

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF SYRINGA WATER) CASE NO. SWI-W-24-01
INC.’S APPLICATION FOR A)
CERTIFICATE OF PUBLIC CONVENIENCE)
AND NECESSITY) ORDER NO. 36290
)

On March 28, 2024, Syringa Water Inc. (“Company”) applied for a Certificate of Public Convenience and Necessity (“CPCN”) to provide water service near Coeur d’Alene, Idaho.

On April 19, 2024, the Commission issued a Notice of Application and Notice of Intervention Deadline, setting a deadline for interested persons to intervene. No parties intervened.

On June 6, 2024, the Commission issued a Notice of Modified Procedure, setting public comment and Company reply deadlines. Order No. 36212. Staff filed comments, recommending the Commission find the Company to be a public utility and direct it to take certain additional steps to comply with Idaho Public Utilities law described below. The boards of two homeowner’s associations filed comments requesting, among other things, that the Company be regulated.¹ The Company did not file reply comments.

Having reviewed the record, the Commission issues this Final Order granting the Company a CPCN and directing it to take further action as set forth below.

THE APPLICATION

The Company requests that the Commission issue a CPCN authorizing it to provide water service to residential and commercial customers. The Company currently services 78 water customers along the northern part of Lake Coeur d’Alene in Kootenai County, Idaho.

The Company represents that customers are currently charged volumetric rates. Specifically, customers using less than 20,000 gallons a month are charged monthly rates of \$60 plus \$2.50 per thousand gallons; those using between 20,000 and 40,000 gallons are charged \$110 plus \$4 per thousand gallons over 20,000 gallons; those using between 40,000 and 80,000 are charged \$110 plus \$6 per thousand gallons used over 20,000; those using between 80,000 to 120,000 gallons are charged \$110 plus \$12 per thousand gallons used over 20,000; and customers

¹ In addition to recommending the Commission regulate the Company, the two homeowner’s associations requested that the Company be directed to address certain fire flow storage and transfer pump issues discussed more thoroughly below.

using more than 120,000 gallons are charged \$110 plus \$14 per thousand gallons used over 20,000. The Company is not currently regulated by the Commission and does not possess a CPCN.

STAFF COMMENTS

After reviewing the Application, exhibits, and other information the Company provided, Staff recommended the Commission issue it a CPCN. Staff further recommended that the Commission set the Company's rates at those identified in Exhibit No. 19 attached to the Application and direct the Company to provide certain additional documentation in a compliance filing.

Staff believed the Company is operating as a public utility and, therefore, should be issued a CPCN. In reaching this conclusion, Staff noted that the Company is organized as an Idaho corporation—not a mutual nonprofit, municipal corporation, or cooperative—and serves customers who neither control the Company's operations nor own the water system. Staff also observed that the Company is not operating to provide water service to customers at cost. Accordingly, Staff believed that the Company is operating the water system for compensation.

Staff's investigation of the Company's water system revealed certain operational deficiencies. For example, the Company had yet to replace the flow meter on Filter Bay No. 3 of the water system that was identified as malfunctioning in a 2019 Idaho Department of Environmental Quality ("IDEQ") Sanitary Survey. The Company represented to Staff it purchased a new flow meter and will replace the malfunctioning one after the high-demand season ends in November 2024.

Additionally, Staff noted that insufficient transfer pump capacity and insufficient fire flow storage threaten the current and future reliability of the water system. The water system has a single transfer pump. If that pump fails, customers may not receive water. Staff observed that the Company needs a water storage capacity of 173,925 gallons to satisfy both its Maximum Daily Demand and fire flow as required by IDAPA 58.01.08.501.04. Currently, the Company has only 100,000 gallons of available capacity—a deficiency of 73,925 gallons. Moreover, according to the 2018 Kootenai County Fire Code, the Company needs either: (1) 180,000 gallons of storage capacity; or (2) 1,500 Gallons Per Minute at 20 pounds per square inch of system pressure. Staff indicated that the system may be unable to satisfy predicted growth by 2029 and, without improvements, almost the entire water system will be inadequate by 2053.

Staff also noted certain deficiencies in the information provided in the Company's Application. Staff discovered, according to the Idaho Department of Water Resources ("IDWR"), that the Company's water rights information is incomplete. However, the Company has contacted IDWR regarding this issue. Additionally, the legal description of the Company's service territory provided in the Application is also incomplete, leaving out certain areas the Company services on Silver Beach Road. The Company also failed to provide most of the documents required by the Commission's Customer Relations Rules ("UCRR"), IDAPA 31.21.01.000 *et seq.* Accordingly, Staff recommended the Company be directed to cooperate with Staff to submit the necessary information and documents, including a tariff, billing statement, initial and final disconnection notices, a notice of procedures for reconnection, and a rules summary. Staff recommended that the Company's initial tariffed rates be consistent with those contained in Exhibit No. 19 to the Application, indicating that those rates were set to recoup the Company's costs.

PUBLIC COMMENTS

Two homeowner's associations jointly filed comments that, in addition to recommending the Company be regulated, express concerns over storage capacity, fire protection, and recent rate increases.

DISCUSSION AND FINDINGS

Based on our review of the record and the nature and manner of control exercised by the Company in the operation and management of the water system, we find it reasonable to assert formal regulatory jurisdiction over the Company and its water system. Accordingly, we have jurisdiction over the Company, a water corporation, and the issues presented in this pursuant to Public Utilities Law Idaho Code, Title 61, and the Commission's Rules of Procedure, IDAPA 31.01.01.000, *et seq.*

1. CPCN

We find it reasonable to grant the Company's request for a CPCN to provide water service as a regulated utility. As such, the Company is required to adopt the Commission's UCRRs, IDAPA 31.21.01 *et seq.* The UCRRs provide a guide for just, reasonable, and nondiscriminatory treatment of customers. The Commission also requires the Company to adopt an accounting system consistent with the information required by the Commission's Annual Report for Small Water Companies.

However, the Application did not include a complete legal description of the Company's proposed service territory. For example, certain areas the Company services on Silver Beach Road are absent from the legal description of the service territory proposed in the Application. A complete and accurate legal description of the Company's service territory is necessary to ensure that the service territory listed in the Company's CPCN does not overlap with that of another water company. Accordingly, we direct the Company to cooperate with Staff to provide a full legal description of all parcels connected to the Company's water system within 45 days of the service date of this Final Order.

2. Water Rights

Like the legal description of the Company's proposed service territory provided in the Application, the information the Company provided regarding its water rights is incomplete. A complete account of the Company's water rights is necessary to determine whether the Company can serve existing customers and predicted growth. Accordingly, we direct the Company to provide updated and complete information about its water rights within 14 days of the service date of this Final Order or receiving a response from IDWR regarding the issue, whichever is later.

3. System Deficiencies

Despite being capable of reliably serving customers under ordinary circumstances, the Company's water system has a few deficiencies that require attention. According to the 2019 IDEQ Sanitary Survey of the Company's water system, the flow meter on Filter Bay No. 3 has been malfunctioning for a substantial period. However, we find the Company's plan to replace the flow meter after this year's high-demand season to be reasonable.

The water system also functions with a single transfer pump that, if taken out of service, could result in the customers not receiving safe or reliable water service. We find the Company's plan to replace this pump concurrently with the above-mentioned flow meter after this year's high-demand season to be reasonable.

The ability of the water system to satisfy fire flow requirements is also a concern. The water system needs more than 70,000 gallons of additional fire flow storage to satisfy state regulations and the Kootenai County Fire Code. We direct the Company to take appropriate steps to mitigate all the deficiencies identified above and inform Staff upon resolving each issue.

4. **Tariffs and Other Materials**

The Company failed to provide many documents required by our UCRRs. Accordingly, we find it reasonable to direct the Company to work with Staff to file the following documents as a compliance filing within 45 days of the service date of this Final Order: (1) a Tariff; (2) a Billing Statement; (3) an Initial Disconnection Notice; (4) a Final Disconnection Notice; (5) a Notice of Procedure for Reconnection; and (6) a Summary of Rules. The rates set forth in the Company's tariff shall be consistent with those contained in Exhibit No. 19 to the Application as those rates were established to recover the Company's costs. However, due to concerns expressed in the public comments related to recent rate increases by the Company, we find it reasonable to direct Staff to open a separate docket to evaluate whether the Company's rates are fair, just, and reasonable.

ORDER

IT IS HEREBY ORDERED that the Company's Application for a CPCN authorizing it to operate as a water utility within the State of Idaho, as described herein, is granted.

IT IS FURTHER ORDERED that the Company shall provide a full legal description of all parcels connected to the Company's water system within 45 days of the service date of this Final Order as a compliance filing.

IT IS FURTHER ORDERED that the Company shall take appropriate steps to mitigate the fire flow, transfer pump, and flow meter deficiencies discussed above and notify Staff once each issue is resolved.

IT IS FURTHER ORDERED that the Company shall submit the following documents as a compliance filing within 45 days of the service date of this Final Order: (1) a Tariff; (2) a Billing Statement; (3) an Initial Disconnection Notice; (4) a Final Disconnection Notice; (5) a Notice of Procedure for Reconnection; and (6) a Summary of Rules.

IT IS FURTHER ORDERED that the tariff the Company submits shall contain rates consistent with those enumerated in Exhibit No. 19 to the Application.

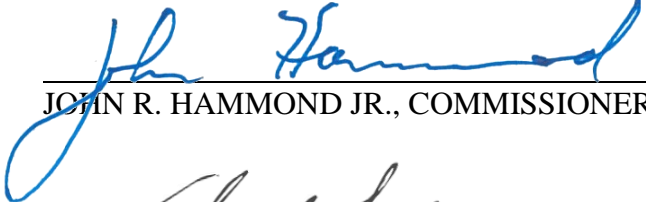
IT IS FURTHER ORDERED that the Company shall file, as a compliance filing, updated and complete information about its water rights within 14 days of the service date of this Final Order or receiving a response from IDWR regarding the issue, whichever occurs last.

IT IS FURTHER ORDERED that Staff open a separate docket to evaluate whether the Company's rates are fair, just, and reasonable.

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. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *See Idaho Code §§ 61-626.*

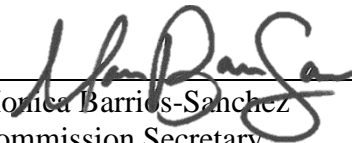
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 14th day of August 2024.


ERIC ANDERSON, PRESIDENT


JOHN R. HAMMOND JR., COMMISSIONER


EDWARD LODGE, COMMISSIONER

ATTEST:


Monica Barrios-Sanchez
Commission Secretary

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