unreasonable, discriminatory, or in any wise in violation of any provision of law, or that such rates . . . are insufficient" the Commission must "determine the just, reasonable or sufficient rates . . . to be thereafter observed and in force and shall fix the same by order . . . ." *Idaho Code* § 61-502; *see also Idaho Code* § 61-503.

However, this authority over rates is not unlimited. Public utilities are entitled to a reasonable rate of return on prudent investments. "[A] public utility is entitled to such rates as will permit it to earn a return on the value of the property which it employs for the convenience of the public, equal to the return generally being made at the same time and in the same general part of the country on investments and other business undertakings which are attended by corresponding risks and uncertainties." *Utah Power & Light Co. v. Idaho Public Utilities Comm'n*, 105 Idaho 822, 827 (1983). The Commission has the power and the duty to set rates of return within a "broad zone of reasonableness." *Intermountain Gas Co. v. Idaho Public Utilities Comm'n*, 97 Idaho 113, 128 (1975). "The main elements in fixing reasonable rates for service rendered by [a] public utility are the cost of rendering service on an economical and efficient basis, fair return to the utility on its property used and useful in such service and fairness to consumers." *Application of Pacific Tel. & Tel. Co.*, 71 Idaho 476, 480-81 (1951).

COMMISSION DISCUSSION AND FINDINGS

Under our statutory authority, we have reviewed the record in this case, including the Company's Application, public comments, Staff comments, and testimony from customers. Based on that review, we approve a new, total revenue requirement for the Company of $42,356. The Company shall satisfy this revenue requirement by collecting rates according to the structure Staff recommended in Attachment D to its comments. Our decisions regarding the new rates and charges are set forth in detail below. The Company's new rates shall go into effect on the service date of this Order.

Revenue Requirement

Our policy is to set a public utility's annual revenue requirement and rates using a historical test year in which the utility's actual, booked costs and revenues are verified through auditing. *See e.g.*, Order No. 30342 at 8 (Case No. SWS-W-06-01). Based on our review of the record we find there is no dispute on the use of 2023 as the historical test year, and that a 2023 historical test year is reasonable and appropriate for this case. After establishing the test year, pro forma adjustments are made to the actual test year data for all known and measurable changes to the operating results of the test year. *Id.*

1. Revenues and Operating Expenses

The Company did not object to Staff's recommended test year revenue of $34,272. This recommended test year revenue reflects three adjustments to the Company's proposed request. We find the proposed adjustments to the Company's test year revenue described in Staff's comments to be reasonable.

Similarly, the Company did not object to Staff's various recommended operating expense adjustments. We find each of those recommended adjustments to be fair, just, and reasonable. Many of Staff's recommended adjustments reduce the operating expenses listed in the Application to address atypical expenses incurred during the test year. However, Staff's recommended adjustments for labor and professional contract services warrant additional discussion.

The Company requested $23,400 in pro forma labor costs and $18,765 in professional contract services for excavation and water system repairs. Staff recommended reducing the labor costs to $12,600, reflecting a pay rate of $35 instead of the requested $65. Because the Company's owner performed many of the repairs, Staff recommended reducing the contract services expense to $4,200, reflecting the $35 hourly rate recommended for other labor. Based upon the current record, we are compelled to find the above recommendations reasonable. As noted in Staff's comments, complete and accurate records and timesheets are critical to justify recovery of such costs in rates. For example, if the owner used his own excavation equipment to perform work for the water system, a rate higher than $35 an hour may be appropriate. However, without documentation showing the amount of time the owner used this equipment, it would not be fair, just, and reasonable to the Company to recover more than $35 an hour for the owner's labor.

2. Net-to-Gross Multiplier

We find that Staff's recommended Net to Gross Multiplier appropriately adjusts the Company's revenue requirement. Although the Company reported an operating loss during the test year and therefore did not incur tax liability on that loss, it is reasonable to apply the full multiplier to ensure proper recovery of revenue requirements moving forward. Staff calculated a multiplier of 1.0021, which accounts for the Commission assessment fee. For amounts exceeding the operating loss—where tax liability would apply—a higher multiplier of 1.3468 is used to capture the associated income tax impacts. Staff recommends applying these multipliers accordingly to fully address the revenue deficiency.

3. Rate Base

We find Staff's recommended rate base of $45,821 to be reasonable. Rate base includes both PIS, offset by accumulated depreciation and contributions in aid of construction, and working capital. Our decision on each of these components is set forth below.

Plant-in-Service

Although most of the Company's assets are fully depreciated, Staff recommended recognition of $41,958 of net PIS. We find the Company's recent investments, including $15,295 for additional water rights and $26,308 for cleaning and repairing its storage tank, were reasonable and prudent to service customers. Accordingly, the Company is entitled to an opportunity to earn a rate of return on these investments and may recognize a net PIS balance of $41,958.

Working Capital

The Company needs to fund its day-to-day operations. Consistent with our prior practice, we find it reasonable to grant the Company the working capital allowance of $3,863 Staff calculated using the one-eighth method.

4. Return on Equity

Consistent with the ROE granted to other water companies of similar size, we find it just and reasonable to authorize the Company the opportunity to earn a 11 percent ROE.

5. Rate Design

Based on our review of the record, we find it fair, just, and reasonable to approve Staff's recommended rate design described in Attachment D to its comments. Specifically, the Company is authorized to charge a monthly rate of $45.15 to customers with ¾-inch meters and a monthly rate of $75.25 to customers with 1-inch meters. This monthly charge includes a 7,500-gallon allowance. The volumetric rate the Company may charge for every 1,000 gallons of usage exceeding the allowance is $3.50.

Fees and Charges

1. Reconnection Charges for Voluntary Disconnections Exceeding 30 Days

To dissuade customers from voluntarily disconnecting to avoid this monthly charge, we find it reasonable to require the Company to charge three times the regular monthly customer charge to reconnect a customer who voluntarily disconnects for a period exceeding 30 days.

2. Bulk Water Sales

To ensure that the Company's occasional sales of water to commercial water trucks do not negatively impact other customers, we find it reasonable to direct the Company to charge a bulk water rate of $40 per day plus $1.50 per 1,000 gallons for these sales.

3. New Connection Fees

Based upon our review of the record, we find Staff's recommended connection fees for new connections to its water system to be reasonable. Furthermore, we find it reasonable to direct the Company to: (1) Modify Schedule No. 3 – Hookup Fee of its tariff to reflect the fee schedule described in Staff's comments; (2) Allow customers seeking to connect to the system to choose either a ¾-inch or 1-inch meter; and (3) Permit customers to hire approved third-party contractors to for service installation.[3] The Company shall coordinate with customers seeking to establish a new connection on the placement of the pit-setter and meter. Additionally, if a customer elects to have a third-party perform the service installation, the Company shall remain responsible for inspection to ensure that each connection is safe, reliable and meets applicable local, state and federal requirements. We direct the Company to work with Staff to incorporate clear language in its tariff reflecting the new connection fees and procedures described above within 30 days of the service date of this Order.

In sum, we find that the Company's existing rates, charges, and practices are unreasonable to the extent described above, and that those rates do not afford sufficient revenue to the Company. *See Idaho Code* §§ 61-501 and -502. We also find it fair, just, and reasonable for the Company to change its rates, charges, and practices as described in this Order.

Water Losses

The unattributed water losses the system has been experiencing are an additional concern we must address. Although the Company suspects the water loss may be due to routine flushing, reservoir cleaning, and depressurization to connect new customers, efficiently stopping the losses requires identifying their source. To ensure that these losses do not negatively impact customers in the future, we find it reasonable to direct the Company to investigate the specific causes of water loss within the system and develop an action plan to mitigate them by March 31, 2026. The Company shall then implement this plan and demonstrate reduced water losses when filing its next general rate case.

ORDER

IT IS HEREBY ORDERED that the Company is permitted to increase its rates and charges as described above.

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[3] The following three contractors were approved by the Company: 1) Storro Excavating, LLC (tel.: 208-290-5912); 2) Dixon Dirt Works, LLC (tel.: 208-610-6057); and 3) Nefzger Development (tel.: 509-991-8463).

IT IS FURTHER ORDERED that the Company must submit tariffs in compliance with the rates and charges identified herein no later than 30 days from the service date of this Order.

IT IS FURTHER ORDERED that the Company investigate the specific causes of water loss within the system and develop an action plan to mitigate them by March 31, 2026. The company shall implement this plan and demonstrate reduced water losses when filing its next general rate case.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order about 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. *See Idaho Code* § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 30th day of May 2025.

EDWARD LODGE, PRESIDENT

JOHN R. HAMMOND JR., COMMISSIONER

recused
DAYN HARDIE, COMMISSIONER

ATTEST:

Monica Barrios-Sanchez
Commission Secretary