

PICABO LIVESTOCK CO., INC.

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March 22, 2004

Water Utilities Supervisor  
Idaho Public Utilities Commission  
P.O. Box 83720  
Boise, ID 83720-0074

PIC-W-04-01

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IDAHO PUBLIC  
UTILITIES COMMISSION

RE: Proposed Rate Increase for Picabo Water System

Dear Supervisor:

It has been a number of years since the Picabo Water System asked for a rate increase and in the meantime expenses for power, maintenance, materials and water testing have increased dramatically.

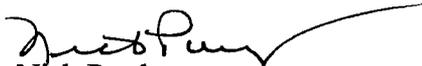
To make the system more dependable a well was drilled in 2000 for a cost of over \$50,000 dollars and a variable speed booster pump was installed to make the pressure in town more stable. The added expenses for power and interest on the well investment has raised the expenses several thousand dollars a year. In 2003 the income from the system was \$6,182 and the expenses were \$8,283. The expenses do not include any labor to operate the system or any depreciation to replace the equipment at the end of its life.

A survey of a system similar to ours in the town of Carey Idaho, determined that the minimum payment for a hydrant is \$50.00 a month and an average bill for the month for a household of four that waters their lawn is \$70.00. Our rate for a single hydrant is a minimum of \$12 and for household wintertime use a rate of \$14 and for a summer time household irrigation rate of \$26.

The Picabo System has about 26 customers and to bring the expenses in line with the revenues, it would take about \$6 a month to make the system break even, however there still would not be any money to cover depreciation and labor. Therefore, we are respectfully requesting an \$8.00 per month increase for the three rates we publish, since we are faced with additional increases in our electricity bills and our water sampling costs in the next several years.

Please consider this request so that we could raise rates by July 1<sup>st</sup> of 2004. If you have any questions please contact me at 208-788-3530 or at the address above.

Sincerely,

  
Nick Purdy  
Manager