

**DECISION MEMORANDUM**

**TO:           COMMISSIONER REDFORD  
              COMMISSIONER SMITH  
              COMMISSIONER KEMPTON  
              COMMISSION SECRETARY  
              LEGAL  
              COMMISSION STAFF**

**FROM:       TERRI CARLOCK**

**DATE:       MARCH 28, 2008**

**SUBJECT:   ALGOMA WATER COMPANY'S APPLICATION TO SELL THE  
              COMPANY TO ROBERT J. CARRIER AND REQUEST FOR A RATE  
              INCREASE; CASE NO. AWS-W-07-1.**

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.

***A. The Proposed Sale***

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. at 1.

In addition to the financial statement, the parties have also included an abbreviated business plan that explains how Mr. Carrier intends to 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***

Algoma also proposes to increase its monthly, flat rates for service. The Company proposes to increase its rates 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. The Company requests that the Application be processed under Modified Procedure. The Company has not proposed an effective date for the requested rate increase.

**CURRENT STATUS**

The last Production Request Response has been received. Delays caused by many factors on the part of both parties have drawn out the timing on this case. Staff recommends this case be processed under Modified Procedure with a 21-day comment period.

**COMMISSION DECISION**

Does the Commission wish to process this case under Modified Procedure?

Does the Commission wish to issue a notice with a 21-day comment period?



Terri Carlock

TC: AWS-W-07-01tc