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ATTORNEY FOR THE COMMISSION STAFF

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)

BITTERROOT WATER COMPANY, INC. FOR)CASE NO. GNR-W-95-2

A CERTIFICATE OF PUBLIC CONVENIENCE)

AND NECESSITY.)

)STAFF COMMENTS

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COMES NOW the Staff of the Idaho Public Utilities Commission by and through its attorney of record, Susan Hamlin, Deputy Attorney General, and hereby submits these comments and the attached report pursuant to the Notice of Modified Procedure issued March 28, 1996.

The report was prepared by Staff during its investigation of the Bitterroot Water Company (Company; Bitterroot).  Part of this report was the basis of Staff's previous comments filed on November 20, 1995 on the issue of the Certificate of Public Convenience and Necessity.  On December 13, 1995, the Commission issued Order No. 26268 approving Certificate of Public Convenience and Necessity No. 319 for Bitterroot to operate as a public utility.

At issue pursuant to this most recent Notice of Modified Procedure are the rates the Commission will authorize the Company to charge its customers.  Currently it is Staff's understanding that no fee is being collected from the Company's 13 customers.  As discussed in the attached report, Bitterroot is a new Company and has few historical records to develop a revenue requirement or the rates required to produce that revenue.  Staff and the Company have agreed that a flat rate of $20 per month is reasonable.  The Company has agreed to begin reading meters in order to accumulate the data necessary to design a metered rate structure.  The Staff also recommends a $750 new service connection charge be authorized.

Staff also recommends that the Commission order a review of the Company after one year of operation.  Following that review, Staff will recommend for the Commission's approval, a new rate designed to bill customers using metered consumption.  Staff at that time will also have the necessary financial information to determine the revenue requirement necessary to be collected through customer billings.

DATED at Boise, Idaho, this                day April 1996.

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Susan Hamlin

Deputy Attorney General

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