

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE APPLICATION)
OF BITTERROOT WATER COMPANY FOR) CASE NO. BIT-W-05-1
AUTHORITY TO INCREASE ITS RATES)
) NOTICE OF
) MODIFIED PROCEDURE
)
) NOTICE OF
) COMMENT DEADLINE**

On June 15, 2005, Bitterroot Water Company, Inc. (Bitterroot; Company) filed an Application with the Idaho Public Utilities Commission (Commission) requesting a change in its tariff rates from a metered base rate of \$20 per month to a metered base rate of \$45 per month. No change is proposed in the commodity charge per 1,000 gallons of water consumed in excess of 15,000 gallons per month. According to the Application, the proposed increase is to help offset the increasing costs associated with the operation, maintenance and capital improvements to the water system.

Bitterroot is a regulated water utility providing water service under Certificate of Public Convenience and Necessity No. 319 to approximately 116 customers in Kootenai County, Idaho. The Company's water rates were last adjusted in 1999. Reference Order No. 28121.

Bitterroot contends that in the last 12 months, the water system has been systematically reviewed and upgraded to maintain compliance with increasingly tougher government standards for water quality. The increased operating expenses, the Company contends, are largely out of its control. Rising power costs play the biggest role in recent operating expense increases. Bitterroot's Application is accompanied by financial schedules and engineering information.

On June 30, 2005, the Commission issued a Notice of Application in Case No. BIT-T-05-1. The Commission is informed that Commission Staff has completed its investigation and audit of Company books. The Commission notes that Staff has scheduled a November 2, 2005 public workshop for customers on the Company's Application.

YOU ARE HEREBY NOTIFIED that Bitterroot's 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 that a revenue requirement different from that proposed is just, fair and reasonable. IDAPA 31.01.01.124.01.

YOU ARE FURTHER NOTIFIED that the rates and charges for Bitterroot's 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 that proposed by any party are just, fair and reasonable. IDAPA 31.01.01.124.02.

YOU ARE FURTHER NOTIFIED that the tariffs, practices, rules and regulations, service, instrumentalities, equipment, facilities, classifications and customer relations of the utility are at issue and the Commission may address any of them in its Order. IDAPA 31.01.01.124.02.

YOU ARE FURTHER NOTIFIED that the Commission has reviewed the filings of record in Case No. BIT-W-05-1. The Commission preliminarily finds that the public interest in this matter may not require a technical hearing to consider the issues presented and that the issues raised by the Company's filing may be processed under **Modified Procedure**, i.e., by written submission rather than by hearing. Reference Commission Rules of Procedure, IDAPA 31.01.01.201-204.

YOU ARE FURTHER NOTIFIED that the **deadline for filing written comments or protests** with respect to Bitterroot's Application and the use of Modified Procedure in Case No. BIT-W-05-1 is **Wednesday, November 16, 2005**.

YOU ARE FURTHER NOTIFIED that the **deadline for Company reply comments** is **Wednesday, November 23, 2005**.

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the deadline, the Commission may consider the matter on its merits and may enter its Order without a formal hearing. If comments or protests are filed within the deadline, the Commission will consider them and in its discretion may set the matter for hearing or may decide the matter and issue its Order based on the written positions before it. Reference IDAPA 31.01.01.204.

YOU ARE FURTHER NOTIFIED that written comments concerning Case No. BIT-W-05-1 should be mailed to the Commission and the Company at the addresses reflected below.

Commission Secretary
Idaho Public Utilities Commission
PO Box 83720
Boise, ID 83720-0074

Bitterroot Water Company, Inc.
PO Box 1527
Coeur d'Alene, ID 83816-1527

Street Address for Express Mail:

472 W. Washington Street
Boise, ID 83702-5983

All comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's home page located at www.puc.idaho.gov. Click the "Comments and Questions" icon, and complete the comment form, using the case number as it appears on the front of this document.

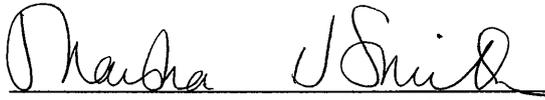
YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the time limit set, the Commission will consider this matter on its merits and enter its Order without a formal hearing. If written comments are received within the time limit set, the Commission will consider them and, in its discretion, may set the same for formal hearing.

YOU ARE FURTHER NOTIFIED that the Application in Case No. BIT-W-05-1 together with financial schedules and engineering information may be viewed at www.puc.idaho.gov by clicking on "File Room" and "Water Cases." It may also be viewed during regular business hours at the Commission's offices, 472 W. Washington Street, Boise, Idaho and at the business office of Bitterroot Water Company, 24461 Old Highway 95 N., Athol, Idaho.

DATED at Boise, Idaho this 19th day of October 2005.



PAUL KJELLANDER, PRESIDENT

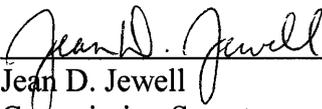


MARSHA H. SMITH, COMMISSIONER



DENNIS S. HANSEN, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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