

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF STONERIDGE)	CASE NO. SWS-W-06-01
WATER COMPANY’S APPLICATION TO)	
INCREASE RATES AND MODIFY RULES)	ORDER NO. 36522
AND REGULATIONS)	
)	

In Order No. 30342 the Idaho Public Utilities Commission (“Commission”) authorized CDS StoneRidge Utilities, LLC (“Company”) to collect a surcharge as part of a Department of Environmental Quality (“DEQ”) loan (“Phase I Loan”) used to connect the Happy Valley Ranchos Subdivision customers to the Company’s water system. This surcharge was initially ordered to be \$16.83 per month per customer for five years and then reduced to \$14.03 per month per customer for the next 15 years. Order No. 30342.

However, the surcharge was not reduced as originally ordered, and on March 13, 2015, the Commission issued Order No. 33249 directing the Company to reduce the surcharge to \$14.03. The Commission authorized the Company to collect the remaining amount of \$183,329.88 from the Happy Valley Ranchos Subdivision customers, and the Commission estimated that the collection would be completed in September of 2025. Order No. 33249.

During the Commission’s March 4, 2025, decision meeting, Commission Staff (“Staff”) submitted a decision memorandum (“Memo”) recommending that the Commission order the Company to cease collection of the surcharge after the Company’s April 2025 billing cycle. Memo at 3. The Commission approved Staff’s recommendation and now enters this order in conformity with that decision.

STAFF MEMO

Staff represented that it completed a review of the surcharge, and Staff believed that, due to customer growth in the Happy Valley Ranchos Subdivision among other reasons, the amount ordered to be collected would be completely collected after the Company’s April 2025 billing cycle, slightly ahead of the September 2025 completion anticipated in Order No. 33249. Memo at 1. Staff stated that it notified the Company of the review and conclusion on January 21, 2025. *Id.* at 2.

Company Response

On January 27, 2025, the Company responded to Staff's review with a letter to the Commission Secretary. Memo Attachment A. In its letter, the Company raised some concerns about the surcharge. *Id.* The Company calculated that the monthly payment for the Phase I Loan should have been \$16,876.27 on an annual basis as opposed to the Commission stated payment of \$17,002 annually. *Id.* Additionally, the Company stated that when the surcharge is completed, there will still be a balance on the loan. *Id.* The Company was unsure why the surcharge was not set up for the full length of the loan and where the money is to come from to pay the loan. *Id.*

Staff Reply

With respect to the Company's calculation of a different monthly payment, Staff represented that it reviewed the calculation through the PMT function in Excel as well as a Goal Seek method to establish the amount that would amortize the loan at the stated 2% interest rate to zero in 20 years. Memo at 2. Staff stated that both methods calculated a payment of \$17,001.57, and that Staff was not able to verify how the Company calculated the \$16,876.27 payment amount indicated in the letter. *Id.*

With respect to the Company's claim that there will be a remaining balance on the loan, Staff created a schedule that showed the collection from the surcharge on an annual basis as authorized as well as the payments required for the Phase I Loan. Memo Attachment B.

Staff explained that the surcharge started 18 months before the first payment was due on the Phase I Loan, which created an excess balance of collected surcharge funds of over \$30k before the first payment of \$17,002 was due. Memo at 2. Staff stated that in every year, except for 2019 and 2020, the surcharge funds collected have exceeded the payment owed on the Phase I Loan. *Id.* Staff explained that if those excess funds had been kept in a separate account, that account would now have a balance of approximately \$62k, which could then have been used to cover the payments until the loan is fully paid off in 2028. *Id.*

Ultimately, Staff presented four reasons that the surcharge did not perfectly coincide with the loan term. *Id.* at 3. Staff represented that: (1) the initial payments were higher for the first five years in order to allow the Company to abide with the loan provision that requires the borrower to have a reserve fund consisting of one year's payments; (2) the Company did not change the surcharge from \$16.83 to \$14.03 at the appropriate time and collected excess funds from the customers; (3) the surcharge began in June of 2007 but payments on the loan did not begin until

2009; and, (4) because the original recovery assumed a constant customer number, customer growth from 101 customers to 115 increased the rate of recovery—increasing the mismatch between the loan and the surcharge. *Id.*

Staff Recommendation

Based on its review, Staff recommended that the Commission order the Company to cease collections of the surcharge to the Happy Valley Ranchos Subdivision customers after the Company’s April 2025 billing cycle. *Id.*

COMMISSION FINDINGS AND DECISION

The Commission has jurisdiction over this matter under *Idaho Code* §§ 61-501, 61-502, and 61-503. The Commission is vested with the power 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. The Commission is empowered to investigate rates, charges, rules, regulations, practices, and contracts of public utilities and to determine whether they are just, reasonable, preferential, discriminatory, or in violation of any provision of law, and to fix the same by order. *Idaho Code* §§ 61-502 and 61-503.

In Order No. 33249 the Commission authorized the Company to collect a surcharge to recover the amount of \$183,329.88 from the Happy Valley Ranchos Subdivision customers and, having determined that the requisite amount will be collected earlier than originally estimated, the Commission finds it fair, just, and reasonable to order the Company to cease collections of the surcharge currently being charged to the Happy Valley Ranchos Subdivision customers after the Company’s April 2025 billing cycle.

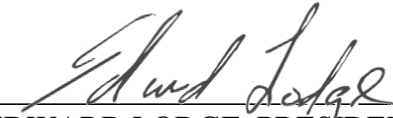
ORDER

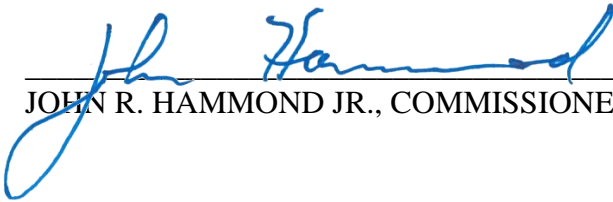
IT IS HEREBY ORDERED that the Company shall cease collections of the surcharge to the Happy Valley Ranchos Subdivision customers after the Company’s April 2025 billing cycle.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date upon this Order regarding 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.

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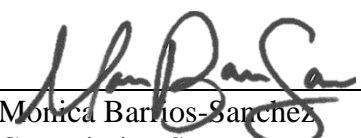
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 24th day of March 2025.


EDWARD LODGE, PRESIDENT


JOHN R. HAMMOND JR., COMMISSIONER

Recused
DAYN HARDIE, COMMISSIONER

ATTEST:


Monica Barrios-Sanchez
Commission Secretary

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