

DECISION MEMORANDUM

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

FROM: DONOVAN E. WALKER

DATE: JANUARY 13, 2004

**SUBJECT: IN THE MATTER OF THE APPLICATION OF RESORT WATER CO.
INC. FOR THE ISSUANCE OF A CERTIFICATE OF PUBLIC
CONVENIENCE AND NECESSITY, FOR APPROVAL OF RATES AND
CHARGES, AND FOR APPROVAL OF RULES AND REGULATIONS
GOVERNING THE RENDERING OF WATER SERVICE – CASE NO.
RES-W-04-1**

On August 13, 2004, Resort Water filed an Application requesting the issuance of a Certificate of Public Convenience and Necessity. The Company also requested approval of an increase in existing rates and charges for water service and approval of the Company's Rules and Regulations governing the rendering of water service. On September 1, 2004, the Commission issued a Notice of Application and Order No. 29575 which suspended the Company's proposed schedule of rates and charges for water service for a period of five months from the Company's proposed effective date of September 13, 2004.

THE APPLICATION

According to the Company's Application, Resort Water provides domestic water service to customers in Bonner County, Idaho, primarily located within the Schweitzer Mountain Resort Planned Unit Development. Resort Water currently serves 287 residential units, or equivalent residential units (ERU), which include 11 condominium associations billed as a single customer, as well as six commercial customers representing approximately 91 ERU's. Resort Water's current water rate is a monthly flat rate of \$33.00 per ERU.

According to Resort Water's Application they are requesting an increase in their monthly flat rate from \$33.00 per ERU to \$61.96 per ERU. *See* Exhibit D of the Application. The Application states that the Company seeks the additional revenues to recover increased expenses and costs associated with plant additions, and to produce a fair rate of return. The accompanying

testimony of Tim Elsea, Director of Resort Water Company, states that Resort Water is owned by Harbor Mountain Utility Company LLC, who in turn is part of a larger family of companies know as Harbor Mountain LLC. In 1999 Schweitzer Mountain Resort, including the domestic water system, Resort Water, was purchased from the Trustee in a federal bankruptcy proceeding.

STAFF RECOMMENDATION

Staff recommends that this Application be processed by Modified Procedure with a public workshop prior to submitting comments. Staff recommends that the effective date of the company's proposed increase in rates be suspended for an additional 30 days to allow completion of the public workshop prior to submitting comments. Staff recommends that comments be submitted by February 17, 2005, and reply comments be submitted by March 3, 2005.

COMMISSION DECISION

Does the Commission wish to process this Application by Modified Procedure with a public workshop and comment deadlines as recommended by Staff?



Donovan E. Walker