

DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER
 COMMISSIONER SMITH
 COMMISSIONER HANSEN
 COMMISSION SECRETARY
 COMMISSION STAFF
 LEGAL**

FROM: SCOTT WOODBURY

DATE: JUNE 24, 2005

**SUBJECT: CASE NO. BIT-W-05-1 (Bitterroot Water)
 APPLICATION FOR WATER RATE INCREASE**

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.

Staff recommends that the Commission issue a Notice of the Company's Application for water rate increase. Staff anticipates holding a public workshop for customers and will recommend further procedure based on its investigation and assessment of the Company's filing.

COMMISSION DECISION

Bitterroot Water Company has filed an Application for a rate increase. The Company has not requested a proposed effective date. Staff recommends that the Commission issue a Notice of Application. Staff will make a recommendation of further procedure including a date for a public workshop following further investigation of the Company's filing. Does the Commission agree with Staff's recommended procedure?

Scott Woodbury

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