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UTILITIES COMMISSION

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BOISE, IDAHO 83702-5918

Attorney for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)	
SPIRIT LAKE EAST WATER COMPANY AND)	CASE NO. SPL-W-19-01
LYNNWOOD FOR AMENDMENT AND)	
TRANSFER OF CPCN)	COMMENTS OF THE
)	COMMISSION STAFF
)	
)	

STAFF OF the Idaho Public Utilities Commission, by and through its Attorney of record, Edward Jewell, Deputy Attorney General, submits the following comments.

BACKGROUND

On February 15, 2019, Gem State Water Company, LLC (“Gem State Water”; or “Company”) filed an Application with the Commission requesting approval of Gem State Water’s acquisition of Spirit Lake East Water Company (“Spirit Lake”), Lynnwood Water, and Water Works Management LLC (“Water Works”), and approval to amend Spirit Lake’s certificate of public convenience and necessity (“CPCN”) to incorporate the customers currently served by Lynnwood Water and transfer the amended CPCN to Gem State Water (collectively, “Application”).

Gem State Water is an Idaho limited liability company created to own and operate water utilities in Idaho. Gem State Water, through its parent companies, is owned by Northwest Natural Holding Company.

Spirit Lake is a regulated water utility that serves approximately 315 customers in north Idaho. Lynnwood Water serves approximately 18 customers. Water Works is a non-regulated entity that holds certain water systems management contracts.

STAFF ANALYSIS

Staff recommends that the Commission approve the proposed Gem State Water acquisition of Spirit Lake and Lynnwood Water. Staff's recommendation is based on its review of Gem State Water's Application, the direct testimony and exhibits of Justin Palfreyman, President of Gem State Water, and Gem State Water's responses to Staff's production requests.

Idaho law does not specifically address the acquisition of water companies. As it has done in previous water company acquisition cases, Staff relied on the standards outlined in Idaho Code § 61-328 related to the sale of electric utilities. Those standards dictate that:

- a) The transaction is consistent with the public interest;
- b) The cost of and rates for supplying service will not be increased by reason of such transaction; and
- c) The applicant for such acquisition or transfer has the bona fide intent and financial ability to operate and maintain the system in the public service.

Staff believes that the proposed acquisition by Gem State Water meets all three standards.

Public Interest

Staff believes this acquisition is in the public interest for two primary reasons. First, Gem State Water provides improved access to capital, potentially at lower cost, for infrastructure improvements, which will be discussed in more detail below, under Operation and Financial Ability. Second, ownership by Gem State Water may provide benefits through operational efficiencies and economies of scale as it acquires more water systems. Improved access to capital and scale economies help reduce the cost of providing service from where it would be otherwise and may mitigate rate increases over time.

Due to planned acquisitions of other water companies in the region, Gem State Water believes there may be operational efficiencies and opportunities for sharing overhead costs. Response to Production Request No. 14. (See Attachment A). Examples of shared overhead costs are certain legal and engineering costs. Engineering costs per customer and labor costs per

customer will decrease if a fixed cost is spread over more water systems and customers. Likewise, operational economies of scale are created by spreading downstream labor costs (e.g., wages and benefits of a skilled field technician) or capital equipment costs (e.g., cost of a new backhoe) over more systems and customers, by getting quantity discounts for material and supply purchases, or by realizing efficiencies through jointly operating nearby systems. In the case of Spirit Lake and Lynnwood Water, Staff expects any savings to be relatively small.

Staff believes operational efficiencies and opportunities for sharing overhead costs are possible, but limited, until Gem State Water can acquire more water systems sufficiently close in proximity to operate in conjunction with each other. Staff notes that Gem States Water is actively seeking to expand its operations in Idaho. Gem State Water and associated companies have shown commitment to their growth plan through the acquisition of Falls Water (FLS-W-18-01), the submission of this Application, and the application for the acquisition of Diamond Bar Estates, L.L.C. and Bar Circle “S” Water, Inc. (BCS-W-19-01/DIA-W-19-01).

Rates

No Increase in Cost and Rates

Gem State Water states it will maintain the existing rates and charges. Application at 4. Palfreyman at Direct at 6-7. The Company also states the transaction expenses related to the acquisition will be paid by Gem State Water’s parent company and will not be recovered from ratepayers. Response to Production Request No. 8.

While future system improvements may justify higher rates, those improvements are independent of the acquisition and would be necessary regardless of whether the systems are acquired by Gem State Water or continue as stand-alone systems. Staff believes the acquisition will not increase the cost to operate, maintain, and expand the systems because they will function post-acquisition much the same as they have pre-acquisition. In the event that Gem State Water successfully expands its operations in the vicinity of Spirit Lake and Lynnwood Water, additional cost savings related to operational efficiencies and shared overhead may be realized in the future.

Operational and Financial Ability

Ms. Leslie Rayner currently owns the assets of Lynnwood Water and is the sole shareholder of Spirit Lake. Ms. Rayner and Mr. Cole Rayner, who is also employed by Spirit Lake and Lynnwood Water, are both licensed water system operators. Pursuant to the terms of the Purchase Agreement, Ms. Rayner and Mr. Rayner will be offered employment by NW Natural Water of Idaho for a period of at least 36 months following Commission approval of the Application, and their acceptance of this employment offer is a condition of the closing of the Purchase Agreement. Gem State Water confirmed in the Application that it intends to retain the existing management and other employees of Spirit Lake and Lynnwood Water to maintain the existing level of services, leverage their expertise, and prevent disruption to customers. Application at 3. This helps demonstrate that Gem State Water has a bona fide intent to operate and maintain the system in the public service. Purchase Agreement at ¶4.7. Staff agrees that retaining the existing employees will help maintain the current level of service and is consistent with the public interest.

Water systems routinely require repair, replacement and extension of infrastructure to provide reliable and ample water service to customers. Financing this infrastructure at a reasonable cost is a challenge for smaller water systems. Northwest Natural Holding Company (NW Natural Holdings), a parent company of Gem State Water, has revolving credit facilities totaling approximately \$400 million. Palfreyman Direct at 3. Through its parent company, Gem State Water has access to these financial resources and therefore is better positioned than Spirit Lake or Lynnwood Water to adequately fund system upgrades in a timely manner at a competitive cost. NW Natural Holdings' ability to access capital markets stems from it being a publicly-traded company with strong credit ratings from two major credit rating agencies. It received investment-grade ratings of "A1" from Moody's, and "AA-" from Standard and Poor's in 2018. Lower financing rates help control costs that ultimately are passed on to customers.

LYNNWOOD WATER

Lynnwood Water is a system that was not regulated by the Commission, and therefore Lynnwood's rate have not been approved previously by the Commission. Staff's analysis of Lynnwood Water's rates is below.

Basic Service Charges and Usage Rates

Staff supports maintaining the current basic service charges and usage charges, including the rate structures for customers of Spirit Lake and Lynnwood Water, consistent with Gem State Water's request in the Application. Spirit Lake rates were approved by this Commission in its last general rate case. Lynnwood Water rates were in place prior to the system being acquired by Ms. Leslie Rayner, its current owner, in April 2015. Lynnwood Water rates have not been approved by the Commission; however, an abbreviated audit performed for this proceeding indicates that the Company is not overearning.

Gem State Water indicated that it will work toward consolidating the rates between Spirit Lake and Lynnwood Water in the future, but has not asked for consolidated rates at this time. Staff believes this is a reasonable and prudent approach for base rates. Lynnwood Water has only eighteen customers. Typically, separate rates are not feasible for such a small group of customers because there are too few customers over which to spread the administrative costs of managing a separate rate structure. However, any consideration of rate consolidation should be deferred to the Company's next general rate case. Also, moving Lynnwood customers to the rates of the larger Spirit Lake system would result in an average rate increase of approximately 9%. Such an increase cannot be supported outside of a rate case.

Non-Recurring Charges

Gem State Water submitted the fee schedule for non-recurring charges for Lynnwood Water. In its Production Responses, the Company provided additional explanation of the charges and stated that the charges were in effect when Leslie Rayner originally purchased the system. (See Attachment B).

The Company's Account Change (Account Transfer Fee) of \$35.00 is charged when a new customer takes service, and is similar to an Account Initiation Fee approved by the Commission in Order No. 32958 for Troy Hoffman Water in 2014 (TRH-W-13-01). Staff does

not object to the idea of an account initiation fee if the Company can justify the charge; however, since Spirit Lake East does not currently have such a fee, and no justification has been presented, Staff recommends denial of the fee for Lynnwood Water.

The Meter Set is applicable for a new connection within Lynnwood Water's service area and is the same in nature as Spirit Lake's Hook-up Fee. According to the Company's Production Response, the fee of \$4,500 is based on an estimate and is a carryover from the previous owner. The Company provided the cost detail of a new connection completed in 2018, which was almost the same as the Meter Set charge. However, with only one Meter Set charge collected since the Company took over Lynnwood Water, it's not clear if the cost detail provided is appropriate cost justification for future connections. (See Attachment C). Staff recommends the Meter Set charge be denied and Spirit Lake's previously approved Hook-Up Fee of \$2,500 be implemented, subject to further review in a future case.

Lynnwood Water currently charges a Turn On Fee of \$95.00 to reconnect service whether the account was disconnected for non-payment or at the customer's request. The company states that the \$95.00 is based on actual time and travel distance. Spirit Lake's Reconnection Fees as approved by the Commission in Order No. 32904, (SPL-W-09-01) are set at \$16.00 if reconnected during normal business hours and \$32.00 if reconnected after business hours for an account closed for thirty days or less. For accounts closed more than thirty days, the Commission approved a \$52.00 charge if reconnected during normal business hours and \$65.00 if reconnected after normal business hours. Reconnection charges previously approved by the Commission are designed to cover only a portion of the cost of the reconnection. Because both companies are in the same approximate area, Staff believes the Spirit Lake East charges are appropriate for Lynnwood Water. Staff recommends the Reconnection Fees approved for Spirit Lake also be approved for Lynnwood Water.

The Bounce Check Charge (NSF Fee) of \$35.00 for Lynnwood Water is higher than allowed by statute. Idaho Code § 28-22-105. Staff recommends the fee be reduced to \$20.00, the maximum amount allowed under statute.

With respect to the 1% finance charge for unpaid balance on the Lynnwood Estates schedule, Staff finds the charge to be consistent with that approved by the Commission for other utility companies. In review of Spirit Lake's scheduled non-recurring charges, Staff discovered that its Late Payment Charge incorrectly states that it applies to the unpaid balance after the due

date. This is inconsistent with the policy approved for other utility companies wherein a late payment charge is applied to the unpaid balance owed at the time of the next billing statement. Staff notes that in Spirit Lake's Rules and Regulation section of its Tariff, it states that the Late Payment Charge is consistent with the policy approved for other utility companies. Staff recommends that the Commission approve a Late Payment Charge to 1% of the unpaid balance owing at the time of the next billing statement for both Spirit Lake and Lynnwood Water.

CUSTOMER NOTIFICATION AND PRESS RELEASE

The Commission's Rules of Procedure, IDAPA 31.01.01, et. seq., do not require customer notification unless the company is requesting a rate increase. Commission Rule 125. Gem State Water published a notice to customers on April 5, 2019, in the CDA Press (Coeur d'Alene). It also issued a press release dated March, 22, 2019. The Commission published a press release March 9, 2019.

As of June 6, 2019, one customer comment has been received. The customer does not expressly object to the sale. However, she is concerned about whether the Company plans "to sell our water outside the subdivision" and the acquisition's impact on future rates.

The Company has stated that if the Commission approves the sale it will notify customers in a press release in the CDA Press. Instead of a press release, Staff recommends Gem State Water provide written notice of the sale of the companies directly to the customers, either through a separate mailing or as an insert in the customer billing statement.

COMPANY TARIFF AND RULES AND REGULATIONS

The Company's Tariff, including its Rules and Regulations, will need to be updated to reflect the change in ownership and the recurring and non-recurring rate schedules approved by the Commission in this case. Staff is willing to work with Gem State Water to ensure its Tariff properly reflects the latest rules and regulations, as well as the approved rates and charges. Staff recommends the Company submit its revised Recurring and Non-Recurring Rate Schedules prior to the effective date. Staff recommends the Company submit any necessary revisions to the Rules and Regulations section of its Tariff for final approval within three months of issuance of the final order in this case.

COMPANY DOCUMENTATION

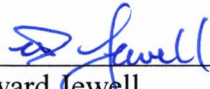
The Company will need to update customer documents to reflect any changes brought about by the sale of the Company. Staff is willing to work with the Company to update its billing and collection documents as well as its Explanation of Rates and Rules Summary. Staff recommends the Company work with Staff to make any necessary revisions within three months of issuance of the final order in this case.

STAFF RECOMMENDATION

Staff recommends the Commission:

- Approve the sale of Spirit Lake East to Gem State Water.
- Amend Spirit Lake East's CPCN No. 293 to include Lynnwood Water.
- With respect to the Non-Recurring charges:
 - Deny the proposed Account Change Fee for Lynnwood Water.
 - Deny Lynnwood Water's proposed Meter Set Fee for Lynnwood Water and approve Spirit Lake's Hook-up Fee of \$2,500 for Lynnwood Water.
 - Deny Lynnwood Water's proposed Turn On Fee for Lynnwood Water and approve Spirit Lake's Reconnection Fees for Lynnwood Water.
 - Deny Lynnwood Water's proposed Bounce Check Fee and approve the Insufficient Funds Charge at the statutory limit of \$20.00 for Lynnwood Water.
 - Deny Lynnwood Water's proposed Finance Charge and approve a Late Payment Fee of 1% of the unpaid balance owed at the time of the next billing.
 - Revise the Late Payment Fee description in Spirit Lake's Tariff to clarify when it will apply.
- Order Gem State Water to notify the customers directly of the sale of the Company to Gem State Water, either through a separate mailing or as a billing insert.
- Order Gem State Water to file updated Tariff rate schedules consistent with the Commission's decision prior to the effective date.
- Order Gem State Water to work with Staff to revise the Company's Tariff, including its Rules and Regulations.
- Order Gem State Water to work with Staff to revise the billing and collection documents and the Explanation of Rates and Rules Summary.

Respectfully submitted this 11th day of June 2019.



Edward Jewell
Deputy Attorney General

Technical Staff: Joseph Terry
Michael Eldred
Bentley Erdwurm
Chris Hecht
Johan Kalala-Kasanda

i:umisc/comments/splw19.1ejjtcwhbejkme comments



SPL-W-19-01
Spirit Lake and Lynnwood Acquisition
Data Request Response

DR Request: March 20, 2019
Date of Response: April 10, 2019
Responder: Nicholas Whitley
Telephone: (503) 226-4211 ext. 4804
Email: Nicholas.whitley@nwnatural.com
Witness: Justin Palfreyman

Request No.: SPL-W-19-01 IPUC DR 14

14. Please identify any expected operational efficiencies or opportunities for sharing overhead costs attributable to expanding the number of water utilities owned directly or indirectly by Northwest Natural in Oregon, Washington and Idaho. Please explain whether and how Spirit Lake East and Lynnwood Water customers will share in these benefits.

Response:

Over time, as strategic acquisitions continue to be made in Oregon, Washington, Idaho and possibly other jurisdictions, there could be operational efficiencies or opportunities for sharing overhead costs. To the extent that Gem State Water and its parent companies can achieve operational efficiencies or opportunities for sharing overhead costs, Spirit Lake East and Lynnwood customers would benefit from such efficiencies or opportunities, as would any other entity that shares in such efforts. Gem State Water currently has not quantified benefits associated with operational efficiencies or opportunities for sharing overhead costs as the magnitude of such benefits will depend on our ability to successfully execute our growth strategy and other factors.



SPL-W-19-01
Spirit Lake and Lynnwood Acquisition
Data Request Response

DR Request: March 20, 2019
Date of Response: April 10, 2019
Responder: Leslie Rayner
Telephone: (208) 929-1045
Email: leslie@slewco.com
Witness: Leslie Rayner

Request No.: SPL-W-19-01 IPUC DR 1

1. Mr. Palfreyman's testimony includes an itemization of charges that currently apply to Lynnwood Water customers. See Exhibit 2, Attachment 2, Lynnwood Water Price List. Please describe more fully the circumstances under which each fee applies:

a) Account Change (Account Transfer Fee)	\$ 35.00
b) Meter Set	\$4,500.00
c) Turn On Fee	\$ 95.00
d) Bounce Check Charge (NSF Fee)	\$ 35.00
e) Fin Chg (Finance Charges on Overdue Balance)	1%

Response:

a) Account Change (Account Transfer Fee)	\$ 35.00
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This fee is charged when a property changes responsible parties; that is, administrative time and resources are needed when one account is closed and a new account is initiated. This situation typically occurs in response to a property sale or a change in renter. This fee is not charged when an account is amended for the current account owner, such as name change or billing address change. This fee is a carry-over from prior ownership of Lynnwood Water.

b) Meter Set	\$4,500.00
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This fee is applicable for a new connection within Lynnwood Water's service territory that requires a service connection. This fee is based on estimates received from excavation contractors for the price to install the service connection. This fee is a carry-over from prior ownership of Lynnwood Water.

c) Turn on Fee	\$ 95.00
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SPL-W-19-01 IPUC DR 1

NWN Response
Page 1 of 2

Attachment B
Case No. SPL-W-19-01
Staff Comments
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This charge is applied at the time that Lynnwood Water terminates water service due to nonpayment or vacancy. The \$95 amount reflects the actual cost to travel to the system and perform the meter turn on: one-hour round trip = \$35.00, 44 miles = \$25.00, and time on site = \$35.00. This fee is a carry-over from prior ownership of Lynnwood Water.

d) Bounce Check Charge (NSF Fee) \$ 35.00

If Lynnwood Water receives a NSF check, the customer is passed along this charge that the financial institution charges the Company for processing. This set bank fee is a carry-over from prior ownership of Lynnwood Water.

e) Fin Chg (Finance Charges on Overdue Balance) 1%

Consistent with industry standard, Lynnwood Water applies a 1% per month finance charge on unpaid balances after the due date. This fee is a carry-over from prior ownership of Lynnwood Water.



Gem State
WATER™

SPL-W-19-01

Spirit Lake and Lynnwood Acquisition
Data Request Response

DR Request: April 25, 2019
Date of Response: May 16, 2019
Responder: Leslie Rayner
Telephone: (208) 929-1045
Email: leslie@slewco.com
Witness: Leslie Rayner

Request No.: SPL-W-19-01 IPUC DR 19

19. Following up on Production Request No. 6, there appears to be a new customer connection in 2018. Please provide an itemized list of costs with a description of each item required to connect the customer. Please include all costs related to labor, machinery rental, equipment costs, meter set materials, etc.

Response:

Please see the following itemized list of costs:

1. See meter material quote – BID # S9251593 (May 2019 price quote) =
\$2,573.23 (see SPL-W-19-01 IPUC DR 19 Attachment 1)
2. Equipment Rental Backhoe – H&E Equipment Rental = \$623/day
Pick-up and Delivery = \$300
3. Fuel – Estimated/ Diesel Fuel = \$40.00
Estimated/ Gas Fuel = \$20.00
4. Whacker Rental United Rental = \$108/day
5. Day Labor – \$25/hr. x 10 hrs = \$250.00
6. Equipment Operator - \$45/hr. x 10 hrs = \$450.00
7. Office Staff - Call in locates, process new customer paperwork, coordinate installation, etc - \$16.50/hr. x 2 hours = \$33.00
8. Operator site visit with customer pre-construction meeting - \$25/hr. x 3 hrs. =
\$75.00

Total: \$4,472.23



**Consolidated
Supply Co.**

**** Quotation ****

Bid #: S9251593
Page #: 1

Send P/O To:

CONSOLIDATED SUPPLY CO - CDA
155 EAST DALTON AVE
DALTON GARDENS, ID 83815

Phone # : 208-762-2568

** C.O.D. ** C.O.D. ** C.O.D. **

Bid To:

SPIRIT LAKE EAST WATER COMPANY
PO BOX 3388
COEUR D ALENE, ID 83816

Ship To:

SPIRIT LAKE EAST WATER COMPANY
PO BOX 3388
COEUR D ALENE, ID 83816

Phone # : 877-755-9287

JOB: Spirit Lake East

Bid-Date-Expr-Date-Writer	Salesperson	Ship Via
05/08/19 06/07/19 Corina Beyer - CDA	HOUSE WW CDA	WCN WC NOW

Quantity	Description	Unit Price	Ext Price
1ea	ROMAC 202S-6.90X1" IPT 6"X1" DBL SS STRAP SADDLE 6.63-6.90	87.528ea	87.53
1ea	AY NL 74704B-3Q 1" BALL MIP X IPS COMPRESSION CORP STOP AY NL MCDONALD 5182-240	91.533ea	91.53
1ea	6136 1" SS IPS STIFFENER AY MCDONALD 4130-765 (SAME AS 6133T 1-1/4" CTS 4130-761)	2.334ea	2.33
100'	1"X100' SIDR-7 IPS 250 PSI PE4710 BLACK POLY TUBING	0.644ft	64.40
1rl	12/1X500' BLUE UF TRACER WIRE 54502-05-06	94.781rl	94.78
1ea	2"X1000' BLUE DETECTABLE TAPE WATER LINE BELOW	28.938EA	28.94
1ea	6136 1" SS IPS STIFFENER AY MCDONALD 4130-765 (SAME AS 6133T 1-1/4" CTS 4130-761)	2.334ea	2.33
1ea	AY NL 76102-3Q 1" CURB BALL VALVE IPS COMP X FIP MCDONALD 5182-227	121.989ea	121.99
1ea	95-E CI CURB BOX COMPLETE 41"-64" OLYMPIC 13-5770WSET (Tyler 111955)	47.234ea	47.23
1ea	1"X24" GAL STEEL NIPPLE	15.493EA	15.49
1ea	AY NL 720-436WCDD 1"X36" 44 METER SETTER 1" AMV X 1" SINGLE AMC AY MCDONALD FIP X FIP (CDA/NKWD SPEC) 5152-117	422.804ea	422.80
1ea	HERSEY 452IIS 1" CU FT LOW LEAD PD METER STANDARD VISUAL READ NSF-61 ANNEX G COMPLIANT VOKS101	222.685ea	222.69
1ea	B37H 5' CONCRETE STANDARD METER SET W/ HINGE LID	199.851ea	199.85

*** Continued on Next Page ***

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Gem State Response

Attachment 1

Attachment C
Case No. SPL-W-19-01
Staff Comments
06/11/19 Page 2 of 4

**** Quotation ****

Bid #: S9251593

Page #: 2

SPIRIT LAKE EAST WATER COMPANY

Quantity	Description	Unit Price	Ext Price
***** Kit Components *****			
* 1	- BROOKS 37 12" CONC METER BOX T	*	*
*	SECTION (NO KNOCKOUTS)	*	*
*	12"X20"X12"	*	*
*	Loc: YA05-27-1A Pn: 158307	*	*
* 1	- BROOKS 37-H CONCRETE COVER W/	*	*
*	CI HINGED LID 11-1/4"X18-1/8"	*	*
*	Loc: YA05-29-1B Pn: 15517	*	*
* 1	- BROOKS 37 12" CONC METER BOX B	*	*
*	SECTION (WITH KNOCKOUTS)	*	*
*	12"X20"X12"	*	*
*	Loc: YA05-23-1A Pn: 158162	*	*
* 3	- BROOKS 37 12" CONC METER BOX M	*	*
*	SECTION (NO KNOCKOUTS)	*	*
*	12"X20"X12"	*	*
*	Loc: YA05-25-1A Pn: 158268	*	*

1ea	1"X36" GAL STEEL NIPPLE	20.689EA	20.69
1ea	1" GAL MI CAP	4.421EA	4.42
	DOMESTIC		
	COIL BOX		
1ea	AY 18"X48" COIL BOX FOR A 1" METER	833.645ea	833.65
	AMV X AMC W/ 1" MIP INLET AND		
	OUTLET -- 790-448-QFPP440X18		
	5189-068		
1ea	AY 18" LOCKING LID FOR COIL PIT	128.520ea	128.52
	BOX 90L18 4189-001		
1ea	AY 90-C1 18X4 INSULATING CUSHION	38.412ea	38.41
	MCDONALD 4189-034		
Bid Total			2427.58
Sales tax			145.65
Bid Amount			2573.23

SPL-W-19-01 IPUC DR 19

Gem State Response

Attachment 1

Attachment C
Case No. SPL-W-19-01
Staff Comments
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Thank you for requesting a quotation from Consolidated Supply Co. ("Consolidated") for certain materials you need for the project identified in the attached or enclosed quotation document (the "Project"). The enclosed quotation to you is made subject to the following terms and conditions:

1. You must carefully review the quotation to confirm that it meets your requirements before using it for a bid. Unless you have provided Consolidated with a detailed bill of materials and specifications with your requirements (with any applicable addendums), this quotation is only a good-faith estimate and does not constitute an offer which can be accepted or relied on in any manner. Building plans alone do not constitute a detailed bill of materials or specifications, particularly if more than one supplier or subcontractor may be involved in supplying plumbing and/or waterworks materials. Unless the quotation is based on your detailed bill of materials and specifications, you agree that all risk of loss arising from the use of this quotation for bidding purposes-including any loss relating to errors in scope, quantity, price, time, and place of delivery-is on you. All quotations are conditioned upon availability of labor and materials at the time an order actually is placed. You are responsible to specify and select appropriate materials for your intended use. CSCO provides no design, engineering, or other professional services and cannot recommend or warrant goods to be fit for your particular purposes.

2. If you place an order with Consolidated for work or materials for the Project, the resulting contract will be subject to Consolidated's General Terms and Conditions of Sale. If credit is provided by Consolidated, then that credit is provided on Consolidated's general credit terms and conditions. These terms and conditions are available to you upon request and can be viewed on our website at www.consolidatedsupply.com.

3. Delivery under this quotation is FOB Consolidated's OR manufacturer's facility. If the quotation includes delivery to a jobsite, Consolidated may use a method and carrier of Consolidated's choice, unless otherwise stated in the quotation, and Consolidated assumes that the location is legally and physically accessible to interstate freight carriers operating under ICC regulations. Unloading labor will be provided by purchaser. Additional charges may apply if these assumptions are incorrect or if multiple deliveries are required. Consolidated will make a good faith effort to meet delivery dates agreed to in writing, but cannot guaranty delivery dates for goods not in stock or for which the terms of delivery are outside our control.

4. Pricing in this quotation is based on unit amounts and is firm and valid only if the goods are ordered within 30 calendar days from the date of the quotation. Consolidated may extend quoted prices on a case-by-case basis beyond the 30-day period. Consolidated reserves the right to correct or withdraw this quotation in the case of clerical error. Any change in quantities ordered or time for delivery may result in a change of the quoted prices, including unit prices, unless otherwise agreed to by Consolidated in writing. In the case of commodity items subject to dramatic price increases from the manufacturer such as PVC pipe, plastics, iron and copper, Consolidated reserves the right to modify prices in this quotation after the date that it is issued. This quotation is not a bid or a lump-sum quote, unless specifically stated in the quotation.

SPL-W-19-01 IPUC DR 19

Gem State Response

Attachment 1

Attachment C
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 11TH DAY OF JUNE 2019, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. SPL-W-19-01, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

PRESTON CARTER
GIVENS PURSLEY LLP
601 W BANNOCK ST
BOISE ID 83702
E-mail: prestoncarter@givenspursley.com
kendrah@givenspursley.com

ERIC W NELSEN
SR REGULATORY ATTORNEY
NW NATURAL
220 NW 2ND AVE
PORTLAND OR 97209
E-mail: Eric.Nelsen@nwnatural.com



SECRETARY

CERTIFICATE OF SERVICE