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Attorney for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF TETON WATER & SEWER COMPANY'S APPLICATION FOR RESERVE FUND DISTRIBUTION)
) **CASE NO. TTS-W-22-01**
)
)
) **COMMENTS OF THE**
) **COMMISSION STAFF**
)

COMES NOW, the Staff of the Idaho Public Utilities Commission, ("Staff") by and through its Attorney of record, Taylor R. Brooks, Deputy Attorney General, and submits the following comments.

BACKGROUND

On January 3, 2022, Teton Water & Sewer Company ("Company") applied to the Idaho Public Utilities Commission ("Commission") requesting approval to use its reserve fund for three separate 2021 repair projects. *Application* at 1. The Company states that the total cost of these projects exceeded the available funds in the Company's reserve account. *Id.* The Commission issued a Notice of Application and Notice of Modified Procedure setting deadlines for interested persons to comment on the Application and for the Company to reply.

The Commission authorized the creation of a reserve fund for the Company in 2009 but conditioned use of the fund solely for capital expenditures greater than 10% of the Company's annual revenue requirement. *See* Order No. 30718 at 12. Additionally, the Commission required the Company to establish an auditable paper trail for use of the fund and required the Company to provide the Commission with written notice of the intended use with the emergency details and related invoices. *Id.* at 13.

The Company is a water corporation and public utility as defined in *Idaho Code* §§ 61-125 and 61-129 and is licensed to do business in the State of Idaho.

The Company completed three repair projects in 2021 and seeks Commission approval to pay for these projects using the reserve fund. *Application* at 1. The repair projects include a water leak repair at 48 Moulton Lane, a water leak repair at 73 Beesley Lane, and a water leak repair at 33 Targhee Trail. *Id.*

The Company states the total cost of these projects (\$35,494.85) exceeded the available funds in the reserve account. *Id.* The Company stated “[a]t the start of the year, the [reserve] account had \$4,666.55, with the addition of funds at \$640/month for the year, . . . the year-end available funds [totaled] \$12,106.55.” *Id.* The Company stated that it transferred “\$11,208.85 to reimburse the operating account, which then left a balance of \$24,286.00 of expenses that were covered by funds other than the capital account.” *Id.* Thus, the Company requests approval from the Commission to use its future contributions to the reserve fund to reimburse the operating account for remaining unreimbursed expenses. *Id.*

The Company has included in its Application a summary of expenses, invoices, and a QuickBooks report for each project as directed by the Commission in Order No. 30718. *Id.*

STAFF ANALYSIS

Staff has reviewed the Company's Application and recommends the Commission find the emergency repair costs for three projects in the amount of \$35,494.85 are prudent.

In Order No. 30718, the Commission authorized the Company to establish an Emergency Reserve Fund with specific parameters for accessing the funds. The requirements for accessing the funds are as follows:

- The Company must file a notice of application to use the fund;
- The fund is only to be used for emergencies and unplanned capital expenditures (plant repair, maintenance and replacement);
- The Company must establish an auditable paper trail for all expenditures paid from the fund; and
- The fund can be used only for capital expenditures greater than 10% of the Company's annual revenue requirement.¹

On January 3, 2022, the Company filed an Application for use of the fund. In the Application, the Company included expenditures for three projects, all of which were water leak repairs. Because of the nature of the repairs, Staff maintains that all three projects qualify as emergencies. Included in the Application were copies of invoices for each repair along with photos capturing the leaks and repairs made. Staff reviewed the invoices and photos included in the Application and conducted an analysis comparing previous project expenses with 2021 project expenses. Staff believes that all three projects are necessary and prudent. The total expenses for each project are as follows:

- 48 Moulton Lane, \$13,328.60
- 73 Beesley Lane, \$11,336.25
- 33 Targhee Trail, \$10,830.00

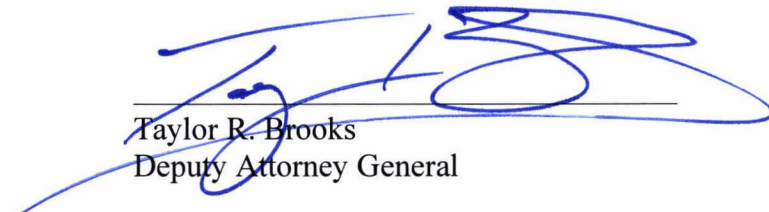
As it stands, total cost of the three projects (\$35,494.85) exceeds the available funds in the reserve account (\$12,106.55), leaving \$23,388.30 of repair expenses that are prudently incurred but cannot be covered by the Emergency Reserve Fund. Recovery for those expenses not covered by the Emergency Reserve Fund should be determined in the Company's current general rate case (Case No. TTS-W-22-02) that was filed on March 1, 2022.

STAFF RECOMMENDATIONS

After review and consideration of the Company's Application, Staff recommends that the Commission approve the Company's use of the Emergency Reserve Fund at the end of 2021 for the entire amount totaling \$12,106.55. Staff also recommends that recovery of the expenses not covered by the Emergency Reserve Fund be addressed in the Company's current general rate case.

¹ In Order No. 34000, the Commission eliminated the 10% of annual revenue requirement condition.

Respectfully submitted this 16th day of March 2022.



Taylor R. Brooks
Deputy Attorney General

Technical Staff: Joe Terry
Chris Hecht
Ty Johnson
Kevin Keyt

Umisc/comments/tsw22.01tbjtcwhyksk comments

CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 16TH DAY OF MARCH 2022, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. TTS-W-22-01, BY E-MAILING A COPY THEREOF, TO THE FOLLOWING:

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SECRETARY

A handwritten signature in blue ink, appearing to read "Jon Pinardi", is written over a horizontal line.