

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE JOINT APPLICATION OF RICKEL WATER COMPANY AND BITTERROOT WATER SYSTEM, INC. TO COMBINE INTO A SINGLE COMPANY))))))	CASE NO. RIC-W-17-01 ORDER NO. 34027
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On July 28, 2017, Rickel Water Company (“Rickel”) and Bitterroot Water System, Inc. (“Bitterroot”) submitted a one-page letter Application to the Commission to consolidate the two Companies into one. The Companies stated that they are interconnected and share common ownership. The Companies further stated that if the request were approved by the Commission, they would continue to operate under the current rate structure and rules.

The Commission issued Notice of the Application and set an intervention deadline of September 5, 2017. No intervenors appeared. Staff reviewed the Companies’ Application, spoke with the Companies’ owner, and requested additional information. Staff filed the only comments and recommended that the request to consolidate the two water utilities be conditionally approved.

BACKGROUND

Bitterroot is an owner-operated water utility providing water service under Certificate of Public Convenience and Necessity (CPCN) No. 319. It serves approximately 120 customers in Kootenai County, Idaho. Rickel is a contiguous water utility providing water service under CPCN No. 324. It serves approximately 38 customers.

STAFF COMMENTS

Staff recommended that the two Companies be allowed to consolidate into a new company—Bitterroot Water System, Inc.—and to operate under the Bitterroot CPCN.¹ However, Staff also expressed that the new entity should maintain separate rates and accounting of the Rickel and Bitterroot Water System customer groups until the new entity obtains new rates through a general rate case.

Staff reviewed the Companies’ approved tariffs, and noted that it would be impossible to operate the two entities under the same tariff without raising rates on one customer group or the other. Staff commented that “applying Rickel rates to Bitterroot customer usage would increase

¹ The Application stated a request to consolidate under the name Rickel Water, but in subsequent conversations with the applicants, the request was revised to use the name Bitterroot Water System, Inc.

the average Bitterroot bill by approximately 9%.” Staff Comments at 2. The tariffs also contain differences in recurring and non-recurring charges, and rules and regulations. *Id.* Staff argued that a consolidation under a unified rate schedule would be possible only after a general rate case was filed. *Id.* In discussions with Staff, the Companies agreed to retain the existing separate rate schedules. *Id.* Staff recommended that the consolidated Company work with Staff to update its tariffs using the most current version of the Small Water Company Model Tariff. *Id.*

Staff evaluated the applicants’ claim that the two systems are interconnected. *Id.* at 3. Staff reported that the Companies did not sufficiently respond to Staff information requests. *Id.* However, the Companies stated that an eight-inch diameter pipe connects the two systems. *Id.* Staff highlighted a serious concern that the systems may not meet fire-flow requirements, a concern the local fire department echoed when questioned by Staff. *Id.* Staff stated that any rate case would require further evaluation of this issue. *Id.*

Finally, Staff recommended that the new consolidated company write to inform customers that it formed through the merger of Rickel Water Company and Bitterroot Water System, Inc., and that it had obtained the Commission’s approval to operate those Companies’ systems as a consolidated entity. *Id.*

FINDINGS AND CONCLUSIONS

The Idaho Public Utilities Commission has jurisdiction over Rickel Water and Bitterroot Water System, Inc., their joint Application, and the issues involved in this case by virtue of Title 61, and the Commission’s Rules of Procedure, IDAPA 31.01.01.000 *et seq.* After thoroughly analyzing the proposal and Staff’s comments recommending conditional approval, we approve the Application.

We find that the Companies’ Application is reasonable and in the public interest. *See Browning v. Wood*, 99 Idaho 174, 579 P.2d 120 (1978) (noting that the Commission must consider the public interest in addressing Applications such as this). We further find the following conditions appropriate:

1. The combined Company must use the currently approved rates for Bitterroot and Rickel until it files and obtains new rates through a general rate case;
2. The combined Company must work with Staff to update its tariffs; and
3. The combined Company must notify all customers in writing that the Bitterroot and Rickel systems have consolidated into a single Company.

Accordingly, the Commission approves the Companies' Application to combine into a single entity, Bitterroot Water System, Inc. under CPCN No. 319.

ORDER

IT IS HEREBY ORDERED that the Companies' Application, and the merger of Rickel Water Company and Bitterroot Water System, Inc. into a single public utility called Bitterroot Water System Inc., is approved. The combined Company shall serve Rickel's and Bitterroot's former customers under Bitterroot Water System CPCN No. 319. CPCN No. 319 is amended to include the service area of Rickel Water Company CPCN No. 324.

IT IS FURTHER ORDERED that CPCN No. 324, issued to Rickel Water Company, is cancelled.

IT IS FURTHER ORDERED that the combined Company shall continue to bill and collect under Bitterroot Water's and Rickel Water's existing approved rates until the combined Company files and obtains new Commission-approved rates, through a general rate case.

IT IS FURTHER ORDERED that the combined Company work with Staff to update its tariffs.

IT IS FURTHER ORDERED that the combined Company send notice to its customers of the consolidation of Bitterroot and Rickel by **no later than June 5, 2018**.

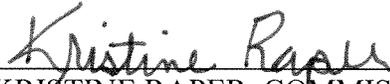
THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this
day of April 2018.

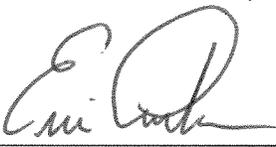
9th



PAUL KJELLANDER, PRESIDENT



KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Diane M. Hanian
Commission Secretary

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