

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF CDS STONERIDGE) CASE NO. SWS-W-24-01
UTILITIES, LLC’S APPLICATION FOR)
AUTHORITY TO INCREASE ITS RATES) ORDER NO. 36593
AND CHARGES FOR WATER SERVICE IN)
THE STATE OF IDAHO)
)

On February 28, 2024, CDS Stoneridge Utilities, LLC (“Company”) applied for authorization to increase its rates and charges for water service (“Application”). The Stoneridge Property Owners Association, Inc. (“SPOA”), the Stoneridge Recreational Club Condominium Owners Association, Inc. (“SRCCOA”), and an individual, Randolph Garrison, *pro se*, (collectively the “Intervenors”) intervened in this matter. Order Nos. 36144 and 36163.

On November 29, 2024, the Commission issued its Final Order approving an 18.6% increase in the Company’s annual revenues with a 8.21% rate of return (“ROR”) and a 10% return on equity (“ROE”). Order No. 36407.

On December 23, 2024, the Company filed a Petition for Reconsideration and Clarification. On December 24, 2024, the Commission issued a corrected Final Order. On January 21, 2025, the Company filed a Renewed Petition for Reconsideration and Clarification (“Petition”). On January 28, 2025, the Company submitted a supplement to its Renewed Petition for Reconsideration and Clarification.

On February 18, 2025, the Commission granted the Petition for Reconsideration and Clarification and ordered the Company to file all documentation that the Company considered relevant for reconsideration within 21 days of the date of the Order. Order No. 36469. The Commission encouraged the Company to work with Commission Staff (“Staff”) to ensure that the Company submitted sufficient documentation to support each of its claims on reconsideration. *Id.* at 2. The Commission also found it reasonable to grant the parties an opportunity to file response comments, and the Commission established a March 25, 2025, comment deadline for Staff and the Intervenors, and an April 8, 2025, Company reply comment deadline. *Id.*

The Commission ordered the Company to comply with the requirements of Order No. 36247 and ensure that all of the Company’s filings were submitted by an attorney, or those filings would not be considered by the Commission. *Id.*

On March 11, 2025, the Company filed the Company's Supplemental Submissions ("Supplemental Submissions"). On March 25, 2025, Staff filed response comments. On April 7, 2025, the Company filed reply comments.

COMPANY PETITION AND SUPPLEMENTAL SUBMISSIONS

A. Petition for Reconsideration

The Company requested that the Commission enter a revised or new order granting reconsideration on the issues listed below. Petition at 23. The Company requested that the Commission:

1. Order Staff and the Company to work collaboratively to find a common ground to ensure that both customers' and the Company's interests are respected and protected. *Id.* The Company requested that the Commission encourage both parties to complete this collaboration by February 15, 2025. *Id.*
2. Withdraw the Commission's demand that Esprit Enterprises LLC ("Esprit") transfer assets to the Company, which the Company claimed that Staff and the Commission have falsely accused Esprit of transferring from the Company to Esprit after the closing of Esprit's purchase of the StoneRidge Golf Community and Utilities from Bridge Partners in 2018. *Id.* at 23-24.
3. Establish a monthly lease rate between Esprit and the Company for the lease of water rights, easements and Right of Ways ("ROW") in the following amounts:
 - a. Water Rights Lease (known change as of January 1, 2025) at 33.00/AFA for 588 AFA or \$1,617 per month.
 - b. Ground lease for use of Water Storage Reservoir, Water Storage Tank, Well Pump House, HV Midlevel Pump House and HV upper water storage tanks and easements for buried infrastructure and ROW at \$900 per month, which the Company claimed is substantially below the estimated market value for just the Water Storage Reservoir land area. *Id.* at 24.
4. Establish an annual Casualty and Liability insurance premium expense of \$8,605. *Id.*
5. Establish an annual office and office furnishings lease expense of \$27,228 as originally proposed by the Company. *Id.*
6. Establish an annual Professional Contract Labor Licensed Operator expense for Integrity Management Licensed Operator of \$48,918. *Id.* at 25.

7. Establish an annual rate case amortized (36 months) expense for all legal costs as well as all mailing and advertising costs to date of \$4,725. *Id.*
8. Establish that for either a voluntary or involuntary disconnection longer than 31 days, the Customer is responsible for paying an amount equal to the Minimum Monthly Rate that was avoided during the disconnected period. *Id.*
9. Establish that use of the National Association of Regulatory Utility Commissioners' depreciation schedule is not mandated and that the Company at its own option can use the Modified Accelerated Cost Recovery System Depreciation Schedule for Water Utility Company financial reporting/rate case purposes. *Id.*
10. Reduce the Management, Administration & General annual expense by \$15,750 to account for the 1 day per week that Water Company Accountant/Bookkeeper works solely on the Company books. *Id.*
11. Establish that the annual rate for rental of the Case Backhoe from Esprit for snowplowing and other work be set at \$7,200. *Id.* at 26.
12. Allow treatment of intercompany debt balance owed to Esprit by the Company from 2024 expenses billed by Esprit, and support that intercompany short-term debt from operations be allowed to convert to Long-Term Notes. *Id.*

B. Supplemental Submissions

The Company presented the following arguments in its Supplemental Submissions.

1. Management, Water Rights, ROW, And Easement Leases

The Company represented that Esprit proposed to revise the agreement and only charge the Company for the original Well #1 Water Rights, which Esprit claims it acquired in the 2018 purchase of StoneRidge Golf Community. Exhibit A to Supplemental Submissions. The Company proposes a Water Right rental expense of \$1,619/month, \$19,428/year. Supplemental Submissions at 2. The Company proposes an additional \$300/month, \$3,600/year, for the ground, easement, and ROW leases. The total proposed increase would be \$23,412.33/year. *Id.* at 2-3.

2. Insurance Premium

The Company accepted the Commission's approval of \$4,973 annual insurance premium cost. *Id.* at 3.

3. Office Lease

The Company represented that it has signed a new four-year lease for its office space. Exhibit B to the Supplemental Submissions. The Company indicated that the lease was based on an 11% annual rate of return on the cost of the building acquired in 2018, and the Company proposed that the office rental lease be set at \$1,000/month, \$12,000/year. Supplemental Submissions at 3.

4. Water Operator (O&M) Expense

The Company represented that it submitted copies of both sewer and water contracts, with copies of invoices and an accounts payable ledger for 2024 as Exhibit D to the Supplemental Submissions. *Id.*

5. Rate Case Expenses

The Company represented that it provided a copy of its legal expense updated to March 5, 2025, and that it updated its Rate Case Cost Amortization Table and expected to be reimbursed for those expenses over a 30-month amortization period. *Id.* at 4; Exhibit M to the Supplemental Submissions.

6. Non-Recurring Charges

The Company proposed that the non-recurring charge for reconnections after 31 or more days be equal to the monthly minimum fees that would have been paid, which would provide adequate cash flow to sustain the water provider. Supplemental Submissions at 5.

7. Depreciation Rate

The Company accepted the Commission's decision. *Id.*

8. Management Admin & General

The Company represented that it submitted copies of time sheets, W-2s, and G&A Pay Analysis for Judy Duffy and Becca Loughlan. *Id.*; Exhibit F to the Supplemental Submissions. The Company requested an additional annual amount of \$21,348.96 for the two employees. Supplemental Submissions at 5.

9. Customer Accounts Labor Expense

The Company represented that it submitted the timesheets, W-2s, and a Copy of Staffing Agreement, showing the Customer Accounts Labor should be increased to \$21,165 annually. *Id.* at 6; Exhibit G to the Supplemental Submissions.

10. Backhoe Rental (Equipment)

The Company represented that it submitted a monthly budget for equipment rental. Exhibit A to the Supplemental Submissions.

11. Capitalizing Repairs and Rebuilds

The Company requested that the Commission add back the \$17,451 in repairs from 2023 to be more consistent with the Commission treatment of system repairs in Commission Order No. 30342. Supplement Submissions at 7.

12. Facility Plan

The Company indicated the Commission's order confused the use of the terms Capital Plan and Facility Plan. *Id.*

13. New Pump/Controller Well #3

The Company indicated that it could not purchase the new pump with cash, and the Company proposed to renegotiate the purchase lease at a rate of 11% interest over 60 months. *Id.*

14. Golf Course Water Use

The Company requested that the golf course revenue be removed from the Company profit and loss statement effective March 15, 2025. *Id.* at 8.

15. Management Issues

The Company objected to various statements made by Staff, the Commission, and some of the public comments and customer testimony. *Id.* at 8-9.

16. Return on Equity ("ROE") and Capital Structure

The Company argued that its ROE was reduced from the industry standard 11% due to the claims of mismanagement, which the Company claimed were unsupported opinions. *Id.* at 9. The Company requested that the Commission set the Company's ROE back to 11%. *Id.*

17. Happy Valley Surcharge Loan

The Company acknowledged that the 2025 surcharge issue was presented to the Commission in a separate case. *Id.* at 10.

STAFF COMMENTS

Staff represented that on February 13, 2025, it provided the Company with a matrix, listing the Company's reconsideration request in the Petition and detailing the documentation Staff believed necessary to support the Company's requests. Staff Comments at 2.

1. Staff and Company Meet and Confer on Rates

Staff stated that it met with the Company's counsel on February 18, 2025, to discuss the matrix outlining the supporting documentation Staff believed necessary for the Company to provide in its Supplemental Submissions. *Id.*

2. Withdraw the Request to Transfer Specific Assets to Stoneridge

Because there was no Commission order for the Company to transfer assets, Staff recommended that the Commission deny reconsideration on this matter. *Id.* at 3.

3. Approve the Lease for Water Rights, Land, and Easements

Staff did not believe that this additional information adequately supplemented the Company's request or prove the Commission's Final Order was not appropriate. *Id.* Staff noted that the new lease was signed on January 1, 2025, which was after the rate effective date in the Final Order and beyond the test period used to establish rates in the case. *Id.*

Further, Staff explained that when it supported the acquisition of the Company by Esprit in Case No. SWS-W-18-01, Staff relied on *Idaho Code* § 61-328 as a guideline to support its recommendation that the acquisition was in the public interest. *Id.* at 3-4. Staff reasoned that one of those guidelines was that customer rates would not increase due to the transaction, and that charging customers now for the use of the water rights, land, and easements used by the system when those same water rights, land, and easements were previously used by the system under the previous ownership without inclusion in customer rates, would violate the guidelines used by Staff in that case. *Id.* at 4. Staff recommended the Commission deny reconsideration on this matter. *Id.*

4. Insurance Premium

Staff noted that, in its Supplemental Submissions, the Company accepted the Commission's approved recovery of \$4,973 in annual insurance premiums. *Id.*

5. Office Lease

Staff noted that the Company's new proposal in its Supplemental Submissions is \$1,614 less than what the Commission approved for recovery in Order No. 36407. *Id.* at 5.

6. Water Management Expense

Staff explained that because the contract for Integrity Water Management stated that the services were for both water and sewer, in the matrix provided to the Company on February 13, 2025, and during the meeting on February 18, 2025, Staff recommended the Company provide the allocation between water and sewer. *Id.* at 6.

In Exhibit D to its Supplemental Submission, the Company provided a new contract for Integrity Water Management signed on January 1, 2025, with copies of the same previously provided invoices. However, Staff noted that the contract stated that the base price was for water and sewer management services. *Id.* Additionally, Staff explained that the contract terms were from April 2024 to March 2025, yet the contract was signed on January 1, 2025, which was after the rate effective date in this case and nine months after the beginning of the contract. *Id.*

Based on the submitted information, Staff performed an allocation based on the assessed value provided for the water and sewer system, the annualized amount would be \$32,820 per year, or \$8,390 more than what the Commission approved for recovery in Order No. 36407. *Id.* Staff recommended that the Commission approve an increase to the Company's recovery of Water Management Expenses of \$8,390 for a total of \$32,820. *Id.*

7. Rate Case Costs

Because no additional invoices were provided, in the Petition or Supplemental Submissions, for the requested expenses, Staff represented that it could not verify if those expenses occurred or determine if they were prudent. *Id.* at 7. Therefore, Staff recommended that the Commission deny reconsideration on this matter. *Id.*

However, Staff noted that if the Commission wanted to allow the Company an additional opportunity to provide the necessary information, the Commission could issue an accounting order authorizing the Company to defer any amounts above those included for recovery in this case, to be verified and evaluated for recovery in a future rate proceeding. *Id.*

8. Non-Recurring Charges

Staff believed the Company failed to support its request for reconsideration on this matter. *Id.* Staff noted that the tariff language provided by the Company was a proposal by Gem State Water that was not approved by the Commission in that case. *Id.* Staff explained that the reconnection charge approved by the Commission in Order No. 36407 was standard and had been approved for several other small water companies. *Id.*

9. Depreciation Rates

Staff noted that in its Supplemental Submissions, the Company accepted the depreciation rates approved by the Commission in Order No. 36407. *Id.* at 8.

10. Management, Administration & General Labor Expense

Staff explained that in the matrix provided to the Company on February 13, 2025, and during the meeting on February 18, 2025, Staff recommended that the Company provide invoices from the accountant, copies of checks paid to the accountant, and a work list including hours worked. *Id.* Staff reasoned that in its Supplemental Submissions, the Company modified its request that the management, administration, and general labor expenses be recovered at \$57,907 per year, which was an increase of \$21,559 from what the Commission approved. *Id.* The Company provided a new staffing contract dated January 1, 2025, stating what the costs of labor would be per hour, plus a 25% increase for payroll taxes and a 12.5% commission for providing the labor. *Id.* at 9. The Company also provided 2024 W-2 forms for the employees in question, along with timecards, and a schedule showing the allocation of expenses to the Company. *Id.*

Staff had concerns with the new contract; however, with the newly provided information, Staff recommended that the Commission approve reconsideration but adjust recovery to only include the expenses of the accountant/bookkeeper by using the 2024 actual W-2 wages then grossing them up by 12% for payroll taxes, then allocating those costs between the water company and sewer company using the hours worked on the timecards. *Id.* at 9-10. Ultimately, Staff recommended an increase of \$9,386 of accountant/bookkeeper wages. *Id.* at 10.

11. Backhoe Rent

Staff believed that without any additional support or evidence of the cost of contracting an independent party for snow removal, Staff could not verify the Company's assertion of costs or who at the Company was qualified to use the backhoe for snow removal or any other work that may need the backhoe. *Id.* Staff recommended that the Commission deny reconsideration on this matter.

12. Long-Term Debt Issuance

Staff noted that long-term debt issuance was not an issue considered by the Commission in Order No. 36407; therefore, Staff recommended that the Commission deny reconsideration on this matter. *Id.* at 11.

Supplemental Submissions

Staff noted that in its Supplemental Submissions, the Company raised additional matters that it did not raise in its Petition. *Id.*

Customer Accounts Labor Expense

In the Final Order, the Commission reduced the Company's requested Customer Account Labor Expenses by \$18,966. Order No. 36407 at 13-14. The Company did not include Customer Accounts Labor Expense in its Petition; therefore, Staff did not recommend the Company provide any additional evidence to support reconsideration on this matter. Staff Comments at 11. However, using the actual wages, the allocation the Company provided, and the 12% tax burden, Staff calculated that the expense for Customer accounts should be less than what the Commission authorized, therefore Staff recommended that the Commission deny the Company's request to alter the Commission's order on Customer Accounts Labor. *Id.* at 11-12.

Capitalizing Repairs and Rebuilds

Staff believed that the Company failed to show that Order No. 36407 requires modification. *Id.* at 12. Staff explained that in Order No. 36407, the Commission rejected the Company's argument on the issue, and on reconsideration the Company did not provide any additional evidence indicating the amounts in questions should be included as an expense rather than capitalized. *Id.* Staff noted that Order No. 36407 was consistent with the Commission's treatment of similar adjustments in Case Nos. GSW-W-22-01 and MNV-W-16-01; both cases decided more recently than Case No. SWS-W-06-01. *Id.* Staff recommended that the Commission deny reconsideration on this matter. *Id.*

Facility Plan

Staff recommended that the Commission clarify that the Company submit a Capital Plan outlining the needs of the system and how the Company will address them, rather than a more labor and cost-intensive Facility Plan. *Id.* at 12-13.

Lease for New Pump/Controller Well No. 3

Staff noted that without evidence showing the actual cost of the pump and controller paid by Esprit, Staff could not ascertain if the leases were at the lower of cost or market and, therefore, Staff could not calculate the appropriate revenue requirement associated with this equipment. *Id.* at 13. Staff recommended that the Commission deny reconsideration on this matter. *Id.*

Golf Course Water Use

Staff believed that the information provided by the Company was beyond the test year used to establish the revenue requirement in this case, and that the appropriate revenues could be calculated in a future rate case after the golf course as physically disconnected from the water

system. *Id.* at 13-14. Staff recommended that the Commission deny reconsideration on this matter. *Id.* at 14.

Management Issues

Staff noted that it was not clear to Staff what the Company was requesting in this section of the Supplemental Submissions and, therefore, Staff had no recommendation on this matter. *Id.*

Return on Equity

Staff noted that the Commission did not order a change in ROE, rather, the Commission authorized using 10% as the ROE to calculate the Company's overall return. *Id.* Therefore, Staff did not believe there was anything to "change" the ROE back to in the Final Order. *Id.* Staff recommended that the Commission deny reconsideration on this matter. *Id.*

Happy Valley Ranchos Surcharge Loan

As the surcharge was not an issue determined by the Commission in Order No. 36407, Staff recommended that the Commission deny reconsideration on this matter. *Id.* at 15.

Staff Recommendation

Due to the additional information provided in the supplemental filings, Staff recommended that the Commission: (1) approve an increase of \$8,390 for the Water Management Expense, (2) approve an increase of \$9,386 for the Company's accountant/bookkeeper in the Management, Administration & General Labor Expense, and (3) deny reconsideration on all other matters. *Id.*

COMPANY REPLY COMMENTS

The Company represented that it accepted Staff's recommendations on the issues of: (1) the Insurance Premium; (2) the Office Lease; (3) the Non-Recurring Charges; (4) the Depreciation Rates; (4) the Backhoe Rental; (5) the Long-Term Debt Issuance; (6) the Customer Accounts Labor Expense; (7) the Capitalizing Repairs and Rebuilds; (8) the Facility Plan; (9) the Golf Course Water Use; (10) the ROE; (11) and the Happy Valley Ranchos Surcharge Loan. Company Reply Comments at 3-6.

On the remaining issues, the Company represented:

1. Management Issues

The Company indicated that it was requesting that Staff acknowledge the errors of their ways and ask the Company for forgiveness. *Id.* at 6.

2. Management, Administration & General Labor Expense

The Company agreed to Staff's recommendation to increase the accountant/bookkeeper expense by \$9,386. *Id.* at 5.

3. Water Management Expense

The Company indicated that its engagement began in April 2024 and expired March 31, 2025. *Id.* The Company represented that all of the invoices submitted were "STRW XXXX" numbers indicating water system only management expenses. *Id.* The Company requested that the Commission increase the water management expense by \$24,041 to \$48,471. *Id.* at 4.

4. Rate Case Costs

The Company represented that legal costs incurred-to-date had previously been documented with statements from its legal counsel's firm. *Id.* at 5. The Company claimed that it was excluded from the "Meet and Confer" meeting between Staff's attorney and Jason T. Piskel, thus, the Company was unaware that Staff felt the need to review the individual invoices to determine if they were appropriate. *Id.* The Company stated that it submitted invoices as Attached Exhibit F to its Reply Comments. *Id.*

5. Lease for New Pump/Controller Well No. 3

The Company indicated that it had previously provided the estimates for the pump and controller to Staff, but the final invoices were less than the estimates, and that copies of the invoices and cancelled checks were included in its response. *Id.* at 6. The Company stated that it provided the invoices as Attached Exhibit G to the Company's Reply Comments and that the Company had decided to capitalize the equipment on the balance sheet. *Id.*

COMMISSION FINDINGS AND DECISION

The Commission has jurisdiction over the Company's Application and the issues in this case under Title 61 of the Idaho Code including *Idaho Code* §§ 61-301 through 303. The Commission is empowered to investigate rates, charges, rules, regulations, practices, and contracts of all public utilities and to determine whether they are just, reasonable, preferential, discriminatory, or in violation of any provisions of law, and to fix the same by order. *Idaho Code* §§ 61-501 through 503.

Reconsideration affords parties an opportunity to bring to the Commission's attention any matter previously determined and provides the Commission an opportunity to rectify any mistake before the matter is appealed to the Supreme Court. *Washington Water Power Co. v. Idaho Public*

Utilities Comm'n, 1980, 101 Idaho 567, 617 P.2d 1242. Any person or public utility has the right to petition for reconsideration in respect to any matter determined in a Commission order. *Idaho Code* § 61-626(1). “Within twenty-eight (28) days after the filing of a petition for reconsideration the commission shall determine whether or not it will grant such reconsideration, and make and enter its order accordingly.” *Idaho Code* § 61-626(2).

Commission Rule of Procedure 332 provides that the “Commission may grant reconsideration upon petition of any interested person or upon its own motion.” IDAPA 31.01.01.332. “Petitions for reconsideration must specify (a) why the order or any issue decided in it is unreasonable, unlawful, erroneous or not in conformity with the law, and (b) the nature and quantity of evidence or argument the petitioner will offer if reconsideration is granted.” IDAPA 31.01.01.331.01. “Grounds for, or issues on reconsideration not supported by specific explanation may be dismissed.” IDAPA 31.01.01.332.

Having reviewed the record on reconsideration, it appears that the only remaining issues to consider are: (1) the Management, Water Rights, Rights of Way, And Easement Leases; (2) the Water Operator (O&M) Expense; (3) the Rate Case Expenses; (4) the Management, Administration & General Labor Expense; and (5) the New Pump/Controller Well #3.

A. Management, Water Rights, Rights of Way, And Easement Leases

On reconsideration, the Company requests to recover a total of \$23,412.33 per year in Water Rights, ground, easements, and ROW leases. Supplemental Submissions at 2-3. Having reviewed the record and all submitted materials, the Company’s request for reconsideration is denied.

In its Final Order, the Commission denied the Company’s initial request for the rental expenses because the Commission did “not believe that costs for leasing these assets back to the Company are fair, just, or reasonable or prudent.” Corrected Order No. 36407 at 16. The Commission reasoned that it could not “approve the Company’s proposed expenses for leasing the water rights while that transaction appears to be structured in a manner designed to deliver returns to related entities at the expense of customers.” *Id.* That reasoning remains true on reconsideration and none of the Commission’s concerns have been addressed by the Company.

Notably, the Company maintains that “Bridge partners ... sold all real estate and water rights to Esprit in November 2018.” Petition at 10. However, the Company also represents that in 2021/2022, an internal review of the existing water rights being used by the Company showed

three water rights owned by Stoneridge Water Co. and one water right owned by CDS Stoneridge Utilities, LLC. 10/30/24 Company Reply Comments at 14-15. The Company states that in 2023 it consolidated “all water rights under the parent company-Esprit Enterprises, LLC.” *Id.* at 15. It is not lost on the Commission that the Company lists its name in its Application as “CDS StoneRidge Utilities, LLC, dba StoneRidge Water Company.” This is only one of the tangled ownership issues that remains unresolved on reconsideration, and those unresolved issues reaffirm this Commission’s conclusion that allowing recovery at this time would not be fair, just, or reasonable.

Additionally, on reconsideration the Company proposes that the Commission approve a revised lease agreement between the Company and Esprit. The Commission declines to do so. Reconsideration is not the place for the Commission to consider a newly signed agreement; rather, the existence of this new agreement itself indicates that the Commission was correct in determining that the originally requested recovery in the Company’s Application was unreasonable. The Company’s request for reconsideration on the issue of Management, Water Rights, Rights of Way, and Easement leases is denied.

B. Water Operator (O&M) Expense

In its Final Order, the Commission found that “[t]he Company did not provide sufficient evidence to support the increased costs. For example, the Company did not submit invoices justifying the increase in cost from Staff’s position.” Corrected Order No. 36407 at 15. On reconsideration, the Company submitted contracts and invoices that it purports are between the Company and Integrity Water Management, Inc. (“Integrity”) for services rendered in 2024. However, the Commission is concerned with the veracity of the submitted evidence.

For instance, in its 10/30/24 Reply Comments, the Company submitted one version of a contract between the Company and Integrity for service from April 1, 2024, through March 31, 2025, and encompassing both water and sewer services. 10/30/24 Reply Comments, Exhibit I. That version of the contract is three pages long and does not contain a signature page. *Id.* Next, in its Supplemental Submissions, the Company submitted a second version of the same contract, providing for the same dates of service, and encompassing the same water and sewer services. Supplemental Submissions, Exhibit D. This second version of the contract is five pages long and contains a signature page with signatures dated January 1, 2025, which is after the Final Order date in this case. *Id.* Finally, in its Reply Comments on reconsideration, the Company submitted a third version of the same contract, providing for the same dates of service, but noticeably absent any

reference to sewer service. Reply Comments, Exhibit A. This third version of the contract is seven pages long and contains two signature pages dated April 1, 2024. *Id.*

These discrepancies are serious and raise significant questions about the Company's candor toward the Commission and its customers who will ultimately be responsible for paying for justifiable and verifiable expenses of the Company. Based on its review of the record, the Commission finds that the evidence provided by the Company is insufficient to grant reconsideration on this issue.

C. Rate Case Expenses

On reconsideration, the Company argues that the legal costs incurred-to-date had previously been documented with statements from its legal counsel's firm, and the Company did not know that Staff wanted to review the individual invoices to determine if they were appropriate because the Company was excluded from the "Meet and Confer" meeting between Staff's attorney and the Company's attorney Jason T. Piskel. Company Reply Comments at 4. The Company submitted additional invoices as Attached Exhibit F to the Company's Reply Comments. *Id.* at 5. Having reviewed the record and all submitted materials, the Company's request for reconsideration is denied.

As an initial matter, the Company has not claimed, nor supported a claim, that the Commission's Final Order is unreasonable, unlawful, erroneous or not in conformity with the law. Rather, the Company is requesting recovery of additional updated amounts for rate case expenses. To the extent that any such argument could be brought on reconsideration, that argument must be supported in the initial petition, not through evidentiary submissions in the Company's final pleading, without opportunity for full review by all interested parties. Additionally, the Commission is concerned with the Company's representation, from its own attorney, that the Company was in some way excluded from a meeting between parties in this case by its own attorney. Such a claim raises ethical concerns regarding the attorney-client relationship and adequate representation that are beyond the scope of the issues on reconsideration.

However, given the request, and the evidence submitted, the Commission authorizes the Company to defer any amounts above those included for recovery in this case, to be verified and evaluated for recovery in a future rate proceeding.

D. Management, Administration & General Labor Expense

On reconsideration, the Company represented that it submitted copies of time sheets, W-2s, and G&A Pay Analysis for Judy Duffy and Becca Loughlan. Supplemental Submissions at 5; Exhibit F to the Supplemental Submissions. The Company requested an additional annual amount of \$21,348.96 for the two employees. Supplemental Submissions at 5. Based on the newly submitted information provided in the supplemental filings, Staff recommended that the Commission approve an increase of \$9,386 for the Company's accountant/bookkeeper in the Management, Administration & General Labor Expense. Staff Comments at 15. In its reply comments, the Company agreed to Staff's recommendation to increase the accountant/bookkeeper expense by \$9,386. Company Reply Comments at 5.

Having reviewed the record and all submitted materials, the Commission finds it fair, just, and reasonable to increase the Company's recovery for an accountant/bookkeeper in the Management, Administration & General Labor Expense by \$9,386.

E. New Pump/Controller Well #3

In its Supplemental Submissions, the Company indicated that it was not in a position to purchase the new pump with cash, and the Company proposed to renegotiate the purchase lease at a rate of 11% interest over 60 months. Supplemental Submissions at 7. However, in its reply comments, the Company indicated that it had previously provided the estimates for the pump and controller to Staff, but the final invoices were less than the estimates. Company Reply Comments at 5. The Company stated that it provided the invoices as Attached Exhibit G to the Company's Reply Comments and that the Company had decided to capitalize the equipment on the balance sheet. *Id.*

Having reviewed the record and all submitted materials, the Commission does not see an issue presented for reconsideration. Once again, the Company has not claimed, nor supported a claim, that the Commission's Final Order is unreasonable, unlawful, erroneous or not in conformity with the law, and it appears that the Company is no longer requesting approval of a lease agreement for the new pump.

ORDER

IT IS HEREBY ORDERED that the Company's request for reconsideration is granted in part and denied in part as set forth above.

IT IS FURTHER ORDERED that the Company is authorized to defer any rate case expense amounts above those included for recovery in this case, to be verified and evaluated for possible recovery in a future rate proceeding.


IT IS FURTHER ORDERED that the Company's request to recover an additional \$9,386 for an accountant/bookkeeper in the Management, Administration & General Labor Expense is granted. All other requests for reconsideration are denied.

IT IS FURTHER ORDERED that the Company shall submit a compliance filing with updated tariffs with the approved rates within 30 days of the issuance of this order.

THIS IS A FINAL ORDER ON RECONSIDERATION. Any party aggrieved by this Order may appeal to the Supreme Court of Idaho within forty-two (42) days pursuant to the Public Utilities Law and the Idaho Appellate Rules. *Idaho Code* § 61-627; I.A.R. 14.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 6th day of May 2025.


EDWARD LODGE, PRESIDENT


JOHN R. HAMMOND JR., COMMISSIONER

Recused
DAYN HARDIE, COMMISSIONER

ATTEST:


Monica Barrios-Sanchez
Commission Secretary

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