

Idaho Public Utilities Commission
PO Box 83720
Boise, Idaho 83720

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J. J. ...

Hello,

This is regarding case # SWS-W-24-01...the water rater issue from CDS StoneRidge Utilities.

I have enclosed a spreadsheet. All of the data on the spreadsheet is from annual reports filed by CDS StoneRidge with IPUC. Two ownership interests are represented. Chan Karupiah bought the utility in late 2018. I downloaded and reviewed data from IPUC for this utility from 1999 to present; please note that the utility has not filed an annual report for 2023. I've included data from 2013-2022.

At the top of the spreadsheet, in the line item entitled "REVENUE" is a yellow highlight for 2018-2022. This is significant because the current owner purchased the utility in late 2018.

There are two blue highlights, one for metered sales - commercial, and one for irrigation sales revenue. The owner also owns a golf course that was receiving water from the utility. That water sales amount does not seem to be included for some years. Did the golf course just not pay its bill?

There is a yellow highlight for "TOTAL REVENUE" for 2018-2022. Total revenue is fairly consistent in the \$200,000 - \$260,000 range for that period. Sales prior to current ownership are consistent as well, at \$190,000 - \$210,000 for the years 2013-2017.

What changed with the change in ownership? Expenses changed. Dramatically. Let's explore.

The green highlighted numbers are labor related expenses. For the period of 2020-2022, labor expense jumped dramatically, from an average of less than \$30,000 for the period of 2013-2018, to \$220,000-\$244,000 under new ownership. This higher number includes "contract services - professional" (highlighted in pink) that had a \$0 expense prior to 2019! This is a MORE than a 7X increase in labor expense. Keep in mind, the new owner was running the exact same utility system!

The blue highlighted area, "contract services - water testing" dropped to \$0 in 2021 and 2022. This is a huge concern and red flag for a water utility!

The orange highlighted area, "rentals - property and equipment" averaged from \$0 - less than \$1,800 annually under prior ownership. Under current ownership, for the time period of 2019-2022, this expense exploded to \$60,000 - \$85,000. Keep in mind, the utility is the same system from 2019 to 2022, and from 2013-2018.

“Insurance,” highlighted in pink, saw a substantial increase in annual expense under current ownership, for the period of 2018-2022, going from \$1,000 - \$2,700 annually to \$4,600 - \$7,300 annually.

Finally, lets look at Total Operating expense, highlighted in pink and yellow at the bottom of the spreadsheet. Prior to current ownership, expenses ranged from \$75,000 - \$98,000 annually. Under current ownership, expenses range from \$340,000 - \$368,000...a 5X increase!

It is known that the current owner has no prior experience in managing a utility. That is certainly clear from the spreadsheet I’ve attached about Revenue and Expense.

The owner of the utility has requested an exorbitant rate increase...260% to 540%.

The users of the utility should NOT be penalized for the inexperience and incompetence of the current owner.

The difference is clear. The prior owners ran the same utility at a much lower expense than the current owner. The rate increase should be denied in its entirety until the current owner gets a better handle on operations.

Sincerely,


Steve Rezac

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Blanchard, Idaho 83804

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208-255-8243

Table 1

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
REVENUE										
METERED SALES - RESIDENTIAL	\$117606.00	\$127612.00	\$130241.00	\$130431.00	\$123647.00	\$152868.00	\$141137.00	\$170899.00	\$217845.00	\$145935.00
METERED SALES - COMMERCIAL	\$25968.00	\$28084.00	\$22613.00	\$22942.00	\$23322.00	\$31791.00				\$71331.00
OTHER WATER SALES REVENUE	\$13326.00	\$3375.00	\$10587.00	\$15571.00	\$17389.00	\$26820.00	\$50814.00	\$25889.00	\$20789.00	\$20953.00
IRRIGATION SALES REVENUE	\$32593.00	\$37732.00	\$49492.00	\$40886.00	\$39746.00	\$50817.00	\$25311.00			\$22481.00
TOTAL REVENUE	\$189493.00	\$194803.00	\$212932.00	\$209830.00	\$204105.00	\$262096.00	\$217261.00	\$196788.00	\$238634.00	\$280700.00
CONNECTION FEES	\$13326.00	\$3375.00	\$10587.00	\$15571.00	\$17389.00	\$26820.00	\$32600.00	\$30004.00	\$39933.00	\$48895.00
APPROVED SURCHARGES								\$16050.00	\$17089.00	\$19318.00
EXPENSES										
LABOR - OPERATIONS & MAINT.	\$22469.00	\$20354.00	\$17530.00	\$16691.00	\$12894.00	\$14722.00		\$63773.00	\$68875.00	\$78346.00
LABOR - CUSTOMER ACCTS								\$28392.00	\$30663.00	\$33116.00
LABOR - ADMIN & GENERAL	\$12550.00	\$5596.00	\$14302.00	\$9028.00	\$9531.00	\$13850.00		\$53872.00	\$59186.00	\$62270.00
SALARIES - OFF & DIRECTORS							\$91958.00	\$31200.00	\$33896.00	\$37276.00
EMP PENSIONS/BENEFITS	\$2820.00	\$4167.00	\$5990.00	\$6213.00	\$4961.00	\$4889.00	\$247.00			
PURCHASED POWER/FUEL	\$9529.00	\$11712.00	\$12896.00	\$12880.00	\$6528.00	\$15117.00	\$38257.00	\$25241.00	\$36642.00	\$6302.00
CHEMICALS	\$200.00	\$390.00	\$889.00	\$484.00	\$373.00	\$543.00	\$3896.00	\$1058.00	\$1042.00	\$4538.00
MATERIALS/SUPPLIES OPS & MAINT	\$9437.00	\$15490.00	\$14538.00	\$11555.00	\$10695.00	\$12493.00	\$31344.00	\$9581.00	\$15196.00	\$24608.00
MATERIALS/SUPPLIES ADMIN & GEN	\$4081.00	\$8757.00	\$4299.00	\$3808.00	\$4160.00	\$3744.00	\$12513.00	\$5436.00	\$4078.00	\$3069.00
CONTRACT SERVICES - PROF							\$81135.00	\$44737.00	\$38783.00	\$32690.00
CONTRACT SVCS - WATER TESTING	\$6686.00	\$3711.00	\$18198.00	\$12971.00	\$12410.00	\$5642.00	\$7625.00	\$675.00		
CONTRACT SERVICES - OTHER										\$7.00
RENTALS - PROP & EQUIPMENT			\$1256.00	\$1762.00	\$1166.00	\$1185.00	\$85200.00	\$63735.00	\$68704.00	\$61371.00
TRANSPORTATION EXP	\$4901.00	\$4011.00	\$4194.00	\$1704.00	\$2313.00	\$1757.00	\$85.00	\$657.00	\$57.00	\$942.00
INSURANCE			\$1118.00	\$2238.00	\$2726.00	\$4326.00	\$4647.00	\$7060.00	\$7315.00	\$6162.00
REG COMMISSION EXP							\$2596.00	\$2229.00	\$1888.00	
BAD DEBT EXPENSE							\$15600.00			
MISC	\$2496.00		\$3315.00	\$1375.00	\$953.00	\$1321.00				\$722.00
TOTAL OPERATING EXPENSE	\$75170.00	\$74187.00	\$98923.00	\$80708.00	\$83927.00	\$79589.00	\$359502.00	\$337647.00	\$367214.00	\$351425.00

Table 1

REVENUE	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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 Base ID
 02269
 PO BOX 8320
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 066 WA ENVAKOS

REZAC
 28 SANS SOUCI DR
 BLANCHARD, ID 83804

MATERIALS/SUPPLIES OPS & MAINT	\$9437.00	\$15490.00	\$14338.00	\$11555.00	\$10695.00	\$12493.00	\$31344.00	\$9581.00	\$15196.00	\$24608.00
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TRANSPORTATION EXP	\$4901.00	\$4011.00	\$4194.00	\$1704.00	\$2313.00	\$1757.00	\$85.00	\$657.00	\$57.00	\$942.00
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TOTAL OPERATING EXPENSE	\$75170.00	\$74187.00	\$98323.00	\$80708.00	\$68327.00	\$79589.00	\$359502.00	\$337647.00	\$367214.00	\$351425.00