

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE COMMISSION’S)
INVESTIGATION INTO CDS STONERIDGE,) CASE NO. SWS-W-20-02
LLC’S HOOK-UP FEE FOR NEW)
CUSTOMERS TO CONNECT TO ITS)
WATER SYSTEM) ORDER NO. 34974
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On September 9, 2020 the Commission issued Order No. 34770 commencing an investigation into the billing practices of CDS Stoneridge Utilities, LLC (“Stoneridge” or “Company”), specifically related to hook-up fees imposed on new customers. With this Order, the Commission finds that Stoneridge violated the “filed-rate doctrine” by charging customers more than the Commission-approved \$1,200 fee to connect to Stoneridge’s water system. The Commission thus orders Stoneridge to refund the overcharges, with interest, as more specifically set out below.

BACKGROUND

Since at least November of 2018, the Commission has authorized Stoneridge to charge a \$1,200 hook-up fee (the “Hook-Up Fee”). *See* CDS Utilities, LLC Tariff No. 2, p.1; *see also* Order No. 30342. In November 2018, J.D. Resort, Inc. (“J.D. Resort”) acquired Stoneridge’s water system. The Commission approved the sale and transferred Certificate of Public Convenience and Necessity No. 395 to J.D. Resort in Order No. 34391, Case No. SWS-W-18-01.

On June 4, 2020, Stoneridge filed a “Tariff Advice,” notifying the Commission that Stoneridge intended to raise its Commission-approved, \$1,200 Hook-Up Fee to \$9,735 on July 27, 2020. *See* Tariff Advice at 1, Case No. SWS-W-20-01. Under Commission Rule 134.01, a public utility like Stoneridge may use the tariff-advice procedure to make “minor changes” to its tariffs. The Commission’s Staff reviewed Stoneridge’s “Tariff Advice” and advised the Commission that Stoneridge’s proposed change was not minor. Staff thus recommended the Commission suspend Stoneridge’s proposed effective date and process Stoneridge’s “Tariff Advice” as an Application to allow interested persons more time to analyze and comment on its proposed Hook-Up Fee increase. The Commission then issued Order No. 34702, which treated Stoneridge’s proposal as an Application, suspended the proposed effective date, and invited interested parties or persons to comment on it. *See* Order No. 34702, Case No. SWS-W-20-01. The Commission recently

concluded this matter with the issuance of its final order in Case No. SWS-W-20-01. *See* Order No. 34969.

While Case No. SWS-W-20-01 was proceeding, the Commission's Staff also audited Stoneridge's business and bookkeeping practices in furtherance of Order No. 34391, Case No. SWS-W-18-01. At the Commission's August 18, 2020 decision meeting, Commission Staff ("Staff") updated the Commission on the progress of Staff's audit. Staff alleged Stoneridge had charged customers more than the Commission-authorized \$1,200 Hook-Up Fee. Specifically, Staff claimed that since 2018, Stoneridge has charged at least 21 customers more than the authorized Hook-Up Fee, totaling at least \$73,400. Staff also received ten complaints and six inquiries from customers about Stoneridge charging customers more than \$1,200 to connect to the water system.

On September 9, 2020, the Commission issued Emergency Order No. 34770, initiating this case to formally investigate Stoneridge's Hook-Up Fee charges and billing practices. Stoneridge filed a Response to the Emergency Order, to which Staff filed a Reply. Stoneridge then filed a Sur-Reply. The matter is now fully submitted.

EMERGENCY ORDER NO. 34770

In Order No. 34770, the Commission determined that from November of 2018 until the end of 2019, Stoneridge charged 16 customers *at least* \$4,000 each to connect to the water system, for a total overcharge of \$45,400. Order No. 34770 at 2. Staff had also received at least ten complaints from Stoneridge customers who alleged new customers had to pay more than \$1,200 to connect to the system. *Id.* If the customers did not pay, Stoneridge refused service. *Id.*

Emergency Order No. 34770 discussed two customer complaints and Stoneridge's response to each. First, in a March 25, 2020 complaint, a customer alleged being charged \$4,600 to connect to the water system. *Id.*; *see also Staff Decision Memorandum* at 2. Staff asked Stoneridge to respond to this allegation. *Id.* at 2. Stoneridge only submitted a response after the Commission issued the Emergency Order. *Id.* Stoneridge represented it charged the customer an additional \$2,800 (over the \$1,200 authorized by the Company's Tariff) to connect to the water system because Stoneridge needed to expand its water system to reach the customer. *Id.* Further, Stoneridge asserted the actual cost to connect this customer exceeded \$6,000. *Id.*

Second, in a July 22, 2020 complaint, a customer submitted a copy of Stoneridge's APPLICATION FOR WATER/SEWER CONNECTION. The application provides that a

“WATER HOOK-UP” costs \$1,200 and that a “CONTRIBUTION IN AID OF CONSTRUCTION OF EXPANSION OF SYSTEM” has a \$2,800 charge. *Id.* at 2-3; *see also Exhibit A, Staff Decision Memorandum.* The application states that the fee for a water connection is \$1,200. The Company’s application further requires the customer to acknowledge that:

I understand that this fee is only for the right to connect unto [sic] the Stoneridge Utility water system and DOES NOT include any costs associated with the purchase of parts or installation necessary to do the physical connection from one’s home to the water meter. It also DOES NOT include any costs associated with purchase or installation of pressure reducing and/or backflow prevention devices that may be necessary for your particular lot to properly connect to the system.

See Exhibit A, Staff’s Decision Memorandum. The document also discusses a contribution in aid of construction to expand the system and provides:

There is a CAP Ex fee (operating expense) of \$2,800.00. I understand that this fee is only for the right to connect onto the [Stoneridge] Utility system. This fee DOES NOT include any costs associated with the purchase of parts or installation necessary to do the physical connection from one’s home to the system collection lines.

Id. The Commission noted in Order No. 34770 that Stoneridge’s Tariff does not address or authorize these additional fees. *Id.*

Having reviewed these customer complaints, the Commission directed Stoneridge to: (1) cease all billing practices that conflict with Stoneridge’s Tariff, including charging new customers more than the Commission-approved \$1,200 Hook-Up Fee to connect to Stoneridge’s water system; (2) continue serving, and reconnect, customers who did not pay amounts that exceed the \$1,200 Hook-Up Fee; (3) connect requesting new customers to the water system who pay the \$1,200 Hook-Up Fee, consistent with Stoneridge’s Tariff; and (4) within twenty-one (21) days of the service date of Emergency Order No. 34770, provide the Commission copies of all records concerning new customer connections to the water system since November of 2018 through the present, including an itemization and description of the labor performed, equipment and materials installed and all charges the customer paid to connect to Stoneridge’s water system. Order No. 34770 at 4.

The Commission also advised Stoneridge that failure to comply with the requirements of Emergency Order No. 34770 could lead the Commission to impose penalties on Stoneridge. *See Idaho Code § 61-706. Id.*

Last, the Commission stated that the investigation's scope would include whether Stoneridge has violated *Idaho Code* § 61-313, Commission Order No. 34391 (granting Stoneridge's application for a Certificate of Public Convenience and Necessity and leading to Stoneridge being issued CPCN No. 395) and the Tariff by charging or threatening to charge its customers more than a \$1,200 Hook-Up Fee. The Commission directed Stoneridge to respond to the Commission's initiation of the investigation within 21 days of when the Emergency Order was served. The Commission also noted Stoneridge had separately applied to increase the Hook-Up Fee, and any change in Hook-Up Fee would apply only prospectively. *See* Order No. 34702, SWS-W-20-01.

STONERIDGE RESPONSE TO EMERGENCY ORDER NO. 34770

Stoneridge asserted that J.D. Resort, Inc. acquired Stoneridge in November 2018 while buying a golf course, other property, and a sewer company.¹ *Response to Order No. 34770* at 1. Stoneridge blamed many of its difficulties in operating the water system on the water system's prior owner and claimed the prior owner had unsustainably operated the system for many years. *Id.* at 1-2. Stoneridge stated it recognized "that the \$1,200 [Hook-Up Fee] did not cover the costs of connecting new customers to the system" when Stoneridge had acquired the water system. *Id.* at 2.

Stoneridge asserted that many factors make the \$1,200 fee unreasonably low. *Id.* Stoneridge also claimed that when a new customer connected to the system it was unclear to Stoneridge whether the Hook-Up Fee provision applied and/or parts of the Tariff for line extensions or for out-of-the-ordinary expenses would apply. *Id.* Stoneridge further asserted that it "did not fully appreciate the depth and intricacy of the Commission's regulations." *Id.* Stoneridge represented it now recognizes that Stoneridge's operations, tariffs, and rates must be revised to comply with the Commission's requirements. *Id.*

Stoneridge asserted it will comply with Emergency Order No. 34770.² Stoneridge also committed to refund money paid by customers over the Commission-approved \$1,200. However,

¹ By Order No. 34391, the Commission approved J.D. Resort acquiring Stoneridge. However, the purchase and sale agreement submitted to the Commission showed Esprit Enterprises, LLC as the purchaser of Stoneridge. *See* Order No. 34391. Further, records on the Idaho Secretary of State's webpage list Esprit Enterprises, LLC, not J.D. Resort as a member or manager of Stoneridge.

² Emergency Order No. 34770 required Stoneridge to provide the Commission true and correct copies of all records concerning new customer connections to the water system since November of 2018 through the present within 21 days of September 9, 2020. Stoneridge incompletely responded to this requirement on October 26, 2020.

in some cases Stoneridge asserted it interpreted specific sections of its Tariff as authorizing Stoneridge to charge customers more than \$1,200 when the costs to connect were beyond a simple service connection. *Id.* at 3. Stoneridge argued § 9.4 provides that any extra costs of any out-of-the-ordinary circumstances for a new connection will be agreed to in advance by Stoneridge and the customer. *Id.* Further, Stoneridge alleged § 9.1 provides “piping, valves, [and] appliances” are the “property and responsibility of the Customer,” while section 12 of the Tariff provides, “[t]he extension of system water mains for the purpose of providing new service shall be done on a time and material basis.” Stoneridge also noted it refused service to certain proposed customers located outside its service territory based on the excessive cost to connect them. *Id.* at 4.

Stoneridge proposed to work with Staff to determine which payments from customers above the \$1,200 Hook-Up Fee were valid under the Tariff, and to refund the amounts not validly charged. *Id.* Stoneridge proposed to file a report with the Commission documenting 1) the amount due to customers; and 2) a receipt for the refund amount within 30 days of the Commission’s order regarding Stoneridge’s Response. *Id.*

Stoneridge also addressed the two customer complaints discussed in Emergency Order No. 34770. Stoneridge contended the property in the March 25 complaint required special services to complete the connection.³ *Id.* at 5. Stoneridge claimed it “was required to retain a third party to perform over 300 feet of excavation on a neighboring property, which cost \$2,850, and was required to install a long service line to reach the customer’s property.” *Id.* Stoneridge asserts the customer knew of the unique services required for the connection to his property and verbally agreed to pay \$4,600 (the \$1,200 Hook-Up Fee plus the cost of the work to connect his property to the system). *Id.* Stoneridge asserted the customer paid the additional charges and informed Stoneridge he did not personally complain to the Commission. *Id.* Rather, someone else complained when they learned this customer paid more than \$1,200. *Id.* Stoneridge believed the additional charges were appropriate under §§ 9.4 and 12 of the Tariff. *Id.* Stoneridge argued the July 22 complaint involved a customer whose property required additional services to connect to the water system. But Stoneridge did not explain what those additional services were. *Id.* Stoneridge charged the customer \$4,000 for the connection. *Id.*

Stoneridge also proposed to work with its counsel, outside professionals and Staff to create a compliance plan to address:

³ The Swank Excavating invoice states “03 Excavation Poirier Rd – install water meter/tap water main.”

- What new connections are subject only to the Hook-Up Fee, and what circumstances are considered main extensions or out-of-the-ordinary expenses;
- Identification of potential changes to the Tariff to allow Stoneridge to recuperate costs associated with adding new customers;
- Considering hiring or consulting with a water operator familiar with the Commission's rules and business practices of regulated water utilities; and,
- Any other compliance issues or operational challenges identified by reviewing Stoneridge's practices.

Stoneridge proposed to file a compliance plan within 90 days of the Commission's final order. *Id.* at 6. Last, Stoneridge requested that the Commission defer any decisions regarding penalties or fines until Stoneridge takes the steps identified in its Response. *Id.* at 6.

STAFF REPLY COMMENTS

Staff reviewed all connections about which Stoneridge provided information on labor, equipment, and materials in this case and in Case No. SWS-W-20-01. These included all new connections for which Stoneridge provided internal and external invoices, maps, and drawings. *See generally, Stoneridge's Additional Documentation submitted in Response to Order No. 34770 ("Stoneridge Documents"), Responses to Production Requests 1-13, Case No. SWS-W-20-02 and Responses to Production Requests Nos. 1-19, Case No. SWS-W-20-01 (filed in pieces in Case No. SWS-W-20-01 on July 15, 2020, August 6, 2020, and September 4, 2020).* After reviewing these materials, Staff stated Stoneridge had not provided evidence of "out-of-the-ordinary circumstances" as described in the Tariff that would justify Stoneridge charging customers more than the Commission-approved, \$1,200 Hook-Up Fee. *Staff Reply Comments* at 3. Staff also contended Stoneridge did not explain the cost variation between each new connection. *Id.* citing Stoneridge Documents and Responses to Production Requests in Case No. SWS-W-20-01. *Id.*

Staff asserted Stoneridge's maps show all residential lots are similarly situated and abut streets where Stoneridge's mains are located. *Id.* Staff noted the Stoneridge Documents ostensibly show connection costs ranged from \$800 to \$14,620 per lot. *Id.*

Staff analyzed whether Stoneridge might have encountered "out-of-the-ordinary circumstances" that would allow Stoneridge to charge more than \$1,200. *Id.* In doing so, Staff assumed Stoneridge ordinarily would incur these costs for work to install a new service connection:

- 1) Locating the main,
- 2) Installing a hot tap/corp stop on the main,
- 3) Installing a water meter and curb stop near the edge of the customer's property,
- 4) Running a service line between the main and the water meter, and
- 5) All excavation and horizontal boring necessary to perform this work.

Id. at 3-4.

Staff also assumed a service line from the customer's property to Stoneridge's water main is 50 feet or less. *Id.* at 4. Staff determined Stoneridge could reasonably incur "out-of-the-ordinary" costs to install a new connection when the service line is longer than 50 feet, or the work is more complex for an ordinary new service connection. *Id.* Reviewing the new connections that Stoneridge documented, Staff found no service line longer than 50 feet and no work performed beyond ordinary tasks 1-5, above. *Id.*; *see also* Stoneridge Documents.

Staff also asserted that Stoneridge provided no evidence to show that Stoneridge had to extend a main to serve a customer's property. *Id.*; *see also* Stoneridge Documents.

Staff also had concerns about the number of times where Stoneridge and its contractors provided invoices for identical work. *Id.* Sometimes, contractor invoices that described all work necessary to connect a new customer to Stoneridge's mains came with additional invoices indicating that Stoneridge had performed excavation work. *Id.* Stoneridge gave no reason for this additional work. *Id.*

Staff received one new complaint of Stoneridge charging more than \$1,200 to connect to the water system since the Emergency Order was issued. *Id.* at 5. Stoneridge advised that the customers—who own Lot 15B in Block 6 of the Lake San Souci Unit One Subdivision—had to pay \$4,000 for the new connection. *Id.* Stoneridge resolved this complaint by connecting these customers to the water system for \$1,200.

It is unclear whether Stoneridge declined to connect some individuals who completed Stoneridge's Application for Water Service before Emergency Order No. 34770 was issued. *Id.* at 7. Staff believed these new customers paid Stoneridge's unauthorized \$4,000 Hook-Up Fee but may remain unconnected. *Id.* Staff recommended the Commission require Stoneridge to explain to the Commission why Stoneridge: 1) has not yet connected these customers to the water system;

2) has charged each customer more than \$1,200 for their pending connections; and 3) when the customer will be connected to the water system. *Id.*

When Stoneridge responded to Emergency Order No. 34770, it provided, under separate cover, a one-page list of new connections and the amounts that each customer paid to connect to the water system which is attached to this Order as Attachment A. *See Attachment A* to this Order. Staff asserted the record shows that Stoneridge claimed to have charged \$4,000 to connect to the water system 26 times from March 24, 2019 until June 30, 2020. Staff has also received complaints from 3 more customers who have paid more than the Commission-authorized Hook-Up Fee.⁴ *Staff Reply Comments* at 7. Staff believed this information, although disclosing excessive charges, is still inadequate, incomplete, and not in compliance with the Emergency Order. *Id.* The addresses or lot identifications, or both, often were incomplete. The internal costs ranged from \$800 to \$10,020, and many listings included external costs, though Stoneridge provided no supporting documentation, or itemization of the labor or equipment installed. *Id.* While there was some breakout of the internal labor performed, the itemization was only by the employee class and lacked specificity for the labor performed. *Id.*

On October 26, 2020, Stoneridge provided Staff with additional documentation that still lacked the required cost itemization. *See generally Stoneridge Documents.* Staff also asserted that Stoneridge's Response contained errors. *Staff Reply Comments* at 8. Another concern is that it appears Stoneridge charged new customers a \$1,200 Hook-Up Fee even though the property already had a service connection used by a previous owner. *Id.* Staff is not certain that a \$1,200 fee should have been assessed to these customers. *Id.*

Staff asserted, unless Stoneridge has more information not yet provided, there is no reason for Stoneridge to delay refunds to any customers who paid more than \$1,200 to connect to the system. *Staff Reply Comments* at 8-9. Staff recommended the Commission order Stoneridge to refund customers all funds paid above the \$1,200 Hook-Up Fee. *Id.* at 9. Staff asserted the Commission should require Stoneridge to pay the refunds within 14 days of the service date of the Commission's order, and to provide evidence of each refund to the Commission. *Id.* Staff also recommended that the Commission should order Stoneridge to provide the Commission with a list of any additional customers that Stoneridge charged more than \$1,200 to connect to the water system. *Id.*

⁴ These customers paid \$2,000, \$4,000 and \$4,000 respectively to connect to the water system.

STONERIDGE'S SUR-REPLY

As it did in its Response, Stoneridge acknowledged the need to overhaul its operations to comply with Commission rules and regulations. *Stoneridge Sur-Reply* at 2. Stoneridge also reiterated that it inherited a difficult situation noting that its Tariff had not been substantively updated for over 13 years. *Id.* Stoneridge further complained about the lack of records and assistance it received from the previous owner of the water system. *Id.* Stoneridge stated that the maps of the main water line that Stoneridge does have are frequently inaccurate, leading to expensive exploratory work just to find the main. *Id.*

Stoneridge asserted that many services it provided resulted from “out-of-the-ordinary circumstances,” justifying the additional amounts charged to some customers. *Id.* at 2-3. Stoneridge again contended that § 9.4 permits Stoneridge to charge a customer more than the approved \$1,200 Hook-Up Fee when there exists “out-of-the-ordinary” (or, extraordinary) circumstances in the installation of a service connection that results in “extra costs” to Stoneridge. *Id.* Stoneridge contended that *Exhibit A* attached to the sur-reply identifies nine customer connections where extraordinary circumstances arose. Stoneridge alleged the extraordinary circumstances commonly encountered were (1) excessive and unexpected difficulties in locating the water main, and (2) horizontal boring under roadways. *Id.* at 4. Stoneridge submitted that it should not be obligated to refund these additional costs to these customers. *Id.*

Stoneridge acknowledged that the records and documentation it provided in response to the Commission’s directives omit some required details and itemized information. *Id.* However, Stoneridge represented it provided the Commission with all records and documents in its possession. Stoneridge asserted that any inadequacy in Stoneridge’s responses to Commission directives was merely due to poor recordkeeping. *Id.*

COMMISSION FINDINGS AND DECISION

The Commission has jurisdiction over Stoneridge 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. The Commission also has authority to investigate Stoneridge’s billing practices under *Idaho Code* §§ 61-503, 61-313 and 61-612.

As a public utility, Stoneridge must safely and adequately serve its customers at the just and reasonable rates specified in its Commission-approved tariffs. *Idaho Code* §§ 61-301, -302, -

313. *Idaho Code* § 61-302 mandates that a public utility’s charges must be just and reasonable and prohibits and makes unlawful every unjust or unreasonable charge. Under the “filed-rate doctrine,” codified in *Idaho Code* § 61-313, a “utility cannot charge more, and also ... cannot charge less than” its approved rates and charges on file with the Commission. Order No. 30431 at 6; *Idaho Code* §§ 61-313, 61-315. Where a utility has overcharged a customer, the Commission “may order that the public utility make due reparation to the complainant therefor, with interest from the date of collection: provided, no discrimination will result from such reparation.” *Idaho Code* § 61-641; *see also Lemhi Telephone Co., v. Mountain States Tel. & Tel. Co.*, 98 Idaho 692, 699, 71 P.2d 753, 760 (1977) (Before the Commission may order reparations under *Idaho Code* § 61-641, it must find rates are excessive considering the public’s best interests). Pursuant to *Idaho Code* § 61-642, complaints about excessive charges must be filed within three years from the time the cause of action accrues. *See also*, IDAPA 31.21.01.203.03.b (if the time of the billing error “can be reasonably determined... the corrected billings shall go back to that time, ... not to exceed three years”). If a public utility violates the Commission’s order to refund overcharges, a lawsuit may be filed to recover the same. *Idaho Code* § 61-642.

If the Commission finds that overcharges have been made and should be returned to the affected customers, it may order the utility to pay interest on overcharges from the date of collection. *Idaho Code* § 61-641. The Commission has found it reasonable for interest on unauthorized charges to accrue at the interest rate for deposits provided by Customer Relations Rule 106. *See* Order No. 32663 at 18, Case No. FLS-W-12-01. The Commission sets the interest rate for deposits each fall. *See e.g.*, GNR-U-20-04, Order No. 34866 (specifying “1.0% annual interest shall be paid during calendar year 2021 on customer deposits held by gas, electric, water, and telephone companies”).

Stoneridge was before the Commission in 2018 when it bought the water system. *See* Case No. SWS-W-18-01. There, the Commission considered whether to approve a transfer of the Stoneridge water system and its associated Certificate of Public Convenience and Necessity to J.D. Resort. The Commission explained Stoneridge’s duties and obligations as a public utility. *See* Order Nos. 34297 at 2-3 and 34391 at 2-4. Even without this explanation, Stoneridge has a responsibility for studying and understanding the regulatory authorities it operates under.

J.D. Resort’s acquisition and history of operating Stoneridge demonstrate that many of J.D. Resort’s problems arise from J.D. Resort’s unwillingness to comply with, or ignorance of, the

regulatory authorities that apply to the Stoneridge system. This Commission’s concerns have been communicated and documented from the outset:

Here, the Purchase and Sale Agreement lists Esprit Enterprises as the purchaser. The Application is submitted by [J.D.] Resort, but states that another company will be formed upon closing, presumably to own and operate the water company. In a request for the financials of [J.D.] Resort, the personal finances of the owner were submitted. . . . Given the unresolved uncertainties in the Application regarding the corporate form of the purchaser, we cannot presently determine whether the purchase would be in the public interest. We are uncertain how the water company will be transferred between Esprit Enterprises, [J.D.] Resort, and the third as of yet unnamed company referenced in the Application as the ultimate owner and operator of the utility. Further, the personal financials of the owner of these companies [are] not sufficient to show that the transferee entity is financially sound. Given the confused status of the Application, we are not even certain to whom we would transfer the CPCN at this juncture if we were inclined to do so.

Order No. 34297 at 2-3. Although the Commission later found that J.D. Resort bought the water system, the Idaho Secretary of State’s records indicate that Esprit Enterprises LLC—not J.D. Resort—is the member or manager of Stoneridge.⁵ We find it reasonable to require Stoneridge to explain this apparent ownership discrepancy in writing within 30 days from the service date of this Order.

In Order Nos. 34297 and 34391 issued in 2018 in Case No. SWS-W-18-01, the Commission addressed Stoneridge’s new billing practices after J.D. Resort began operating the Company. The Commission noted “[t]he billing changes made without Commission approval only add to our concerns about the transaction. . . .” *Id.* at 3. As a result, the Commission reminded J.D. Resort that:

no rates, charges, terms, or conditions of service can be altered without Commission approval. The ability and willingness to follow Idaho statute and Commission Rules is certainly relevant to our public interest analysis in determining whether to approve the amended Application.

Id. This admonition represents yet another example of this Commission putting the Company on notice about its obligations as a regulated utility. Order No. 34391 at 4 citing *Idaho Code* § 61-313.

⁵ The Commission officially notices Stoneridge’s corporate records on the Idaho Secretary of State’s official webpage pursuant to Commission Rule of Procedure 263.a, IDAPA 31.01.01.263.a.

Stoneridge was clearly and unequivocally informed regarding compliance with the laws of the State and the corresponding regulatory authority. Stoneridge still saw fit to charge fees in violation of the “filed-rate doctrine” as codified in Title 61, Idaho Code. The evidence in this case reveals that Stoneridge has charged at least 21 customers more than the \$1,200 Commission-authorized Hook-Up Fee to establish a new connection to the water system. Attachment A lists 26 overcharges, which means certain customers on the list paid for and were overcharged for more than one connection. *See* Attachment A. The record reflects that the overcharges began on February 1, 2019 and continued through at least June 30, 2020.

Based on the documents provided, it would appear that overcharges to the Company’s customers total \$73,400. Staff’s meticulous review of the documents provided by the Company reveal no extraordinary circumstances that might justify Stoneridge charging more than \$1,200. Stoneridge defended some of its charges by alleging that Tariff sections 9.4 (responsibility for costs arising from extraordinary circumstances) and 12 (cost responsibility for water main extensions) sometimes allowed it to charge more than \$1,200. For example, Stoneridge asserted it could charge the customer for the Company’s costs to find its own water system because “maps of the main that the Company received from its predecessor are so incomplete and inaccurate that exploration frequently takes up to five hours, sometimes even days.” *Stoneridge Sur-Reply* at 3.

Based on the record, it is unclear when Stoneridge learned its maps were inaccurate. Nevertheless, when Stoneridge discovered the inaccuracies, it should have started to locate and map its entire water system. Knowing where its system is located is fundamental to Stoneridge’s ability to provide safe and adequate service to its customers. Stoneridge blames the previous owner for this issue. Regardless of which owner bears the blame of inaccurate maps and erroneous documentation of where the system lies in the ground, it is inappropriate, unfair, unjust, and unreasonable to charge new customers for Stoneridge’s periodic exploratory efforts.

Stoneridge also asserted in seven cases⁶ it had to bore under a road to connect a customer to its system and that this activity was an out-of-the-ordinary circumstance. We disagree. The record shows that in each of these cases Stoneridge performed ordinary tasks for a public utility providing water service that are normally associated with connecting a new customer to a water system with a service line of 50 feet or less. These ordinary tasks would include excavation and/or boring to establish the connection. Further, the invoices that Stoneridge relies on lack

⁶ Five of these cases are set forth in Stoneridge’s Sur-Reply and two were discussed by it in its Response.

necessary itemization and detail. For example, in one instance Stoneridge alleges it incurred \$2,000 in extraordinary costs to bore under a road to connect a customer. *See Exhibit A to Stoneridge's Sur-Reply*. The invoice Stoneridge references for support, however, couples tapping a sewer main and boring under a road. Consequently, it is impossible to identify only the cost for boring under the road. Last, Stoneridge relies on internal and external invoices for many of these new connections. However, in some cases these invoices show that the same work was allegedly performed by Stoneridge's employees and its outside contractors on a connection. Thus, Stoneridge's documentation cannot be relied upon for an accurate representation of work performed and costs incurred. We find that, based on substantial and competent evidence in the underlying record, Stoneridge has failed to sufficiently justify charging any customer more than \$1,200 to establish a new connection.

By Stoneridge's own admission, the Company knew that the \$1,200 Hook-Up Fee was insufficient to cover the costs of connecting new customers as early as when they acquired the Company in 2018. *Stoneridge Sur-Reply* at 2. Despite this knowledge, the Company failed to request authorization from this Commission to modify its rates and charges. Instead, the Company imposed unlawful charges on its new customers before it would agree to hook them up to the water system.

Where a utility has overcharged a customer, the Commission "may order that the public utility make due reparation to the complainant therefor, with interest from the date of collection: provided, no discrimination will result from such reparation." *Idaho Code* § 61-641; *see also Lemhi Telephone Co., v. Mountain States Tel. & Tel. Co.*, 98 Idaho 692, 699, 71 P.2d 753, 760 (1977) (Before the Commission may order reparations under *Idaho Code* § 61-641, it must find rates are excessive considering the public's best interests). Pursuant to this statutory authority, the Commission orders Stoneridge to repay each customer on Attachment A the difference between what they paid to connect to the water system and the \$1,200 Commission-authorized Hook-Up Fee.

The Commission also finds it reasonable to order Stoneridge to pay interest on each overcharge to each customer starting from when each overcharge was made based on the interest rate for deposits provided by Customer Relations Rule 106. *Id.* The Commission sets the interest rate to be paid on deposits each fall. *See e.g., GNR-U-20-04, Order No. 34866* (specifying "1.0% annual interest shall be paid during calendar year 2021"). We direct the Company to work with

Staff to ensure that all customers are reimbursed, including interest, for the amount that they were illegally overcharged. Stoneridge has 30 days from the service of this Order to provide proof to the Commission that the Company has fully repaid each customer.

Evidence in the record suggests that there are as many as three additional customers who may have been overcharged for hook-ups but are not specifically addressed within the current record. We direct Staff to communicate with the Company to identify these customers. Stoneridge shall have fourteen days from the issuance of this Order to provide these customers' records to the Commission. The records to be provided for each customer must itemize and describe the labor performed, equipment and materials installed, and all charges the customer paid to connect to Stoneridge's system. After receiving these records, the Commission will determine whether and to what extent Stoneridge overcharged these customers and will direct the Company to act based on the facts presented.

The evidence further suggests that Stoneridge may not have connected some individuals who completed the Company's Application for Water Service and paid a Hook-Up Fee before Emergency Order No. 34770 was issued. *Id.* at 7. As a result, the Commission directs Stoneridge to provide, within fourteen days of issuance of this order, documentation to: (A) explain to the Commission whether each customer remains unconnected, and (B) if so, why Stoneridge has not yet connected each customer; whether Stoneridge has charged each customer more than \$1,200 for their pending connections; and when the customer will be connected to the water system. *Id.*

The Commission is also concerned that Stoneridge has been charging new customers \$1,200 even though an existing connection to the water system was previously established. The Commission thus finds it reasonable to direct Stoneridge to provide a written report to the Commission, within fourteen days from the service date of this Order, with the identity, location of service and address of each customer who was charged \$1,200 to start receiving water service from Stoneridge where a previous connection to the system already existed.

The Commission also directs Stoneridge, within fourteen days of the service date of this Order, to submit a report to the Commission with the names and addresses of any additional customers who were charged more than a \$1,200 Hook-Up Fee since Stoneridge began operating the water system in June of 2018 who have not yet already been identified. This report shall include all records related to these customers. After receiving this report and all associated records,

the Commission will determine whether and to what extent Stoneridge overcharged these customers and will direct the Company to act based on the facts presented.

Based on Stoneridge's now established history of failure to recognize the requirements and responsibilities of being a regulated utility, we find it reasonable and in the public interest to require Stoneridge to submit a new connection quarterly report to the Commission, for the 24 months immediately following the issuance of this Order. The first quarterly report shall be for the first quarter of 2021 and filed by April 30, 2021. This report shall include copies of records about new customer connection since the service date of this Order, including an itemization and description of the labor performed, equipment and materials installed and all charges the customer paid to connect to Stoneridge's system.

ORDER

IT IS HEREBY ORDERED that Stoneridge repay its customers the difference between what they were charged to connect to Stoneridge's water system and the Commission-authorized \$1,200 Hook-Up Fee, plus interest at the rate of 1% provided from the date such overcharge was made by Stoneridge. Stoneridge has 30 days from the service date of this Order to repay all overcharges set forth on Attachment A to this Order, with interest, and provide proof of payment to the Commission.

IT IS FURTHER ORDERED that Staff shall communicate with the Company to identify the three additional customers who have filed complaints with the Commission. Stoneridge shall have fourteen days from the issuance of this Order to provide these customers' records to the Commission. The records to be provided for each customer must itemize and describe the labor performed, equipment and materials installed, and all charges the customer paid to connect to Stoneridge's system. After receiving these records, the Commission will determine whether and to what extent Stoneridge overcharged these customers and will direct the Company to act based on the facts presented.

IT IS FURTHER ORDERED that Stoneridge provide, within fourteen days of issuance of this order, documentation to concerning customers who have paid to connect to the system but have yet to be connection to:: (A) explain to the Commission whether each customer remains unconnected, and (B) if so, why Stoneridge has not yet connected each customer; whether Stoneridge has charged each customer more than \$1,200 for their pending connections; and when the customer will be connected to the water system. *Id.*

IT IS FURTHER ORDERED that Stoneridge provide a written report to the Commission, within fourteen days from the service date of this Order, with the identity, location of service and address of each customer who was charged \$1,200 to start receiving water service from Stoneridge where a previous connection to the system already existed.

IT IS FURTHER ORDERED that Stoneridge shall, within fourteen days of the service date of this Order, submit a report to the Commission with the names and addresses of any additional customers who were charged more than a \$1,200 Hook-Up Fee since Stoneridge began operating the water system in June of 2018 who have not yet already been identified. This report shall include all records related to these customers. After receiving this report and all associated records, the Commission will determine whether and to what extent Stoneridge overcharged these customers and will direct the Company to act based on the facts presented.

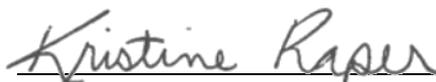
IT IS FURTHER ORDERED that Stoneridge shall submit a new connection quarterly report to the Commission, for the 24 months immediately following the issuance of this Order. This report shall include copies of records about new customer connection since the service date of this Order, including an itemization and description of the labor performed, equipment and materials installed and all charges the customer paid to connect to Stoneridge's system.

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 25th day of March 2021.



PAUL KJELLANDER, PRESIDENT



KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Jan Noriyuki
Commission Secretary

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Date	name	address	block & Lot	Water	Internal Cost	External Cost	Total Cost
				\$1,200	\$800		\$800
				\$1,200	\$3,005		\$3,005
				\$1,200	\$2,255		\$2,255
				\$1,200	\$2,355		\$2,355
			Lot 1 Block 23	\$1,200	\$4,065		\$4,065
				\$1,200	\$3,660	\$2,850.00	\$6,510
			lot 6 block 2	\$4,000	\$4,005		\$4,005
				\$4,000	\$3,295	\$2,398.22	\$5,693
				\$4,000	\$3,075	\$3,500	\$6,575
				\$4,000	\$3,005	\$3,500	\$6,505
				\$4,000	\$3,500	\$3,500	\$7,100
				\$4,000	\$800	\$3,500	\$4,300
				\$4,600	\$5,325.00	\$4,125.00	\$9,450
			BLOCK 7 LOT 4	\$4,000	\$10,020	\$4,600	\$14,620
			block 7 Lot 8c	\$4,000	\$3,005	\$4,040.08	\$7,045
			block 6 lot 7	\$4,000	\$3,160		\$3,160
			block 6 lot 3	\$4,000	\$3,005		\$3,005
			77 Parkland court	\$4,000	\$3,005	\$2,850.00	\$5,855
			block G lot 18	\$4,000	\$2,559		\$2,559
			Block 27 lot 4	\$4,000	\$800		\$800
			Lot 11 Block 8	\$4,000	\$3,750	\$2,850.00	\$6,600
			Block 1 Lot 8	\$4,000	\$2,005	\$3,500	\$5,505
			Block G Lot 8	\$4,000	\$3,005	\$2,994.50	\$6,000
			BLOCK 2 LOT 3	\$4,000	\$3,080	\$7,570.00	\$10,650
			BLOCK 7 LOT 6	\$4,000	\$2,255	\$5,000	\$7,255
			Block f lot 10	\$4,000	\$2,680	\$6,297.50	\$8,978
			Block 6 lot 6	\$4,000	\$2,745	\$3,500	\$6,245
			Block 7 Lot 10	\$4,000	\$4,005	\$8,550.00	\$12,555
			Block 8 Lot 8	\$4,000	\$3,005	\$3,500.00	\$6,505
				\$4,000	\$3,230	\$3,500	\$6,730
				\$4,000	\$3,160	\$4,500	\$7,660
				\$4,000	\$3,800	\$5,500	\$9,300
				\$1,200	\$1,193		\$1,193