

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF TETON WATER AND SEWER COMPANY'S APPLICATION FOR RESERVE FUND DISTRIBUTION) **CASE NO. TTS-W-20-02**
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) **ORDER NO. 34968**
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On December 6, 2020, Teton Water and Sewer Company (“Company”) requested the Commission approve the use of funds from the Emergency Reserve Fund established by Commission Order No. 30718 in TTS-W-08-01. On February 1, 2021, the Commission issued a Notice of Application and Notice of Modified Procedure. Order No. 34907.

Now, the Commission approves distribution of the requested funds.

BACKGROUND

The Commission established the Emergency Reserve Fund to address the Company’s under-capitalization. Order No. 30718. The Company developed its system using lot sales to recover infrastructure costs, which left the Company without plant-in-service that could be put into rate base. Therefore, the Company lacked sufficient earnings to cover unexpected expenses. *Id.* In establishing the Emergency Reserve Fund, the Commission stated “the reserve fund is to be used only for emergencies and major unplanned capital expenditures (plant repair, maintenance and replacement). It is not intended to . . . fund capital expenditures that should have been planned.” *Id.* at 12. In addition, the Commission required the Company to establish an auditable paper trail for expenditures paid from the Emergency Reserve Fund and to file notice with the Commission when money from the Emergency Reserve Fund is used. Order Nos. 30718, 34000.

THE APPLICATION

The Company used money from the Emergency Reserve Fund for four projects in 2020. The Company reported repairing two water leaks, resolving a sand/silt complaint, and locating a missing curb box. The Company reported the total cost to be \$18,046.31 for the four projects.

THE COMMENTS

Staff recommended the Commission approve the Application. Staff stated each project was within the parameters the Commission established in prior orders. Staff Comments at 3. One water leak was losing about 90,000 gallons per day and the second was losing about 25,000 gallons

per day. *Id.* The water leak repairs respectively cost \$3,429.43 and \$5,484.45. *Id.* The third repair was to fix a silt and sand issue in response to a customer complaint. The Company made a new connection from the main and installed a new service line to the home for \$6,116.68. *Id.* The fourth repair required the Company to locate a curb stop so it could shut off water to a customer's house so the customer could make repairs. The Company could not find the curb stop on the system's As-Built drawings or locate it with detection equipment. *Id.* Therefore, significant excavation was required. The cost of excavation, repairs, and landscaping totaled \$3,015.75. *Id.*

Staff stated the Company provided the necessary audit trail in its Application and Staff reviewed copies of the invoices, bank statements, and the QuickBooks ledger provided. Staff determined the paper trail was adequate and the Emergency Reserve Fund has sufficient funds to cover the expenses. *Id.* After the withdrawals for the repairs, the Emergency Reserve Fund had \$4,047 as of December 31, 2020. *Id.* Staff expressed concern about projects that require extensive excavation due to inaccurate As-Built drawings. *Id.* Staff noted that similar problems occurred in previous cases. Staff stated it "believes it is the Company's responsibility to know the location of components of its water system and that the Company should be doing everything possible to reduce excavation expenses related to inaccurate As-Built" drawings. *Id.* at 3-4. Staff expressed concern that the Emergency Reserve Fund could be depleted due to similar issues before a budget can be established in the next general rate case. *Id.* at 4. But Staff was encouraged by the Company's efforts to minimize excavation costs by purchasing leak detection equipment and trying to locate all curb stops in its system. *Id.* Staff reported the Company has surveyed about 60% of its system and plans to complete the survey by the end of 2021. *Id.* So far, the Company has identified about ten curb stops that cannot be found and is developing plans to locate or install them before emergencies arise. *Id.*

COMMISSION FINDINGS AND DECISION

The Commission has jurisdiction over this matter under *Idaho Code* §§ 61-501, -502 and -503. 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. Having reviewed the record, we find that the projects are the types of projects the Emergency Reserve Fund is intended to pay for, that the Company adequately documented its expenses, and the Company notified the Commission of the Emergency


Reserve Fund distribution in a timely manner. We are encouraged by the Company's efforts to proactively address missing curb stops before emergencies arise.

ORDER

IT IS HEREBY ORDERED that the Company's Application is granted. The \$18,046.31 distribution from the Emergency Reserve Fund is approved.

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 with regard to 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 24th day of March 2021.



PAUL KJELLANDER, PRESIDENT

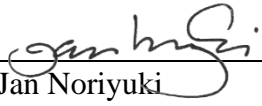


KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Jan Noriyuki
Commission Secretary