

ADAM TRIPLETT  
DEPUTY ATTORNEY GENERAL  
IDAHO PUBLIC UTILITIES COMMISSION  
PO BOX 83720  
BOISE, IDAHO 83720-0074  
(208) 334-0318  
IDAHO BAR NO. 10221

Street Address for Express Mail:  
11331 W CHINDEN BLVD, BLDG 8, SUITE 201-A  
BOISE, ID 83714

Attorney for the Commission Staff

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

<b>IN THE MATTER OF TETON WATER &amp;</b>	)	
<b>SEWER COMPANY’S APPLICATION FOR</b>	)	<b>CASE NO. TTS-W-24-01</b>
<b>RESERVE FUND DISTRIBUTION</b>	)	
	)	
	)	<b>COMMENTS OF THE</b>
	)	<b>COMMISSION STAFF</b>
	)	

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**COMMISSION STAFF (“STAFF”)** OF the Idaho Public Utilities Commission, by and through its Attorney of record, Adam Triplett, Deputy Attorney General, submits the following comments.

**BACKGROUND**

On February 12, 2024, Teton Water & Sewer Company, LLC (“Company”) filed its 2023 Reserve Fund Usage Report (“Report”) requesting Commission approval to use its reserve funds for two projects completed in 2023. The Company requested the application be processed through Modified Procedure.

The Company submitted its Report on 2023 reserve fund expenditures, reflecting expenditures of \$36,408 for the following projects: Water Leak Repairs at 45 Targhee Trail and 4 Blackfoot Trail.

The reserve funds were used to cover \$5,375 for asphalt work at 45 Targhee Trail and \$5,665 for work at 4 Blackfoot Trail. The remaining project costs—\$25,368—were paid from operating funds.

## **STAFF ANALYSIS**

In Order No. 30718, the Commission authorized the establishment of the Emergency Reserve Fund (“Fund”) with specific parameters for accessing the funds. The requirements for accessing the funds were as follows:

1. The Company must file a notice of application to use the funds;
2. The Fund is to be used only for emergencies and major unplanned capital expenditures (plant repair, maintenance, and replacement);
3. The Company must establish an auditable paper trail for all expenses paid from the fund; and
4. The funds can be used only for capital expenditures greater than 10% of the Company’s annual revenue requirement.<sup>1</sup>

On February 12, 2024, the Company filed an application requesting to use the funds for two projects completed in 2023:

- 45 Targhee Trail Water Leak Repair, \$24,612; and
- 4 Blackfoot Trail Water Leak Repair, \$11,795.

The Company included invoices and photos documenting all project expenses in its Application. Staff reviewed all supporting documents and concludes that both projects qualify as unplanned emergency repairs.

While reviewing invoices and photos for the water leak repair on 4 Blackfoot Trail, Staff discovered an affiliate transaction between the Company and Teton Management Services Inc. (“TMS”), both owned by Jon Pinardi. The invoice in question included services provided by TMS for 13.5 hours of general labor at a labor rate of 28 dollars per hour. Staff compared the labor rate charged by TMS with the fair market labor rate for similar services and determined that the rate was appropriate for the nature of the repair.

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<sup>1</sup> The 10% annual revenue requirement was eliminated in order No. 34000.


The total cost of the two projects, \$36,408, exceeds the \$11,850 available funds in the reserve account, however the Company is only requesting to use \$11,040 of the available funds. Staff recommends the remaining repairs of \$25,368 not covered by the emergency reserve fund be booked to account 101.333 (“Plant-in-Service”, sub-account “Services”) to be recovered in the Company’s next general rate case.

**STAFF RECOMMENDATION**

Staff recommends the Commission:

- Approve the Company’s use of the reserve fund for 2023 in the requested amount of \$11,040; and
- Require the \$25,368 amount for 2023 repairs not covered by the emergency reserve fund, be recorded in Account 101.333 for recovery in the Company's next general rate case.

Respectfully submitted this 3rd day of April 2024.

  
Adam Triplett  
Deputy Attorney General

Technical Staff: Ty Johnson

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## CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 3<sup>rd</sup> DAY OF APRIL 2024, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. TTS-W-24-01, BY E-MAILING A COPY THEREOF, TO THE FOLLOWING:

JON PINARDI  
TETON WATER & SEWER CO  
PO BOX 786  
DRIGGS ID 83422  
E-MAIL: [jpinardi@silverstar.com](mailto:jpinardi@silverstar.com)  
[Tetonws@silverstar.com](mailto:Tetonws@silverstar.com)



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PATRICIA JORDAN, SECRETARY