

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF ALGOMA WATER )  
COMPANY'S APPLICATION FOR ) CASE NO. AWS-W-07-01  
APPROVAL TO SELL THE WATER )  
COMPANY AND FOR AN ORDER ) NOTICE OF APPLICATION  
AUTHORIZING INCREASES IN THE )  
COMPANY'S RATES AND CHARGES FOR ) NOTICE OF  
WATER SERVICE ) INTERVENTION DEADLINE  
)  
) ORDER NO. 30405**

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On July 18, 2007, Algoma Water Company filed an Application seeking Commission approval to sell the Company (and transfer its Certificate of Public Convenience and Necessity No. 396) to Mr. Robert J. Carrier. In addition to the sale of the Company, Algoma requests a significant increase in its monthly flat rates for water service.

Algoma is a small water company serving about 30 customers near Sandpoint, Idaho. The Company offers unmetered, flat-rated monthly service. In October 2006, the Commission issued Order No. 30155 authorizing the current owner, Mr. Paul Greenwood, to purchase the water company. Order No. 30155 also noted that Mr. Greenwood owns three sewer systems in Bonner County, Idaho.

**NOTICE OF APPLICATION**

***A. The Proposed Sale***

YOU ARE HEREBY NOTIFIED that in the present Application, Mr. Greenwood proposes to sell Algoma Water (and apparently the three non-regulated sewer systems) to Mr. Carrier for approximately \$161,000. Attachment D, Addendum No. 2. As part of the Application, Mr. Carrier has submitted a financial statement. The Application indicates that Mr. Carrier has a background in real estate and "income producing business management." Application at 1. Mr. Carrier has been investing in Bonner County since 2004 and also owns real estate in Nevada. The Application states that Mr. Carrier possesses the financial ability to assume responsibility for the Algoma Water System." *Id.*

YOU ARE FURTHER NOTIFIED that in addition to the financial statement, the parties have also included an abbreviated business plan that explains how Mr. Carrier intends to

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incorporate the water company into his other businesses in Idaho. Briefly, Mr. Carrier intends to retain Bob Hansen of Water Systems Management, Inc. to continue the overall management of the Company and continue the services of Terry Deal (Deal Pump & Electric) for operational maintenance and emergency purposes. Finally, the business plan indicates that Mr. Carrier intends to continue to employ Joan Brittain as the bookkeeper/accountant. Ms. Brittain has been Algoma's bookkeeper for the last four years.

***B. The Proposed Rate Increase***

YOU ARE FURTHER NOTIFIED that Algoma also proposes to increase its monthly, flat rates for service. The Company proposes to increase its monthly flat rates for service as set out below:

Commercial: from \$28.15 to \$40.00 (42% increase)

Residential: from \$17.59 to \$30.00 (70% increase)

Application at 22. The Application states that it has been many years since there has been a rate increase and that the Company has made extensive repairs to its system during the last two years.

YOU ARE FURTHER NOTIFIED that included with the Application was a copy of Algoma's customer notice that was included as an insert in the June 2007 billings. The customer notice mentions the proposed sale of the water company but does not specifically mention the proposal to increase monthly rates. The Company requests that the Application be processed under Modified Procedure as expeditiously as possible. The Company has not proposed an effective date for the requested rate increase.

YOU ARE FURTHER NOTIFIED that the Application, supporting workpapers, and exhibits have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices. The Application and workpapers are also available on the Commission's Website at [www.puc.idaho.gov](http://www.puc.idaho.gov) under the "File Room" and then "Water Cases."

YOU ARE FURTHER NOTIFIED that Algoma's intrastate revenue requirement, and every component of it, both rate base and expense, are at issue. The Commission may grant, deny, or modify the revenue requirement requested and may find a revenue requirement different from that proposed by any party is just, fair and reasonable.

YOU ARE FURTHER NOTIFIED that the rates and charges for all Algoma retail customers, both recurring and non-recurring, including those of any special contract customers,

are at issue, and every component of every existing and proposed rate and charge is at issue. The Commission may approve, reject or modify the rates and charges proposed and may find that rates and charges different from those proposed by any party are just, fair and reasonable.

YOU ARE FURTHER NOTIFIED that the Commission may approve, reject or modify existing or proposed relationships between and among rates and charges within, between or among customer classes or rate groupings. The Commission may approve, reject or modify existing or proposed relationships among and between customer classes or rate groupings.

YOU ARE FURTHER NOTIFIED that the Commission may abolish, reduce or create rate blocks or categories of rates and charges; abolish, create or reduce components of rates and charges; abolish, reduce or create customer classes or rate groupings; and abolish, reduce or create absolute or relative differences among and between existing customer classes or rate groupings of customers.

YOU ARE FURTHER NOTIFIED that the tariffs, practices, rules, services, instrumentalities, equipment, facilities, classifications and customer relations procedures of Algoma are at issue, and the Commission may address any of them in its final Order.

#### **DEADLINE FOR INTERVENTION**

YOU ARE FURTHER NOTIFIED that persons desiring to intervene in this matter for the purpose of presenting evidence or cross-examining witnesses at hearing must file a Petition to Intervene with the Commission pursuant to this Commission's Rules of Procedure 72 and 73, IDAPA 31.01.01.072 and .073. Persons intending to participate at hearing must file a Petition to Intervene **no later than 14 days from the service date of this Order**. Persons seeking intervenor status shall also provide the Commission Secretary with their electronic mail address to facilitate further communications in this matter.

YOU ARE FURTHER NOTIFIED that persons desiring to present their views without parties' rights of participation and cross-examination are not required to intervene and may present their comments without prior notification to the Commission or to other parties.

YOU ARE FURTHER NOTIFIED that once the deadline for intervention has passed, the Commission Secretary shall issue a Notice of Parties. The Notice of Parties shall assign exhibit numbers to each party in this proceeding.

YOU ARE FURTHER NOTIFIED that after the Notice of Parties is issued, the Commission anticipates that the parties will informally convene to devise a recommended

schedule to process this case. Once a schedule is developed, the Commission will subsequently issue a Notice of Hearing. In addition to the schedule, the parties may discuss discovery logistics, electronic service, and other scheduling matters.

YOU ARE FURTHER NOTIFIED that the Commission has jurisdiction over this matter pursuant to Title 61 of the Idaho Code and specifically *Idaho Code* §§ 61-302, 61-307, 61-502, 61-503, 61-507, 61-622, and 61-623. The Commission may enter any final Order consistent with its authority under Title 61.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

### DISCUSSION

Utility Customer Information Rule 102 requires that a utility notify its customers when it seeks a general rate increase. IDAPA 31.21.02.102.01. More specifically, the rule requires that

If the utility is requesting a rate increase, the customer notice shall include a brief explanation of the utility's need for additional revenue and the dollar amount requested. The notice shall give the proposed overall percentage change from current rates as well as the proposed percentage increase in revenue for each major customer class. The customer notice shall make it clear that the application is a proposal, subject to public review and a Commission decision.

IDAPA 31.21.02.102.01 (emphasis added). Based upon Staff's calculations, the Company seeks an annual revenue increase of \$3,980.52. Application at 22.

We find that Algoma shall prepare and distribute a customer notice providing the required information about its proposed rate increase. The elements of the customer notice are set out in the Commission's Rule 102 above. The Company may provide such a notice as a bill stuffer in its monthly billing. The Company shall also send a press release of its proposed rate increase to media outlets in the vicinity.

### ORDER

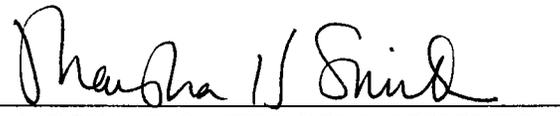
IT IS HEREBY ORDERED that persons desiring to intervene in this case for the purpose of presenting evidence or cross-examination at hearing shall file a Petition to Intervene with the Commission no later than fourteen (14) days from the service date of this Order.

IT IS FURTHER ORDERED that Algoma notify its customers that it is seeking a general rate increase. The Company shall also send a press release to media outlets in its vicinity. A copy of the press release should also be filed with the Commission.

IT IS FURTHER ORDERED that after the Notice of Parties is issued, the Staff shall convene an informal prehearing conference with the parties to discuss the processing of this case.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 13<sup>th</sup> day of August 2007.

  
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PAUL KJELLANDER, PRESIDENT

  
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MARSHA H. SMITH, COMMISSIONER

  
\_\_\_\_\_  
MACK A. REDFORD, COMMISSIONER

ATTEST:

  
\_\_\_\_\_  
Jean D. Jewell  
Commission Secretary

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