(text box: 1)BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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| IN THE MATTER OF THE APPLICATION OF BITTERROOT WATER COMPANY, INC. FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY AND TO SET RATES. | )  )  )  )  )  )  ) | CASE NO. GNR-W-95-2  SECOND NOTICE OF        APPLICATION           NOTICE OF  MODIFIED PROCEDURE |

YOU ARE HEREBY NOTIFIED that on October 24, 1995,  Bitterroot Water Company (Bitterroot; Company) filed an Application for a Certificate of Public Convenience and Necessity and to set rates.  Bitterroot is a small new public utility that provides water to homeowners in the Silver Meadows subdivision in Kootenai County, Idaho. The Silver Meadows subdivision is located approximately 15 miles north of Coeur d’Alene and 1.5 miles west of Silverwood Theme Park located on US Highway 95.  Bitterroot presently serves twelve customers and estimates a potential of 105 customers as the subdivision continues to expand.

On November 13, 1995, the Commission issued a Notice of Application and Notice of Modified Procedure addressing the issue of the Certificate of Public Convenience and Necessity.  The Notice specifically indicated that the question of rates for water service would be addressed at a later time.  On December 13, 1995, the Commission issued Order No. 26268 approving the Certificate of Public Convenience and Necessity No. 319 for this Company.  The Order indicated that the Commission would determine rates for water service for Bitterroot customers later in a subsequent Order.

YOU ARE FURTHER NOTIFIED that the Commission now intends to determine the rates for water service for Bitterroot.  Idaho Code §§ 61-301 and  61-307 require that the Commission establish just and reasonable rates for each public utility.   Idaho Code §  61-503 states the Commission shall have the power, upon a hearing, to investigate rates or schedules of rates and to establish new rates of any public utility.

YOU ARE FURTHER NOTIFIED that the Commission is now seeking comments on a proposed flat rate of $20 per month and a $750 new service connection fee for Bitterroot customers. Commission Staff has proposed a flat rate of $20 per month, a new service connection fee of $750 and an audit to be conducted within one year for the purpose of designing metered rates.  According to Staff, Bitterroot has installed meters to measure the use of water, however, Bitterroot has not measured the use of water and has not charged any customer for water service at this time.  Absent records regarding use of water by the customers, Staff claims it is difficult to design a metered rate structure, thus have proposed a flat monthly rate. Staff has recommended to Bitterroot to begin reading its customers’ meters immediately and establish an accounting system for the water company to track its operating expenses.   The Commission is seeking comments from interested parties on the proposal enumerated above.

YOU ARE FURTHER NOTIFIED that the Commission has determined that the public interest may not require a formal hearing in this matter and will proceed under Modified Procedure pursuant to Rules 201 through 204 of the Idaho Public Utilities Commission’s Rules of Procedure, IDAPA 31.01.01.201 through -.204.

YOU ARE FURTHER NOTIFIED that any person desiring to state a position on this Application may file a written comment in support or opposition with the Commission within twenty-one (21) days from the date of this Notice.  The comment must contain a statement of reasons supporting the comment.  Persons desiring a hearing must specifically request a hearing in their written comments.  Written comments concerning this application shall be mailed to the Commission and the Applicant at the addresses reflected below:

COMMISSION SECRETARYBITTERROOT WATER COMPANY, INC.

IDAHO PUBLIC UTILITIES COMMISSIONC/O NORMAN L. GISSEL

PO BOX 837201424 SHERMAN AVE, SUITE 100

BOISE, IDAHO  83720-0074COEUR D’ALENE, ID 83814-4045

Street Address for Express Mail:

472 W WASHINGTON ST

BOISE, IDAHO  83702-5983

These comments should contain the case caption and case number shown on the first page of this document.

YOU ARE FURTHER NOTIFIED that if no written comments 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 together with supporting workpapers have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices.

YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission’s jurisdiction under Title 61 of the Idaho Code and that 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.

DATED at Boise, Idaho this day of March 1996.

Myrna J. Walters

Commission Secretary

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**COMMENTS AND ANNOTATIONS**

Text Box 1:

**TEXT BOXES**

Office of the Secretary

Service Date

March 28, 1996