

Dear Senators Guthrie, Bernt, Ruchti, and
Representatives Crane, Scott, Church:

The Legislative Services Office, Research and Legislation, has received the enclosed rules of the
Public Utilities Commission:

IDAPA 31.36.01 - Policies and Presumptions for Small Water Companies-Proposed Rule (Docket
No. 31-3601-2601).

Pursuant to Section 67-454, Idaho Code, a meeting on the enclosed rules may be called by the
cochairmen or by two (2) or more members of the subcommittee giving oral or written notice to Research
and Legislation no later than fourteen (14) days after receipt of the rules' analysis from Legislative
Services. The final date to call a meeting on the enclosed rules is no later than 10/09/2026. If a meeting is
called, the subcommittee must hold the meeting within forty-two (42) days of receipt of the rules' analysis
from Legislative Services. The final date to hold a meeting on the enclosed rules is 11/06/2026.

The germane joint subcommittee may request a statement of economic impact with respect to a
proposed rule by notifying Research and Legislation. There is no time limit on requesting this statement,
and it may be requested whether or not a meeting on the proposed rule is called or after a meeting has
been held.

To notify Research and Legislation, call 334-4854, or send a written request to the address on the
memorandum attached below.



Terri Kondeff
Director

Legislative Services Office

Idaho State Legislature

Serving Idaho's Citizen Legislature

MEMORANDUM

TO: Rules Review Subcommittee of the Senate State Affairs Committee and the House State Affairs Committee
FROM: Legislative Drafting Attorney - Alli Olson
DATE: September 22, 2026
SUBJECT: Public Utilities Commission

IDAPA 31.36.01 - Policies and Presumptions for Small Water Companies-Proposed Rule (Docket No. 31-3601-2601)

Summary and Stated Reasons for the Rule

The Idaho Public Utilities Commission submits notice of proposed rulemaking for the policies and presumptions for small water companies, IDAPA 31.36.01. The PUC states that the proposed rulemaking was initiated pursuant to § 67-5292, Idaho Code, to determine if the rule chapter is still necessary. The Commission is proposing to repeal this rule because, as it states, the definition of a “small water company” is outdated and the rule’s presumption that all system assets are contributed capital may no longer align with how some systems are financed and operated today. The Commission states that repealing this chapter will allow the Commission to address capital-investment issues on a case-by-case basis through existing rate-recovery filings, which will ensure more accurate and appropriate regulatory treatment.

Negotiated Rulemaking / Fiscal Impact

The PUC states that negotiated rulemaking was conducted and that notice was published in the June 3, 2026, Idaho Administrative Bulletin, Vol. 26-6, pages 24-25. The Department also states that there will not be a negative fiscal impact greater than \$10,0000 to the general fund.

Statutory Authority

The Commission appears to have the authority to promulgate this rule pursuant to Sections 61-303, 61-315, 61-501, 61-502, 61-503, 61-507, and 61-523, Idaho Code.

cc: Public Utilities Commission
Monica Barrios-Sanchez

*** PLEASE NOTE ***

Paul Headlee, Deputy Director Legislative Services Office	Matt Drake, Manager Research & Legislation	Keith Bybee, Manager Budget & Policy Analysis	April Renfro, Manager Legislative Audits	Norma Clark, Manager Information Technology
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Statehouse, P.O. Box 83720
Boise, Idaho 83720-0054

Tel: 208-334-2475
legislature.idaho.gov

Per the Idaho Constitution, all administrative rules may be reviewed by the Legislature during the next legislative session. The Legislature has 3 options with this rulemaking docket: **1)** Approve the docket in its entirety; **2)** Reject the docket in its entirety; or **3)** Reject the docket in part.

IDAPA 31 – IDAHO PUBLIC UTILITIES COMMISSION

31.36.01 – POLICIES AND PRESUMPTIONS FOR SMALL WATER COMPANIES

DOCKET NO. 31-3601-2601 (CHAPTER REPEAL)

NOTICE OF RULEMAKING – PROPOSED RULE

AUTHORITY: In compliance with Section [67-5221\(1\)](#), Idaho Code, notice is hereby given that this agency has initiated proposed rulemaking procedures. The action is authorized pursuant to Sections [61-303](#), [61-315](#), [61-501](#), [61-502](#), [61-503](#), [61-507](#), and [61-523](#), Idaho Code, with regard to valuation and service.

PUBLIC HEARING SCHEDULE: Public hearing(s) concerning this rulemaking will be scheduled if requested in writing by twenty-five (25) persons, a political subdivision, or an agency, not later than September 16, 2026.

The hearing site(s) will be accessible to persons with disabilities. Requests for accommodation must be made not later than five (5) days prior to the hearing, to the agency address below.

DESCRIPTIVE SUMMARY: The following is a nontechnical explanation of the substance and purpose of the proposed rulemaking:

In accordance with Idaho Code Section [67-5292](#), the Idaho Public Utilities Commission is reviewing IDAPA 31.36.01 to assess whether the content of the rule chapter is still necessary. The Commission is proposing to repeal this rule because the definition of a “small water company” is outdated, and the rule’s presumption that all system assets are contributed capital may no longer align with how some systems are financed and operated today. Repealing this chapter will allow the Commission to address capital-investment issues on a case-by-case basis through existing rate-recovery filings, ensuring more accurate and appropriate regulatory treatment.

FEE SUMMARY: There are no fees associated with this rule.

FISCAL IMPACT: There is no fiscal impact due to this administrative rule.

NEGOTIATED RULEMAKING: Pursuant to Section [67-5220\(1\)](#), Idaho Code, negotiated rulemaking was conducted on June 11, 2026. The Notice of Intent to Promulgate Rules - Negotiated Rulemaking was published in the June 3, 2026, Idaho Administrative Bulletin, [Volume 26-6, 24-25](#).

INCORPORATION BY REFERENCE: Pursuant to Section [67-5229\(2\)\(a\)](#), Idaho Code, the following is a brief synopsis of why the materials cited are being incorporated by reference into this rule:

No materials are incorporated by reference.

ASSISTANCE ON TECHNICAL QUESTIONS, SUBMISSION OF WRITTEN COMMENTS: For assistance on technical questions concerning this negotiated rulemaking, contact Taylor Thomas at 208-401-8894. Materials pertaining to the negotiated rulemaking can be found on the Idaho Public Utilities Commission website at the following web address: <https://puc.idaho.gov/case/Details/7756>.

Anyone may submit written comments regarding this proposed rulemaking. All written comments must be directed to the undersigned and must be delivered on or before September 23, 2026.

DATED this 2nd day of September, 2026.

Monica Barrios-Sanchez, Commission Secretary
Idaho Public Utilities Commission
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IDAPA [31.36.01](#) IS PROPOSED TO BE REPEALED IN ITS ENTIRETY