

IDAHO PUBLIC UTILITIES COMMISSION

Case No. RES-W-04-1, Order No. 29732

March 16, 2005

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Website: www.puc.state.id.us

Rates finalized in Resort Water case

Boise – Customers of Resort Water Co. will pay a flat fee of \$44.80 a month for service to the condominiums and commercial enterprises at Schweitzer Mountain Resort near Sandpoint.

The Idaho Public Utilities Commission approved the 36 percent rate increase for the company, which had originally sought an 88 percent increase to \$61.96 per month. The increase became effective March 15.

Resort Water Company provides domestic water service to 11 condominium associations and six commercial customers within Schweitzer Mountain Resort, which is owned by Harbor Mountain Utility Company.

Customers are billed based on the company's calculation of equivalent residential units, or ERUs. Customers of most water companies are on meters. Given the seasonal use by customers and the large amounts of snow that make metering difficult, a formula that determined billing per residential unit was adopted for condominiums and single-family homes. Commercial and snowmaking uses are billed differently. There are 287 residential ERUs and six commercial customers representing about 91 ERUs.

Resort Water sought a Sept. 13, 2004, effective date for the increased rate. The commission said the application's "importance and complexity" requires an investigation into the reasonableness of the proposed rates. Representatives from the commission's staff of auditors and engineers visited the company's offices, reviewed its financial position, toured the service area and conducted a two-hour public workshop.

The commission set the company's total rate base at \$701,879. Rate base is the company's capital investment from which customer rates are calculated. The commission set the company's annual revenue requirement at \$212,331 and annual expenses at \$122,058. The commission approved an 11 percent return on equity for the company.

The largest adjustment the commission made to Resort Water's application was the amount to be included in rate base for the purchase of the resort's water system assets. Harbor Properties, Inc. and Mission Group purchased Schweitzer Mountain Resort in 1999, including its domestic water system, as part of a federal bankruptcy proceeding. Harbor sought to include the entire purchase price of \$355,000 into its rate base. Because there were not enough records from the previous owner to determine how much of the assets had already been paid by ratepayers, the commission agreed to allow the inclusion of half – or \$177,500 – in rate base to be depreciated over a useful life of 50 years.

A reconnection charge of \$20 was approved for customers who disconnect from the system for 30 days or less. For disconnections of longer than that, the reconnection charge is \$179.20. The commission also approved a \$60 after-hour charge for reconnections that are requested after normal business hours.

The commission noted that one large customer, White Pine Lodge, did not pay a hook-up fee. In lieu of the hook-up fee, the lodge will contribute a 60,000-gallon water tank to the company. The lodge is owned by one of Resort Water's affiliate companies.

A full text of the commission's order, along with other documents related to this case, are available on the commission's Web site at www.puc.idaho.gov. Click on "File Room" and then on "Water Cases" and scroll down to Case No. RES-W-04-1.

Interested parties may petition the commission for reconsideration by no later than April 5. Petitions for reconsideration must set forth specifically why the petitioner contends that the order is unreasonable, unlawful or erroneous. Petitions should include a statement of the nature and quantity of evidence the petitioner will offer if reconsideration is granted.

Petitions can be delivered to the commission at 472 W. Washington St. in Boise, mailed to P.O. Box 83720, Boise, ID, 83720-0074, or faxed to 208-334-3762.