

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF FARKO WATER ) CASE NO. PTE-W-24-01**  
**SYSTEM’S PROPOSED CANCELLATION )**  
**OF PONDEROSA TERRACE ESTATES ) ORDER NO. 36372**  
**WATER SYSTEM’S, CERTIFICATE OF )**  
**PUBLIC CONVENIENCE AND NECESSITY )**  
**NO. 393 )**  
**)**

---

On January 18, 2024, Farko Water System Inc. (“Farko”)<sup>1</sup> filed an application with the Idaho Public Utilities Commission (“Commission”), which stated that Ponderosa Terrace Estates Water System, Inc. (“PTE”) was sold to Farko on October 1, 2016, (“Application”). While the Application’s heading requested a transfer of PTE’s Certificate of Public Convenience and Necessity (“CPCN”) to Farko, the body of the Application also requested that PTE’s CPCN be cancelled. The Application requested that the Commission recognize that Farko is operating the system as a not-for-profit organization (“non-profit”). The Application did not ask that the Commission issue a new CPCN to Farko. Supplemental information related to Farko’s request was attached to the Application.

On March 26, 2024, Farko’s Board of Directors held a meeting with the water users to nominate a new Board of Directors for the non-profit. Seven customers were elected to the newly created Cedar Springs Community Water Board of Directors (“Board”).

On July 15, 2024, the Commission issued Final Order No. 36259 granting Farko’s request to cancel PTE’s CPCN No. 393 allowing it to operate outside of the Commission’s jurisdiction—subject to certain conditions. Specifically, the Commission ordered that Farko within 30 days<sup>2</sup> Farko must submit (1) a compliance filing with a copy of the non-profit bylaws signed by the Board, and (2) a signed copy of the minutes of the meeting in which the Board was elected. Order No. 36259 stated that upon Farko’s compliance CPCN No. 393 shall be cancelled.

At the Commission’s October 8, 2024, Decision Meeting, Commission Staff (“Staff”) presented a decision memorandum stating that it had reviewed the information provided and

---

<sup>1</sup> While the Application indicates that the word “Company” is used in both PTE’s and Farko’s company names, according to the Idaho Secretary of State, both companies use the word “System” instead of “Company” in their respective titles.

<sup>2</sup> This deadline was later extended to October 1, 2024, by Order No. 36327.

believed that Farko and the Board had complied with conditions set forth in Order No. 36259. Staff recommended that the Commission cancel PTE's CPCN No. 393 accordingly.

### **COMMISSION DISCUSSION AND FINDINGS**

The Commission has jurisdiction over this matter and the issues in this case under Title 61 of Idaho Code. The Commission regulates "public utilities," including "water corporations" that serve the public or some portion thereof for compensation. *Idaho Code* §§ 61-125, -129, and -501.

A "public utility" is an entity that is dedicated to serving the general public in its specified service area. *Idaho Code* § 61-129(1). The term "public utility" is defined to include "water corporations." *Id.* A "water corporation" is "every corporation" that owns, controls, operates or manages a water system for compensation. *Idaho Code* § 61-125. "The term 'corporation' . . . does not include . . . mutual nonprofit or cooperative . . . water . . . corporation or any other public utility organized and operated for service at cost and not for profit . . ." *Idaho Code* § 61-104.

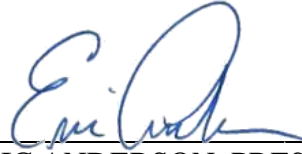
*Idaho Code* § 61-104 provides three exceptions to the Commission's regulatory authority over "corporations." The Commission does not regulate "mutual nonprofits," "cooperative corporations," nor "any other public utility organized and operated for service at cost and not for profit." *Idaho Code* § 61-104. Pursuant to *Idaho Code* § 61-104, Farko demonstrated that the Board is "organized" and "operated" for service at cost and not for a profit. PTE's CPCN No. 393 is hereby cancelled. The Board, a non-profit entity, shall operate in accordance with its bylaws. If the Board or its successors decide to operate as a for-profit entity at any point in the future, it is directed to apply for a CPCN.

### **ORDER**

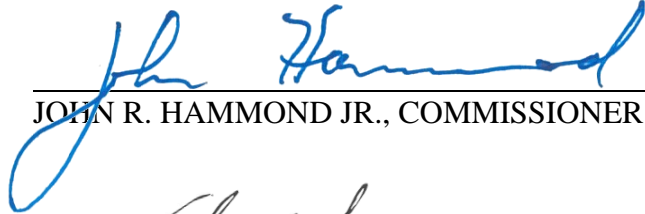
IT IS HEREBY ORDERED with the compliance items outlined in Order No. 36259 satisfied, Farko Water System Inc.'s request is granted and PTE's CPCN No. 393 is hereby cancelled.

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. *Idaho Code* § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 29<sup>th</sup> day of October 2024.



ERIC ANDERSON, PRESIDENT

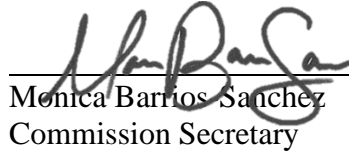


JOHN R. HAMMOND JR., COMMISSIONER



EDWARD LODGE, COMMISSIONER

ATTEST:



---

Monica Barrios Sanchez  
Commission Secretary

I:\Legal\WATER\PTE-W-24-01\_cancel CPCN/orders\PTW2401\_Comp\_md.docx