



IDAHO PUBLIC UTILITIES COMMISSION

ANNUAL REPORT 2023

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Table of Contents

Commissioners	5
Financial summary.....	7
Fiscal Years 2019 – 2023.....	7
Commission Structure & Operations	8
Commission staff	10
Administration	10
Legal	11
Utilities Division	11
Railroad Safety.....	12
Pipeline Safety	12
WHY CAN'T YOU JUST TELL THEM NO?.....	13
Electric.....	14
Atlanta Power Company.....	15
Avista Utilities.....	16
Idaho Power Company.....	20
Rocky Mountain Power	26
General	31
Water.....	32
Regulated Water Companies	32
Algoma Water System.....	33
Falls Water Company.....	34
Gem State Water	35
Island Park Water Company.....	36
Kootenai Heights Water System.....	37
Sunbeam Water	38
Veolia Water Idaho.....	38
Telecommunications.....	42
Regulated Telecommunication Companies	42
Natural Gas	44
Consumption and prices increased in FY2023	44
Individual Idaho Gas Utility Profiles	44
Natural Gas Consumption	45
Natural Gas Demand.....	46

Natural Gas Prices	46
Natural Gas Production	48
Renewable Natural Gas (RNG)	49
Natural Gas Summary	49
Intermountain Gas Company	50
Consumer Assistance	53
Complaints by Industry	53
Summary of Issues	54
Railroad Safety	55
Railroad Activity Summary	55
Pipeline Safety	56
Pipeline Safety Activity Summary	56
Contact List	57



Idaho Public Utilities Commission

P.O. Box 83720, Boise, ID 83720-0074

Brad Little, Governor

Eric Anderson, President
John R. Hammond, Jr., Commissioner
Edward Lodge, Commissioner

December 1, 2023

The Honorable Brad Little
Governor of Idaho
Statehouse
Boise, ID 83720-0034

Dear Governor Little:

It is our distinct pleasure to submit to you, in accordance with Idaho Code §61-214, the Idaho Public Utilities Commission's 2023 Annual Report. This report is a detailed description of the most significant cases, decisions, and other activities during 2023. The financial report on page seven is a summary of the Commission's budget through the conclusion of Fiscal Year 2023, which ended June 30, 2023.

It has been a privilege and honor serving the people of Idaho this past year.

Sincerely,

Eric Anderson
President, Idaho Public Utilities Commission

John R. Hammond, Jr.
Commissioner

Edward Lodge
Commissioner

COMMISSIONERS



Commission President Eric Anderson was appointed to his current six-year term in January 2019 by Gov. Brad Little. It is his second term on the Commission, having been initially appointed in December 2015 by former Gov. C.L. “Butch” Otter.

Commissioner Anderson serves on the National Association of Regulatory Utilities Commissioners (NARUC) Committee on Water as well as its Committee on International Relations. In November 2019 Commissioner Anderson was appointed Chair of NARUC’s Committee on Water.

Before joining the Commission, Anderson served five terms in the Idaho Legislature, from 2004-2014, and was chairman of the House Ways and Means Committee.

As a member of the Idaho House of Representatives, Anderson served on a number of committees, including Environment, Energy and Technology, Commerce and Human Resources, Resource and Conservation, Business, and State Affairs. He also chaired a legislative Interim Subcommittee on Renewable Energy.

Anderson received a Bachelor of Art degree in political science and government from Eastern Washington University.

A general contractor and real estate broker, Anderson also served as director and vice president of Sandpoint-based Northern Lights Inc., an electric cooperative.

He has also served as a director of the Idaho Consumer-Owned Utilities Association, the National Rural Electric Cooperative Association, and the Idaho Energy Resources Authority. He is a past member of the Pacific States Marine Fisheries Advisory Council and the Pacific Northwest Economic Region’s Executive Council.



Commissioner John R. Hammond, Jr. was appointed to his first term with the Idaho Public Utilities Commission by Governor Brad Little in January of 2022.

Prior to being appointed to the Commission, John worked for the Idaho Office of the Attorney General as a Deputy Attorney General and later as the Commission’s lead Deputy Attorney General. During his career, John was a partner at Fisher Pusch LLP in Boise. Prior to this John served as a law clerk to the Hon. Terry L. Myers, United States Bankruptcy Judge for the District of Idaho and as the pro se law clerk to the Federal District Court for the District of Idaho.

Commissioner Hammond serves as the State of Idaho representative on the Western Energy Imbalance Market Body of State Regulators (WEIM-BOSR), Committee of State Representatives (COSR), a standing committee of the Western Resource Adequacy Program (WRAP), the Committee on Regional Electric Power Cooperation (CREPC) and the Committee on Electricity with the National Association of Regulatory Utility Commissioners (NARUC).

John earned his Bachelor of Science degree from the University of Idaho and his Juris Doctor degree from the University of Idaho School of Law. He is licensed to practice law in the state of Idaho.



Commissioner Edward Lodge was appointed to his first six-year term with the Idaho Public Utilities Commission by Governor Brad Little in February of 2023.

Before joining the Commission, Lodge served as a Policy Assistant and Communications Director under Governor Philip Batt (1994-1998), Special Assistant to Governor Dirk Kempthorne (1999), and as Government Affairs Specialist for Connolly and Smyser, Chartered (1999-2004). Lodge also served as Director of Government and Regulatory Affairs for Qwest/CenturyLink (2004-2020).

Commissioner Lodge serves on the National Association of Regulatory Utilities Commissioners (NARUC) Committee on Water.

Lodge received a Bachelor of Arts degree in Management and Organizational Leadership from George Fox University in 2005 as well as a Master of Business Administration degree from George Fox University in 2008.

Commissioner Lodge serves as President of Lodge Cattle Company and Random Ventures and sits on the Executive Board for Caldwell Night Rodeo, Western Idaho Fair and the Western Heritage Foundation.

FINANCIAL SUMMARY

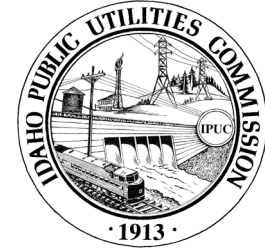
Fiscal Years 2019 – 2023

Financial Summary - Fund 0229

*This summary represents assessment funded expenses only. It does not include federal or other funds.

Description	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Personnel Costs	3,990,800	3,576,800	3,356,200	3,618,600	4,205,800
Communication Costs	23,100	27,500	26,000	53,500	25,800
Employee Development Costs	95,400	51,300	41,600	64,300	88,100
Professional Services	35,800	7,500	17,600	47,000	55,500
Legal Fees	602,600	630,500	524,500	595,500	603,400
Employee Travel Costs	219,700	140,000	17,000	164,300	234,000
Fuel & Lubricants	7,700	7,300	3,400	5,800	7,500
Insurance	3,900	7,300	7,800	8,600	7,700
Rentals & Leases	76,100	390,600	250,500	250,500	281,000
Misc. Expenditures	1,663,500	969,000	241,400	143,800	201,700
Computer Equipment	5,300	2,200	89,500	14,000	11,800
Office Equipment Motorized/Non-Motorized Equip	-	39,000	2,200	5,400	2,900
	-	-	59,200	-	-
Specific Use Equipment	1,300	-	-	1,500	1,200
Total Expenditures	6,725,200	5,849,000	4,636,900	4,972,800	5,726,400
Fund 0229-20 Appropriation	8,556,700	7,512,400	5,998,300	6,148,500	6,593,600
Fund 0229-20 Encumbrances	393,200	124,900	1,700	11,400	10,000
Unexpended Balance	1,438,300	1,538,500	1,359,700	1,164,300	857,200

COMMISSION STRUCTURE & OPERATIONS



Under state law, the Idaho Public Utilities Commission (Commission or IPUC) supervises and regulates Idaho’s investor-owned utilities – electric, gas, telecommunications, and water – assuring adequate service and affixing just, reasonable and sufficient rates.

The Commission does not regulate publicly owned, municipal, or cooperative utilities.

The Governor appoints the three Commissioners with confirmation by the Idaho Senate. No more than two Commissioners may be of the same political party. The Commissioners serve staggered six-year terms.

The Governor may remove a Commissioner before his/her term has expired for dereliction of duty, corruption or incompetence.

The three-member Commission was established by the 12th Session of the Idaho Legislature and was organized May 8, 1913 as the Public Utilities Commission of the State of Idaho. In 1951 it was reorganized as the Idaho Public Utilities Commission. Statutory authorities for the Commission are established in Idaho Code Titles 61 and 62.

The Commission has quasi-legislative, quasi-judicial, and executive powers and duties.

In its quasi-legislative capacity, the Commission sets rates and makes rules governing utility operations. In its quasi-judicial mode, the Commission hears and decides complaints, issues written orders that are similar to court orders and may have its decisions appealed to the Idaho Supreme Court. In its executive capacity, the Commission enforces state laws and rules affecting public utilities and the rail industry.



Commission operations are funded by fees assessed on the utilities and railroads it regulates. Annual assessments are set by the Commission each year in April within limits set by law.

The Commission president is its chief executive officer. Commissioners meet on the first Monday in April in odd-numbered years to elect one of their own to a two-year term as president. The president signs contracts on the Commission’s behalf, is the final authority in personnel matters and handles other administrative tasks. Chairmanship of individual cases is rotated among all three Commissioners.

The Commission conducts its business in two types of meetings – **hearings** and **decision meetings**. Decision meetings are typically held once a week, usually on Tuesday.

Formal **hearings** are held on a case-by-case basis, sometimes in the service area of the impacted utility. These hearings resemble judicial proceedings and are recorded and transcribed by a court reporter.

There are **technical hearings** and **customer hearings**. At technical hearings, formal parties who have been granted “intervenor status” present testimony and evidence, subject to cross-examination by attorneys from the other parties, Commission Staff attorneys and the Commissioners. At customer hearings, members of the public may testify before the Commission.



PUC hearing room

In 2009, the Commission began conducting **telephonic public hearings** on a case-by-case basis to save expense and allow customers to listen from the comfort of their own homes. Commissioners and other interested parties gather in the hearing room and are telephonically connected to ratepayers who call in on a toll-free line to provide testimony or listen in. A court reporter is present to take testimony.. Commissioners and attorneys may also direct questions to those testifying.

The Commission also conducts regular **decision meetings** to consider issues on an agenda prepared by the Commission Secretary and posted in advance of the meeting. These meetings are usually held Tuesdays at 1:30 p.m., although by law the Commission is required to meet only once a month. Members of the public are welcome to attend decision meetings.

Decision meetings consist of the Commission’s review of decision memoranda prepared by Commission Staff (Staff). Minutes of the meetings are taken. Decisions reached at these meetings may be either final or preliminary, but subsequently become final when the Commission issues a written order signed by a majority of the Commission. Under the Idaho Open Meeting Law, Commissioners may also privately deliberate fully submitted matters.



**PUC headquarters 11331 W. Chinden Blvd.
Building 8, Suite 201-A, Boise, Idaho 83714.**

COMMISSION STAFF

To help ensure its decisions are fair and workable, the Commission employs a Staff of about 55 people – engineers, utility analysts, attorneys, auditors, investigators, economists, secretaries, and other support personnel. The Staff is organized in three divisions – administration, legal and utilities.

OUR MISSION

- **Determine fair, just, and reasonable rates and utility practices for electric, gas, telephone, and water consumers.**
- **Ensure that delivery of utility services is safe, reliable, and efficient.**
- **Ensure safe operation of pipelines and rail carriers within the state.**

Administration

The Administrative Division is responsible for coordinating overall IPUC activities. The division includes the three Commissioners, three policy strategists, the Commission Secretary, an Executive Director, and support personnel.

The Executive Director has primary responsibility for the Commission’s fiscal and administrative operations, preparing the Commission budget and supervising fiscal, administration, public information, personnel, information systems, rail section operations and pipeline safety. The Executive Director also serves as a liaison between the Commission and other state agencies and the Legislature.

Contact Maria Barratt-Riley, Executive Director, at 208-334-0337.

The Commission Secretary, a post established by Idaho law, keeps a precise public record of all Commission proceedings. The Commission Secretary issues notices, orders and other documents to the proper parties and is the official custodian of documents issued by and filed with the Commission. Most of these documents are public records.

Contact Commission Secretary, at 208-334-0338.

The Policy Strategists are executive level positions reporting directly to the Commissioners with policy and technical consultation and research support regarding major regulatory issues in the areas of electricity, telecommunications, water, and natural gas. The Policy Strategists are also charged with developing comprehensive policy strategy, providing assistance and advice on major issues before the Commission, public agencies, and organizations.

Contact Josh Haver, Policy Strategist, at 208-334-0351

Contact Stephen Goodson, Policy Strategist, at 208-334-0354.

The Public Information Officer is responsible for public communication between the Commission, the general public and interfacing governmental offices. The responsibility includes news releases, responses to public inquiries, coordinating and facilitating Commission workshops and public hearings.

Contact Adam Rush, Public Information Officer, at 208-334-0339.

Legal

Four deputy attorneys general are assigned to the Commission from the Idaho Office of the Attorney General and have offices at IPUC headquarters. The IPUC attorneys represent the Staff in all matters before the Commission, working closely with Staff auditors, engineers, investigators, utility analysts as they develop their recommendations for cases and proceedings.

In the hearing room, attorneys help coordinate the presentation of the Staff's case and cross-examine other parties who submit testimony. The attorneys also represent the Commission itself in state and federal courts and before other state or federal regulatory agencies.

Contact Keri Hawker, Legal Admin Support, at 208-334-0324.

Utilities Division

The Utilities Division, responsible for technical analysis of utility matters before the Commission, is divided into four sections; Audit, Engineering, Technical Analysis, Telecommunications, Consumer Assistance.

The Staff analyzes each petition, complaint, rate change request or application for an operating certificate received by the Commission. In formal proceedings before the Commission, the Staff acts as a separate party to the case, presenting its own testimony, evidence and expert witnesses. The Commission considers staff recommendations along with those of other participants in each case - including utilities, public, agricultural, industrial, business and consumer groups.

Contact Terri Carlock, Utilities Division Administrator, at 208-334-0356.

The **Audit** section of six auditors and one program manager audits utility books and records to verify reported revenue, expenses and compliance with Commission orders. Staff auditors present the results of their findings in audit reports as well as in formal testimony and exhibits. When a utility requests a rate increase, cost-of-capital studies are performed to determine a recommended rate of return. Revenues, expenses and investments are analyzed to determine the amount needed for the utility to earn the recommended return on its investment.

Contact Donn English, Accounting Section Program Manager, at 208-334-0362.

The **Engineering** section of two engineers, three utility analysts, and one program manager reviews the physical operations of utilities. The Staff of engineers and analysts analyzes computer models of utility operations and compares alternative costs to repair, replace and acquire facilities to serve utility customers. The group establishes the price of acquiring cogeneration and renewable generation facilities, ensures the resources the Company acquires to serve customers are prudent, identifies the cost of serving various types of customers, evaluate the adequacy of utility services, and frequently help resolve customer complaints.

Contact Mike Louis, Engineering Section Program Manager, at 208-334-0316.

The **Technical Analysis** section of four utility analysts and one program manager determines the cost effectiveness of all Demand Side Management (DSM) programs including energy efficiency and demand response. They identify potential for new DSM programs and track the impact on utility revenues. They review utility forecasts of energy, water, and natural gas usage with focus on residential self-generation and rate design.

Contact Taylor Thomas, Technical Analysis Program Manager, at 208-334-0363.

The **Telecommunications** section oversees tariff and price list filings, area code oversight, Idaho Universal Service Fund, Idaho Telecommunications Service Assistance Program, Telephone Relay Service, and Lifeline. They assist and advise the Commission on technical matters that include advanced services, 911 and other matters as requested.
Contact Johan E. Kalala-Kasanda, Utility Analyst 2, at 208-334-0361.

The **Consumer Assistance** section includes four division investigators and one program manager who resolve conflicts between utilities and their customers. Consumer Assistance may mediate disputes over billing, deposits, line extensions and other service problems. Consumer Assistance monitors Idaho utilities to verify they are complying with Commission orders and regulations. Investigators participate in general rate and policy cases when rate design and customer service issues are brought before the Commission.

Contact Chris McEwan, Consumer Assistance Program Manager, at 208-334-0352.

Railroad Safety

The **Railroad Safety** section oversees the safe operations of railroads that move freight in and through Idaho and enforces state and federal regulations safeguarding the transportation of hazardous materials by rail in Idaho. The Commission's rail safety specialists inspect railroad crossings and rail clearances for safety and maintenance deficiencies. The Rail Safety section helps investigate all railroad-crossing accidents and makes recommendations for safety improvements to crossings.

As part of its regulatory authority, the Commission evaluates the discontinuance and abandonment of railroad service in Idaho by conducting an independent evaluation of each case to determine whether the abandonment of a particular railroad line would adversely affect Idaho shippers and whether the line has any profit potential. Should the Commission determine abandonment would be harmful to Idaho interests, it then represents the state before the federal Surface Transportation Board, which has authority to grant or deny line abandonments.

Contact Wayne Andrews, Rail Inspector, at 208-334-0317.

Pipeline Safety

The **Pipeline Safety** section oversees the safe operation of the intrastate natural gas pipelines in Idaho.

The Commission's pipeline safety personnel verify compliance with state and federal regulations by performing on-site inspections of intrastate pipeline distribution, gathering and transmission systems. Part of the inspection process includes a review of record-keeping practices and compliance with design, construction, operation, maintenance and drug/alcohol abuse regulations.

Key objectives of the program are to monitor accidents and violations, to identify their contributing factors and to implement practices to avoid accidents. All reportable accidents are investigated and appropriate reports filed with the U.S. Department of Transportation in a timely manner.

Contact Jeff Brooks, Pipeline Safety Program Manager, at 208-334-0333.

WHY CAN'T YOU JUST TELL THEM NO?

One of the most frequently asked questions the Commission receives after a utility files a rate increase application is, “Why can’t you just tell them no?” Actually, we can, but not without evidence.

For more than 100 years, public utility regulation has been based on this **regulatory compact** between utilities and regulators: Regulated utilities agree to invest in the generation, transmission, and distribution necessary to adequately and reliably serve all the customers in their assigned territories. In return for that promise to serve, utilities are guaranteed recovery of their prudently incurred expense along with an opportunity to earn a reasonable rate of return. The rate of return allowed must be high enough to attract investors for the utility’s capital-intensive generation, transmission, and distribution projects, but not so high as to be unreasonable for customers.

In setting rates, the Commission must consider the needs of both the utility and its customers. The Commission serves the public interest, not the popular will. It is not in customers’ best interest, nor is it in the interest of the State of Idaho, to have utilities that do not have the generation, transmission, and distribution infrastructure to be able to provide safe, adequate and reliable electrical, natural gas and water service. This is a critical, even life-saving, service for Idaho’s citizens and essential to the state’s economic development and prosperity.

Unlike unregulated businesses, utilities cannot cut back on service as costs increase. As demand for electricity, natural gas and water grows, utilities are statutorily required to meet that demand. In Idaho recently, and across the nation, a continued increase in demand as well as a number of other factors have contributed to rate increases on a scale we have not witnessed before. It is not unusual now for Idaho’s three major investor-owned electric utilities to file annual rate increase requests. In light of these continued requests for rate increases, the Commission walks a fine line in balancing the needs of utilities to serve customers and customers’ ability to pay.

When a rate case is filed, our staff of auditors, engineers and attorneys will take up to six months to examine the request. During that period, other parties, often representing customer groups, will “intervene” in the case for the purpose of conducting discovery, presenting evidence, and cross-examining the company and other parties to the case. The Staff, which operates independently of the Commission, will also file its own comments that result from its investigation of the company’s request. The three-member Commission will also conduct technical and public hearings.

Once testimony from a utility, Staff, and intervening parties is presented and testimony from hearings and written comments is taken, all of that information is included in the official record for the case. It is only from the evidence contained in this official record that the Commission can render a decision.

If the utility has met its burden of proof in demonstrating that the additional expense it incurred was 1) **necessary** to serve customers and 2) **prudently incurred**, the Commission must allow the utility to recover that expense. The Commission can -- and often does -- deny recovery of some or all the expense utilities seek to recover from customers if the Commission is confident, it has the legal justification to do so. Utilities and parties to a rate case have the right to petition the Commission for reconsideration. Following reconsideration, utilities or customer groups can appeal the Commission’s decision to the Idaho Supreme Court.

In the end, the Commission’s job is to ensure that customers are paying a reasonable rate and are receiving adequate and reliable service and that utilities are allowed to recover their prudently incurred expenses and earn a fair rate of return.