

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF VALIANT IDAHO)	CASE NO. VID-W-25-02
INC./TIC UTILITIES, LLC'S APPLICATION)	
TO INCREASE ITS RATES AND CHARGES)	ORDER NO. 36879
FOR WATER SERVICE IN THE STATE OF)	
IDAHO)	
)	

On March 4, 2025, TIC Utilities, LLC, an entity affiliated with Valiant Idaho, Inc. ("Company"), applied to increase the rates and charges for the Company's water service ("Application"). The Company requests a July 1, 2025, effective date for the proposed rate increase.

On November 3, 2025, the Commission issued Order No. 36818, authorizing the Company to increase its rates in an amount less than that requested in the Application.

On November 24, 2025, the Company filed a Petition for Reconsideration ("Petition") of Order No. 36818 ("Order"). The Company argues that certain revenue and expense adjustments in the Order unfairly, unjustly, and unreasonably understate its operating costs, depriving it of the opportunity to obtain a return on its investments in the water system. No responses to the Petition were filed.

With this Order, we grant the Company's Petition as described below.

ORDER NO. 36818

In Order No. 36818, the Commission authorized the Company to increase its rates for water service. In doing so, however, the Commission adjusted the Company's revenue and certain proposed expenses. Order No. 36818 provides, in pertinent part:

After reviewing the Application, supporting documents, discovery responses, the Company's financial records, procedures, and internal controls, Staff recommended a total annual revenue requirement of \$201,869, an increase of \$36,623 or 22.1%. This recommended revenue requirement results from a capital structure made up entirely of equity, with an 11.0% return on equity applied to a net rate base of \$434,673.

*

*

*

1. Salaries

Keeping skilled, experienced employees, including those in field and management roles, benefits both the Company and its customers. However, employee pay must be reasonable as overcompensating employees does not serve customers or the utility.

The Company proposes a \$48,000 annual salary expense for its manager. Based on the manager's average weekly 12.5 hours of work for the utility, this results in a \$74 hourly wage, which we find excessive. Instead, we find a reasonable salary to be \$30,000 per year, or about \$46 per hour. This aligns with salary data from BLS data for other managerial positions. Accordingly, we find it reasonable to authorize a \$30,000 salary expense for the manager of the Company, reducing the Company's proposed expense by \$18,000.

2. Chemical Adjustment

Water utilities may have to chemically treat water before providing it to customers to eliminate pathogens or remove impurities. Based on calculations using data on the Company's chemical usage between 2021 through 2024, Staff recommended a chemical expense for the Company of \$3,944, reducing the requested chemical expense in the Application by \$6,224.

According to the Company, Staff's recommendation failed to account for the introduction of an ATEC filtration system, which significantly improved the water system's performance but also substantially increased its chemical usage. The Company also urged exclusion of 2021 chemical use data, arguing that it skews the analysis because the Company had just started operations and the installation of the ATEC system and significant customer growth have occurred since then.

The Company is entitled to recovery of the expenses that it prudently incurred to serve its customers. It is possible that customer growth since 2021 and activation of the ATEC system fully explain the significant increase in chemical spending between 2021 and 2024. However, beyond conclusory assertions, the Company did not provide evidence substantiating and explaining the purported link between customer growth or the installation of the ATEC system and the significant jump in chemical purchases that occurred between 2021 and 2022. Accordingly, we find Staff's proposed chemical expense adjustment of \$3,944 reasonable, resulting in a \$6,224 reduction to the amount requested in the Application.

3. Water Testing

For similar reasons, we find Staff's proposed annualization of the Company's water testing expenses to be reasonable. The Company follows a three-year testing cycle. Staff calculated the total three-year water testing costs, annualizing them at \$1,338 per year and recommending this as the annual expense. This reduced the Company's original request by \$2,402. The Company asserts, without substantiating evidence or cogent explanation, that this recommendation fails to consider customer growth or the installation of the ATEC system. It is

possible that these factors could justify a different water testing expense than the one Staff recommends. However, we must base our decision on the evidence in the record. Accordingly, we find it reasonable to authorize an annual water testing expense of \$1,338 per year, a \$2,402 reduction of the Company's original request.

4. Electricity Adjustment

In the same vein, we find it reasonable to approve Staff's recommended electricity expense. Staff recommended an annual electricity expense of \$9,794, based on per-gallon electricity costs applied to normalized water production over three years of data from November 2021 to October 2024. The Company asserts that Staff's proposed expense falls far short of the \$22,671 of actual electric expenses it incurred during 2024 and \$17,087 incurred during the first half of 2025. As stated previously, the Company is entitled to recover the expenses it prudently incurred to serve its customers. However, we must base our decisions on the evidence in the record. If the Company wishes to recover these electricity expenses, it must provide data and explanation substantiating and justifying how the substantial electricity expenses were prudently incurred to serve its customers.

Ultimately, the Commission approved a 22.1% increase to the Company's revenue requirement, which will be recovered through 49% higher rates paid by customers currently consuming water.¹ Order No. 36818.

COMPANY'S PETITION

On November 24, 2025, the Company filed a Petition for Reconsideration ("Petition") of Order No. 36818 ("Order"). The Company argues that certain revenue and expense adjustments in the Order unfairly, unjustly, and unreasonably understate its operating costs, depriving it of the opportunity to obtain a return on its investments in the water system.

The Company agrees that 2024 is an appropriate test year for determining its revenue requirement, but it disputes certain proposed pro forma adjustments that it contends unfairly understate its actual 2024 expenses. According to the Company, relying on earlier years or a three-year average ignores significant cost increases from new equipment, additional customer connections, and general inflation, which materially affect expenses such as electricity, chemicals, and water testing. The Company also argues that the Commission should base its calculations on actual revenue collected rather than potential revenue, and that the manager's salary expense should be increased.

¹ Before coming under Commission regulation, the Company charged lot owners in its service area even if their water service had not been turned on. The Company was allowed to keep charging these "non-flowing" customers.

I. Revenue Normalization

The Company disputes the claim that it failed to provide evidence of its actual revenue, noting that it submitted independently prepared financial statements for 2022–2024. These statements show it has never collected \$165,240 in any year, nor is it on track to do so in 2025, and the gap between potential and actual revenue is largely due to credit loss because the Company lacks effective legal mechanisms to compel payment. Accordingly, the Company asserts that the Commission should use its actual revenue collected for its test year revenue.

II. Salary Expense

The Company reasserts its opposition to the adjustment to the salary expense for its manager. The Company disputes that a qualified water system manager in North Idaho could be hired for \$30,000 per year given the complex regulatory, financial, technical, and managerial duties required. Because IPUC oversees operators in this jurisdiction, the Company argues that relying on national BLS data is inappropriate and requests that IPUC instead use actual wage data from comparable IPUC-regulated Idaho water systems, especially if such data supports a higher salary level.

III. Increased Operating Costs

The Company reiterates that its operating expenses have risen each year due to the 2022 installation of a chlorination system, the 2023 installation of an ATEC iron filtration system, and increased demand from new home construction, as shown by higher well production. To illustrate these assertions, the Company included the following table summarizing actual electricity, chemical, and water-testing expenses from 2021–2024 and the trailing 12 months through October 2025:

	2021 (1)	2022	2023	2024	2025 (2)
ELECTRICITY	\$1,268	\$7,273	\$10,675	\$15,935	\$17,968
CHEMICALS	\$335	\$11,102	\$5,984	\$11,453	\$7,560
TESTING	\$7,090	\$30,400	\$12,466	\$8,910	\$16,656
WATER PRODUCTION	2,146,315	15,036,977	21,287,833	23,251,215	30,545,571

A. Electricity Adjustment

The Company notes that Avista invoices clearly show electricity costs have increased every year and have never been as low as the \$9,794 assumed by the Commission. Because actual electricity expenses were \$15,935 in 2024 and \$17,968 for the trailing 12 months through October 2025, the Company requests that the Commission rely on these documented costs, rather than a three-year average or assumptions that understate current system needs, when determining the appropriate electricity expense going forward.

B. Chemical Adjustment

Similarly, the Company notes that chemical costs have risen each year due to the addition of the chlorination system, the ATEC iron filtration system, and increased active connections, all of which are documented in E3 Consulting invoices and reflected in growing well-production volumes. Because these factors drive higher—not lower—variable operating costs, the Company requests that IPUC rely on actual chemical expenses from 2024 (\$11,453) or the trailing 12 months through October 2025 (\$7,560), rather than a three-year average that understates current system requirements.

C. Water Testing

The Company emphasizes that testing costs have risen each year due to the addition of the chlorination system, the ATEC iron filtration system, and increased active connections—trends clearly reflected in actual invoices. Because these factors drive higher variable operating costs, the Company requests that IPUC rely on actual water testing expenses for 2024 (\$8,910) or the trailing 12 months through October 2025 (\$16,656), rather than a three-year average that understates current system needs.

IV. Evidentiary Support

The Company submitted two exhibits to support its Petition. First, Exhibit A is a spreadsheet that shows actual monthly expenses and well production from October 2021 through October 2025, illustrating increased demand largely due to new homes. Supporting monthly invoices from Avista Power for electricity and E3 Consulting for Chemicals (highlighted in yellow) and water testing (highlighted in pink) are also included.

Second, Exhibit B is a letter from the Idaho-licensed engineer who designed the system's wells, well house, chlorination system, and ATEC iron filtration system, Steve Cordes, P.E. of Welch Comer Engineers. His professional opinion corroborates the Company's contention that

these system additions, combined with increasing well production, will necessarily drive higher electricity, chemical, and water-testing costs going forward.

COMMISSION FINDINGS AND DECISION

Reconsideration provides an opportunity for a party to bring to the Commission's attention any question previously determined and thereby affords the Commission an opportunity to rectify any mistake or omission. *Washington Water Power Co. v. Kootenai Environmental Alliance*, 99 Idaho 875, 879, 591 P.2d 122, 126 (1979). The Commission may grant reconsideration by reviewing the existing record, by written briefs, or by evidentiary hearing. IDAPA 31.01.01.311.03. Once a petition is filed, the Commission must issue an order saying whether it will reconsider the parts of the order at issue and, if reconsideration is granted, how the matter will be reconsidered. *Idaho Code* § 61-626(2).

Consistent with the purpose of reconsideration, the Commission's Rules of Procedure require that petitions for reconsideration "set forth specifically the ground or grounds why the petitioner contends that the order or any issue decided in the order is unreasonable, unlawful, erroneous or not in conformity with the law." Rule 331.01, IDAPA 31.01.01.331.01. Rule 331 further requires that the petitioner provide a "statement of the nature and quantity of evidence or argument the petitioner will offer if reconsideration is granted." *Id.* A petition must state whether reconsideration should be conducted by "evidentiary hearing, written briefs, comments, or interrogatories." IDAPA 31.01.01.331.03. Grounds for reconsideration or issues on reconsideration that are not supported by specific explanations may be dismissed. IDAPA 31.01.01.332.

Based upon the information and materials submitted with the Petition, the Commission finds that additional consideration of the issues raised in the Petition and the record is appropriate. The Company did not expressly indicate how such reconsideration should be conducted. However, as described above, the Company has presented numerous written documents in support of its Petition without identifying potential supporting live witness testimony or other matters that require investigation. This exclusive reliance on documentary evidence implies that the Company believes written comments are sufficient to resolve the Petition. Accordingly, we further find it appropriate to reconsider our findings in Order No. 36818 based on the issues raised by the Petition. We find that reconsidering Order No. 36818 by written comments, associated documents, affidavits in support of the comments, and interrogatories is reasonable. *Idaho Code* § 61-626(2)

(“If reconsideration be granted, said order shall specify how the matter will be reconsidered The matter must be reheard, or written briefs, comments or interrogatories must be filed, within thirteen (13) weeks after the date for filing petitions for reconsideration.”)

The Company shall have until January 12, 2026, to file any additional evidence in support of its Petition. In particular, the Company is encouraged to provide the following information:

1. A breakdown of the water testing reflected in the submitted invoices, which includes:
 1. **Tests Performed**: Each specific water test conducted (e.g., bacteria, chemical, and contaminant analyses) as listed on the invoices from E3 Consulting.
 2. **Costs of Each Test**: The unit cost for each test performed.
 3. **Sampling Costs**: The portion of the invoiced cost, if any, attributable to taking and transporting samples of water for testing.
 4. **Frequency of Each Test**: The number of times each test was performed during the invoiced period.

If any of this information cannot be provided, the Company should explain why.

2. An explanation of why each test was necessary. If certain tests were not necessary, the Company should explain what prompted the performance of the tests.
3. A breakdown of all the chemicals that the Company purchased during the period covered by the invoices submitted in support of the Company’s Petition for reconsideration, including the amount and per unit cost of each chemical purchased.

Staff shall have until February 9, 2026, to file comments on the Company’s Petition. To prepare these comments, Staff may propound such additional written interrogatories or production requests upon the Company as are necessary to develop their respective positions on the Company’s Petition.

The Company shall have until February 23, 2026, to reply to Staff’s comments. The parties, including the Company, may file any associated documents and affidavits in support of their comments. The parties may include additional, relevant evidence within their comments concerning the issues raised in the Petition. After the reply comment deadline has closed, and the record on reconsideration is fully submitted, we will issue a final order on the merits of the Petition within the time required by *Idaho Code* § 61-626(2).


ORDER


IT IS HEREBY ORDERED that the Company's Petition for Reconsideration is granted. The Company has until January 12, 2026, to submit additional evidence to support its Petition.


IT IS FURTHER ORDERED that Staff shall have until February 9, 2026, to file written comments, associated documents, affidavits, and relevant evidence if necessary. The Company has until February 23, 2026, to file any reply, associated documents, affidavits, or other relevant evidence.

THIS IS AN INTERLOCUTORY ORDER. The Commission has not finally decided all of the matters presented in this case because it has granted reconsideration.


DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 19th day of December 2025.


EDWARD LODGE, PRESIDENT


JOHN R. HAMMOND JR., COMMISSIONER


DAYN HARDIE, COMMISSIONER

ATTEST.


Laura Calderon Robles
Interim Commission Secretary

I:\Legal\WATER\VID-W-25-02_GRC\orders\VIDW2502_Recon_at.docx