

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF SCHWEITZER) CASE NO. SWC-W-23-01
WATER COMPANY’S APPLICATION FOR)
APPROVAL OF THE ACQUISITION OF) ORDER NO. 36260
THE ASSETS OF RESORT WATER CO. INC.)
AND FOR THE ISSUANCE OF A)
CERTIFICATE OF PUBLIC CONVENIENCE)
AND NECESSITY)
)

On December 27, 2023, Schweitzer Water Company, (“Schweitzer” or “Company”), a subsidiary of Alterra Mountain Company U.S. Inc., (“Alterra”)¹ applied for approval of its acquisition of Resort Water Co. Inc.’s (“Resort Water”) assets (“Transaction”). Specifically, the Company requested that the Commission (1) approve the acquisition of Resort Water’s assets, (2) grant Schweitzer a new Certificate of Public Convenience and Necessity (“CPCN”) to serve Resort’s current service area, and (3) approve Schweitzer’s proposed tariffs (“Application”). The Company submitted a Supplement to its Application on March 20, 2024, and a Second Supplement to its Application on March 26, 2024.

On January 18, 2024, the Commission issued a Notice of Application and Notice of Intervention Deadline. No. 36063. No parties intervened.

On March 7, 2024, the Commission issued a Notice of Modified Procedure setting deadlines for public comments and the Company’s reply. Order No. 36108. The Commission Staff (“Staff”) filed the only comments in this case.

Having reviewed the record in this case, the Commission issues this Order authorizing the Company’s requests as discussed below.

THE APPLICATION

On August 22, 2023, Schweitzer, formerly known as Husky Water Company, acquired Resort Water from its parent company—Schweitzer Mountain LLC.

Schweitzer stated that Resort Water operated two smaller water systems (the “Resort System” and the “Ridge System”) (collectively “the Systems” or individually “System”). The

¹ This same company previously filed a case with equivalent requests—except that the proposed entity to be named on that requested CPCN was Husky Water Company. *See* Case No. HWC-W-23-01. After deciding that the Company name on the requested CPCN should instead be Schweitzer Water Company, the Application in Case No. HWC-W-23-01 was withdrawn. In October 2023, Husky Water Company amended its Articles of Incorporation with the Idaho Secretary of State to reflect the new name Schweitzer Water Company.

Resort System operates under CPCN No. 445. The present-day Ridge System was a regulated utility known as Acme Water Works, Inc. (“Acme”) under CPCN No. 518. Resort Water has been operating the Ridge Water system since 2018, without any changes to CPCN No. 518. The Company plans to provide Commission-regulated water service to areas served by both Systems.

The Systems are separated by two other water systems unrelated to the Transaction or this Application, but possibly relevant to future water system expansion by Schweitzer. *See* Attachment No. 1.

The Company seeks to conform with the requirements of *Idaho Code* § 61-328. However, the Company acknowledged that *Idaho Code* § 61-328 is not mandatory authority as it specifically applies to the sale of assets by electric utilities—not water utilities.

The Company also requested that the Commission issue a new CPCN allowing it to service the Systems currently serviced by Resort Water.

STAFF COMMENTS

Staff believed that CPCN Nos. 445 and 518 (serving the Resort System and the Ridge System respectively) should be canceled and that Schweitzer should be issued a new CPCN wholly covering the proposed service territory. Staff believed that the Commission should approve the Company’s proposed tariffs subject to certain conditions discussed below.

1. Idaho Code § 61-328

Staff believed that the Company’s request is within the public interest largely due to the Company’s plans to make improvements to the Systems (due to its greater access to capital) and its ability to properly maintain the Systems.

Staff stated that customer rates will not increase due to the proposed sale for either System. However, Staff noted that the Commission does not have a tariff on file for the Ridge System. While the Company’s proposed tariff would not increase rates, it would modify certain language of the tariff issued to Acme that the Ridge System is currently using.

Staff noted that Alterra, the Company’s parent, has significant assets and access to capital. Staff stated that the Company plans for existing employees—who are already familiar with the Systems—to remain and operate the Systems. Staff also noted that all transaction costs have been paid by Alterra and that Staff would review the method for allocating relevant costs to Schweitzer once that method is developed.

2. CPCN Issues

Staff agreed with the Company's request for the issuance of a new CPCN and recommended that the Commission cancel CPCN Nos. 445 and 518 accordingly. Relatedly, when the case was originally submitted, the Application did not have accurate legal descriptions of the service territories. However, Staff stated that this mistake was corrected supplementally. Staff verified that the territory served by the proposed CPCN is accurate and would not overlap with existing providers.

3. Engineering

a. Overview of the Water Systems

Staff described the service area of the Systems in terms of active and potential customers. Staff also noted that the Systems are non-contiguous and are separated by two unrelated district water systems. *See* Attachment No. 1. Staff stated that the Resort System is located on Schweitzer Mountain and serves the Schweitzer Resort and part of the Schweitzer Basin Public Utility Division. Whereas the Ridge System delivers water to the Schweitzer Village subdivision. Staff also described the physical infrastructure and capacities of the respective Systems. Of note, the Resort System has both water treatment capabilities and a back-up generator while the Ridge System has neither.

b. Reliability Analysis of the Water Systems

Staff believed both Systems can provide safe and reliable water to their customers based on the Systems' current infrastructure. However, Staff noted that the best data it had to rely on was the lack of customer complaints, lack of issues with Idaho Department of Environmental Quality, and lack of issues with the Idaho Department of Water Resources. Staff determined that there were no significant deficiencies reported in the last five years.

Staff used the best available data to assess the Systems but noted that it would have been preferable if the Systems had more robust customer metering infrastructure to provide objective data. Staff stated that Schweitzer was aware of these issues and planned on making upgrades. Staff also stated that the Company did not have a facilities plan—which is critical for Staff to accurately determine if the Company can meet its future capacity demands. Staff recommended that the Commission order the Company to submit a facilities plan by December 31, 2024. Finally, Staff reviewed the last five years of the Systems' water usage and determined that that the Company has adequate water rights—as well as sufficient booster pumps—to meet its capacity obligations.

4. Tariffs

Staff noted that the Company did not plan to increase rates but rather rearrange the schedules involved and add Schedule No. 6. Schedule No. 6 would be based on Equivalent Residential Units from existing tariffs. Staff noted that the Ridge System, which has been operating under Acme's CPCN without Commission approval, has proposed language in Schedule No. 6 that will match the Resort System's tariff.² Specifically, if approved, it would have a monthly Basic Fee of \$29.95 along with a change in billing structure in that "customers taking service under Schedule No. 6 will no longer be subjected to additional fees for exceeding 12,000 gallons in monthly water usage." Staff Comments at 9.

Staff noted that, if approved, Schedule No. 2's non-recurring charges for the Ridge System will be eliminated and the Ridge System will adopt the fixed charges used by the Resort System. Thus, if approved, certain charges from Schedule Nos. 2 and 6 would be regulated under different tariffs without increasing customers' overall rates.

5. Customer Communication and Notifications

Staff believed that the Company's initial public notice did not comply with Rule 125 of IDAPA 31.01.01. During discovery, the Company stated that it had attempted to provide public notice of the Transaction via a press release, social media, through email, customer letters, and a publication in the Coeur d'Alene Press.

The Company also provided Staff with a sample of its customer bills which Staff believed was noncompliant with IDAPA 31.21.01—particularly Customer Relation Rules 201 and 207. IDAPA 31.21.01.201 and .207. As described in Staff's Comments, Staff believed that the customer bills lacked sufficient contact and payment information, adequate coding for abbreviations, descriptions of recurring and non-recurring fees, inappropriately included sewer charges (conflating non-regulated sewer services with regulated water services), did not show payments or credits from previous billing statements, and provided confusing information related to whether interest for past due payments would be charged under all schedules or only under Schedule No. 6 (Staff recommended that interest for past due charges be charged either under all schedules or under Schedule No. 2—which deals with Miscellaneous Fees and Charges). For these reasons, Staff recommended that the Commission order the Company to file a compliance filing of its customer bill within 30 days of issuing the Commission's Final Order in this case.

² The Company did not contest that Ridge has been operating under ACME's CPCN without Commission approval.

6. Metes and Bounds of the Systems

Staff included a legal description of the metes and bounds of both Systems to ensure that the accurate physical parameters of the Systems were sufficiently described in the record.

COMMISSION DISCUSSION AND FINDINGS

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

Having reviewed the record, the Commission finds that it is within the public interest to approve the Company’s Application subject to the conditions discussed below. The Commission also finds the Transaction is in the public interest and the Company has the financial ability to manage the Systems as a single unit and that, while structural changes to the Company’s tariffs and schedules are approved by this Order, the total rates charged to customers will not increase because of this case.

To help make the changes required for the Transaction and the proposals put forth by the Company the Commission hereby cancels CPCN Nos. 518 and 445 and orders that a new CPCN be issued to the Company using the legal description as defined in Attachment A of the Staff Comments. Additionally, the Commission orders the Company to submit a completed facilities plan by December 21, 2024. Within 30 days of the issuance of this Order, the Company must provide a new customer bill template that complies with IDAPA 31.21.01. Subject to these conditions, the Commission finds it fair, just, and reasonable to approve the Company’s Application.

ORDER

IT IS HEREBY ORDERED that CPCN Nos. 518 and 445 are hereby revoked.

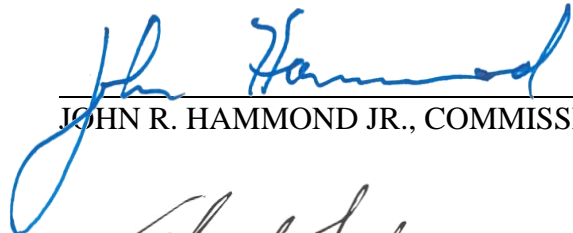
IT IS FURTHER ORDERED that the Company shall be issued a new CPCN, with an accurate metes and bounds description, serving the areas formerly served by the Resort System and the Ridge System. The issuance of this CPCN is conditional upon the Company submitting a completed facilities plan by December 21, 2024, and providing a new customer bill template within 30 days of the issuance of this Order.

IT IS FURTHER ORDERED that the Company’s requested changes to its tariffs are hereby approved.

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 15th day of June 2024.


ERIC ANDERSON, PRESIDENT


JOHN R. HAMMOND JR., COMMISSIONER


EDWARD LODGE, COMMISSIONER

ATTEST:


Monica Barrios-Sanchez
Commission Secretary

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EXHIBIT 1
WATER SERVICE AREAS
 TOWNSHIP 58 NORTH, RANGE 2 WEST, BOISE MERIDIAN
 BONNER COUNTY, IDAHO
 AUGUST 2023



LEGEND	
	RESORT WATER COMPANY, SCHWEITZER WATER SYSTEM
	RESORT WATER COMPANY, RIDGE WATER SYSTEM
	SCHWEITZER BASIN WATER COMPANY
	SPIRES WATER COMPANY

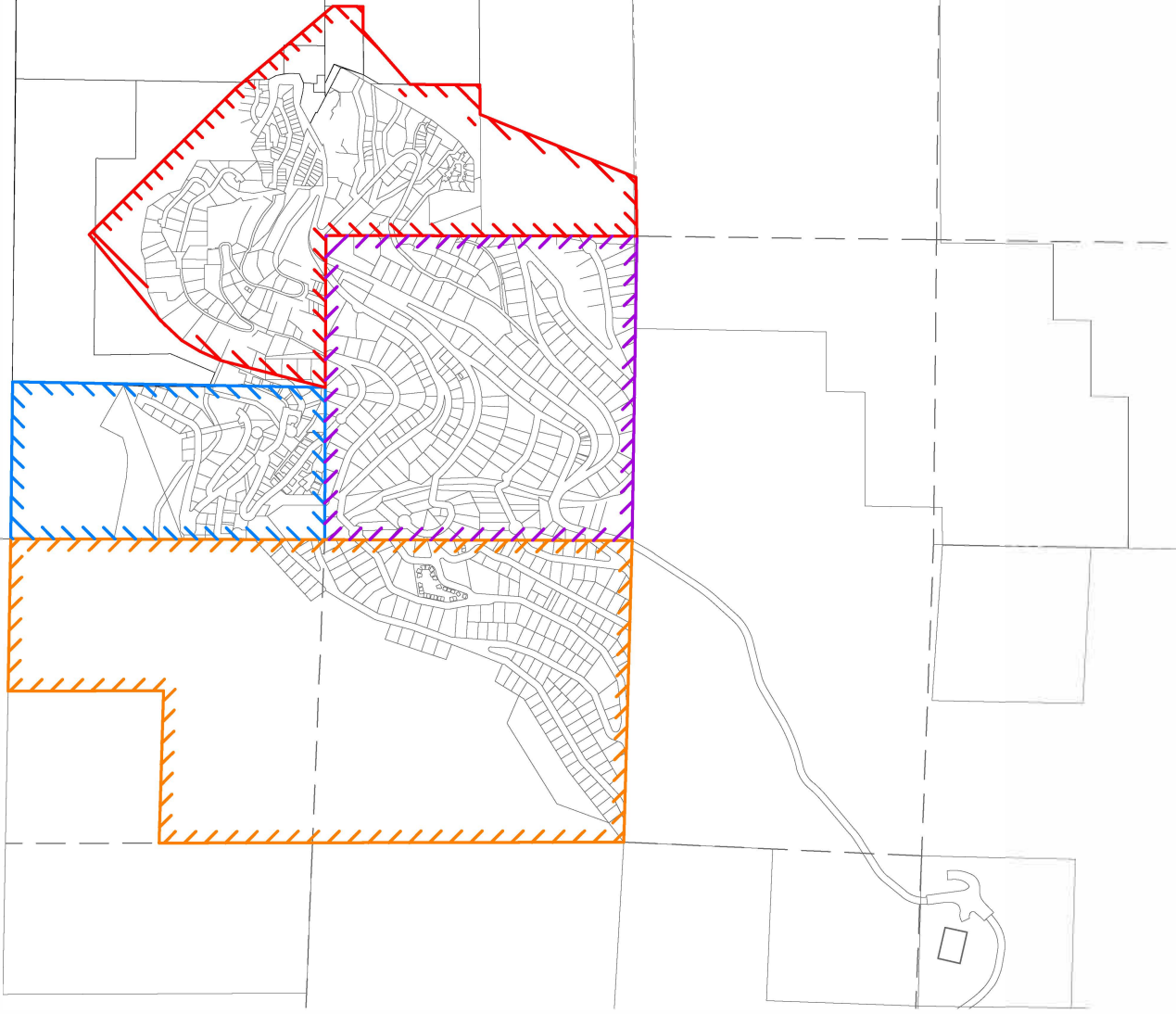


Exhibit No. 0006
 T. Trulock, Schweitzer Water
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