

Bit-w-03-01

BITTERROOT WATER COMPANY

**PO Box 2306
Hayden Lake, ID 83835**

Application for Water Rate Increase

To The
IDAHO PUBLIC UTILITIES COMMISSION
PO BOX 83720
BOISE, ID 83720-0074

RECEIVED
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2005 JUN 15 AM 9:13
IDAHO PUBLIC
UTILITIES COMMISSION

On-site Manager:

Ken Rickel

Office: 208-683-8105

Mobile: 208-660-2560

Fax: 208-683-4315

Financial Statement Preparation:

Susan Jacobson

Office: 866-791-5656

Fax: 866-791-5757

BITTERROOT WATER COMPANY

Application for Water Rate Increase

Financial Schedules

Schedule 1 – Comparative Balance Sheets

Schedule 2 – Schedule of Operation and Maintenance Expenses

Schedule 3 – Summary of Earnings and Rate Base

Schedule 4 – Statement of Income at Present and Proposed Rates

Schedule 5 – Equity Detail

Schedule 6A – Pro Forma Adjustment Explanation
Schedule for Present Rates

Schedule 6B -- Pro Forma Adjustment Explanation
Schedule for Proposed Rates

Engineering Information

BITTERROOT WATER COMPANY, INC.**COMPARATIVE BALANCE SHEETS--SCHEDULE 1****For Three (3) Latest Years Ending December 31, 2004**

ACCOUNT DESCRIPTION	(A) Year 2002	(B) Year 2003	(C) Test Year 2004
<u>Assets</u>			
1. Utility Plant			
2. Accumulated Reserve for Depreciation			
3. Net Plant (lines 1-2=3)			
4. Cash	27,045.65	8,801.11	6,198.91
5. Other Working Funds			
6. Customer Accounts Receivable	2,312.10	(20.56)	(628.76)
7. Accumulated Provision for Uncollectible Accounts			
8. Other Current & Accrued Assets*			
9. Total Assets (lines 3+4+5+6-7+8)	29,357.75	8,780.55	5,570.15
<u>Liabilities and Stockholder's Equity</u>			
10. Bonds			
11. Advances from Associated Companies			
12. Other Long-term Debt			
13. Notes Payable			2,000.00
14. Accounts Payable		688.88	
15. Customer Deposits			
16. Taxes Accrued			49.50
17. Interest Accrued			
18. Other Current & Accrued Liabilities*			
19. Total Liabilities (lines 10-18)	0.00	688.88	2,049.50
20. Capital Stock			
21. Undistributed Retained Earnings	29,357.75	14,341.67	5,250.00
22. Other Owners Equity *		(6,250.00)	(1,729.00)
23. Total Equity (lines 20+21+22)	29,357.75	8,091.67	3,521.00
24. Total Liabilities & Stockholder's Equity (lines 19+23)	29,357.75	8,780.55	5,570.50

* Show detail of the account on Schedule 5

BITTERROOT WATER COMPANY, INC.
SCHEDULE OF OPERATION AND MAINTENANCE EXPENSES--SCHEDULE 2

For Three (3) Latest Years Ending December 31, 2004

OPERATING & MAINTENANCE EXPENSE ACCOUNTS	(A) Year 2002	(B) Year 2003	(C) Test Year 2004
<u>Operation--Source of Supply--</u>			
<u>Pumping & Water Treatment Expenses</u>			
Operation Labor			6,324.50
Purchased Water		688.88	
Fuel or Power Purchased for Pumping	6,197.80	6,903.00	7,323.00
Supplies and Expense			
Chemicals	984.00	1,007.78	66.25
Other*	152.00	369.50	320.00
1. Total Operation Expenses	7,333.80	8,969.16	14,033.75
<u>Maintenance--Source of Supply--</u>			
<u>Pumping & Water Treatment Expenses</u>			
Maintenance of Water Source Plant			
Maintenance of Pumping Plant			
Maintenance of Water Treatment Plant			
Maintenance of Distribution Reservoirs & Standpipes			
Maintenance of Mains			
Maintenance of Meters	1,388.55	1,536.68	1,537.05
Maintenance of Hydrants			
Maintenance of Other Plant	2,367.17	400.00	35.00
Repairs of Water Plant	2,256.45	785.00	916.35
Other*	939.67	576.62	180.64
2. Total Maintenance Expenses	6,951.84	3,298.30	2,669.04
<u>Operation--Customer Accounts Expense</u>			
Meter Reading Labor	697.50	577.50	1,800.00
Accounting and Collecting Labor	7,541.75	5,159.74	2,627.70
Supplies and Expenses			
Uncollectible Accounts	80.00	61.88	123.18
Other*	108.41	156.99	150.00
3. Total Customer Accounts Expense	8,427.66	5,956.11	4,700.88
<u>Operation--Administrative & General Expenses</u>			
Administrative and General Salaries	82.50	93.00	6,324.50
Office Supplies and Other Expenses	1,698.02	1,885.32	994.38
Outside Services Employed	350.00	379.50	
Property Insurance	2,818.00	3,557.00	6,803.48
Injuries and Damages			
Employee Compensations and Benefits			
Regulatory Commission Expenses	443.18	114.94	597.85
Miscellaneous General Expenses	2,667.86	1,024.72	1,316.29
Transportation Expenses		46.95	911.45
Other*			
4. Total Administrative and General Expenses	8,059.56	7,101.43	16,947.95
5. Total Operation & Maintenance Expenses (lines 1+2+3+4)	30,772.86	25,325.00	38,351.62

* Show detail of the account on Schedule 5

BITTERROOT WATER COMPANY, INC.
SUMMARY OF EARNINGS AND RATE BASE--SCHEDULE 3

For Three (3) Latest Years Ending December 31, 2004

	(A) Year 2002	(B) Year 2003	(C) Test Year 2004
<u>Number of Customers</u>			
1. Unmetered Sales to General Customers			
2. Metered Sales to General Customers	101	115	116
3. Commercial Customers			
4. Private Fire Protection Service			
5. Public Fire Protection Service			
6. Other*			
7. Total Number of Customers	<u>101</u>	<u>115</u>	<u>116</u>
<u>Operating Revenues</u>			
8. Unmetered Sales to General Customers			
9. Metered Sales to General Customers	31,029.44	33,161.61	35,619.20
10. Private Fire Protection Service			
11. Public Fire Protection Service			
12. Other*	4,599.84	5,446.23	
13. Total Operating Revenues	<u>35,629.28</u>	<u>38,607.84</u>	<u>35,619.20</u>
<u>Operating Expenses</u>			
14. Operation & Maintenance Expenses (Schedule 2, line 5)	30,772.86	25,325.00	38,351.62
15. Depreciation Expense			
16. Amortization Expense			
17. Taxes Other Than Income Taxes	17.94	244.14	226.60
18. Income Taxes	2,909.00	891.00	655.00
19. Other*		27,164.08	
20. Total Operating Expenses	<u>33,699.80</u>	<u>53,624.22</u>	<u>39,233.22</u>
21. Utility Operating Income (line 13-20)	<u>1,929.48</u>	<u>(15,016.38)</u>	<u>(3,614.02)</u>

* Show detail of the account on Schedule 5

RATE BASE

	(C) Test Year 2004 Actual	(B) Pro-forma Adjustments	(C) Pro-forma Rate Base
22. Utility Plant in Service	0.00		0.00
23. Working Capital	0.00		0.00
24. Subtotal (line 22+23)	<u>0.00</u>		<u>0.00</u>
25. Accumulated Depreciation			
26. Customer Advances for Construction			0.00
27. Contributions in Aid of Construction			0.00
28. Total Deductions (line 25+26+27)	<u>0.00</u>		<u>0.00</u>
29. Rate Base (lines 24-28)	<u>0.00</u>		<u>0.00</u>
30. Return on Rate Base (lines 21+29)	<u>(3,614.02)</u>		<u>(3,614.02)</u>

BITTERROOT WATER COMPANY, INC.

STATEMENT OF INCOME AT PRESENT & PROPOSED RATES--SCHEDULE 4

Test Year - 2004

	(1) (C) Test Year 2004 (Col C, Sch 2&3) Actual	(2) Pro Forma Adjustments at Present Rates	(3) 2004 Pro Forma at Present Rates	(4) Pro Forma Adjustments at Proposed Rates	(5) Test Year-2004 at Proposed Rates
Operating Revenues					
Unmetered Sales to General Customers	0.00				0.00
Metered Sales to General Customers	35,619.20		35,619.20	35,592.50	71,211.70
Commercial Customers	0.00		0.00		0.00
Private Fire Protection Service	0.00		0.00		0.00
Public Fire Protection Service	0.00		0.00		0.00
Other*			0.00		0.00
A. Total Operating Revenues	35,619.20	0.00	35,619.20	35,592.50	71,211.70
Operation & Maintenance Expense Accounts					
Operation--Source of Supply--					
Pumping & Water Treatment Expenses					
Operation Labor	6,324.50		6,324.50	1,175.50	7,500.00
Purchased Water	0.00		0.00	200.00	200.00
Fuel or Power Purchased for Pumping	7,323.00		7,323.00	1,098.45	8,421.45
Supplies and Expense	0.00		0.00	240.00	240.00
Chemicals	66.25		66.25	1,553.75	1,620.00
Other*	320.00		320.00		320.00
Total Operation Expenses	14,033.75	0.00	14,033.75	4,267.70	18,301.45
Maintenance--Source of Supply--					
Pumping & Water Treatment Expenses					
Maintenance of Water Source Plant	0.00		0.00		0.00
Maintenance of Pumping Plant	0.00		0.00	2,231.25	2,231.25
Maintenance of Water Treatment Plant	0.00		0.00	9,700.00	9,700.00
Maintenance of Distribution Reservoirs & Standpipes	0.00		0.00	2,622.25	2,622.25
Maintenance of Mains	0.00		0.00		0.00
Maintenance of Meters	1,537.05		1,537.05	3,050.00	4,587.05
Maintenance of Hydrants	0.00		0.00		0.00
Maintenance of Other Plant	35.00		35.00	346.14	381.14
Repairs of Water Plant	916.35		916.35	2,000.00	2,916.35
Other*	180.64		180.64	2,000.00	2,180.64
Total Maintenance Expenses	2,669.04	0.00	2,669.04	21,949.64	24,618.68

NOTE: List and explain in detail the basis for each numbered adjustment made, if any, on Schedule 6.

BITTERROOT WATER COMPANY, INC.

STATEMENT OF INCOME AT PRESENT & PROPOSED RATES--SCHEDULE 4

Test Year - 2004

ACCOUNT DESCRIPTION	(1) (C) Test Year 2004 (Col C, Sch 2&3) Actual	(2) Pro Forma Adjustments at Present Rates	(3) 2004 Pro Forma at Present Rates	(4) Pro Forma Adjustments at Proposed Rates	(5) Test Year-2004 at Proposed Rates
Operation--Customer Accounts Expense					
Meter Reading Labor	1,800.00	(25)	1,800.00		1,800.00
Accounting and Collecting Labor	2,627.70	(26)	2,627.70	3,372.30 (M)	6,000.00
Supplies and Expenses	0.00	(27)	0.00		0.00
Uncollectible Accounts	123.18	(28)	123.18		123.18
Other*	150.00	(29)	150.00		150.00
Total Customer Accounts Expense	4,700.88	0.00	4,700.88	3,372.30	8,073.18
Operation--Administrative & General Expenses					
Administrative and General Salaries	6,324.50	(30)	6,324.50	1,175.50 (A)	7,500.00
Office Supplies and Other Expenses	994.38	(31)	994.38		994.38
Outside Services Employed	0.00	(32)	0.00	500.00 (N)	500.00
Property Insurance	6,803.48	(33)	6,803.48	73.34 (O)	6,876.82
Injuries and Damages	0.00	(34)	0.00		0.00
Employee Compensation and Benefits	0.00	(35)	0.00		0.00
Regulatory Commission Expenses	597.85	(36)	597.85		597.85
Miscellaneous General Expenses	1,316.29	(37)	1,316.29	640.00 (P)	1,956.29
Transportation Expenses	911.45	(38)	911.45		911.45
Other*	0.00	(39)	0.00		0.00
Total Administrative and General Expenses	16,947.95	0.00	16,947.95	2,388.84	19,336.79
Depreciation Expense	0.00	(40)	0.00		0.00
Amortization Expense	0.00	(41)	0.00		0.00
Taxes Other Than Income Taxes	226.60	(42)	226.60		226.60
Income Taxes	655.00	(43)	655.00		655.00
Other*	0.00	(44)	0.00		0.00
Total Operating Expenses	39,233.22	0.00	39,233.22	31,978.48	71,211.70
Utility Operating Income (A-B=C)	(3,614.02)	0.00	(3,614.02)	3,614.02	0.00
Pro Forma Rate Base (Schedule 3, line 29)	0.00	0.00	0.00	0.00	0.00
Rate of Return (C+D)	(3,614.02)	0.00	(3,614.02)	3,614.02	0.00

NOTE: List and explain in detail the basis for each numbered adjustment made, if any, on Schedule 6.

BITTERROOT WATER COMPANY, INC.

EQUITY DETAIL--SCHEDULE 5

	<u>Dec 31, 02</u>	<u>Dec 31, 03</u>	<u>Dec 31, 04</u>
Equity			
Owner Draw-Ken Rickel	0.00	-6,250.00	-6,250.00
Opening Bal Equity	1,800.00	1,800.00	1,800.00
Retained Earnings	24,115.27	28,514.75	11,584.67
Net Income	<u>3,442.48</u>	<u>-15,973.08</u>	<u>-3,614.02</u>
Total Equity	<u>29,357.75</u>	<u>8,091.67</u>	<u>3,520.65</u>

BITTERROOT WATER COMPANY, INC.

PRO FORMA ADJUSTMENTS AT PRESENT RATES EXPLANATION SCHEDULE--SCHEDULE 6 (A)

Class C Subsidiary Account No.	Pro Forma Adjustment # (1-44)	Description of Pro Forma Adjustment
Metered Sales to General Customers	(4)	Base rate increase from \$20/month to \$45/month
		\$ 62,640.00 116 customers @ \$45/month for 12 months
		\$ (27,047.50) Less test year (2004) amount
		\$ 35,592.50 Amount of BASE RATE increase

BITTERROOT WATER COMPANY, INC.

PRO FORMA ADJUSTMENTS AT PROPOSED RATES EXPLANATION SCHEDULE--SCHEDULE 6 (B)

Class C Subsidiary Account No.	Pro Forma Proposed Adjustment (A)	Description of Pro Forma Adjustment
		The salary of the manager is allocated to the three areas as follows:
	\$ 1,400.00	Monthly Salary and payroll taxes for meter reading and management 12 Months in a year
	\$ 16,800.00	Annual Salary for meter reading and management of company
	\$ 1,800.00	Allocated Salary (72 hours @ \$25.00)
	\$ 15,000.00	Remaining salary for Operating/Admin Labor
Operation Labor	\$ 7,500.00	Allocated Salary
	\$ (6,324.50)	Test Year (2004) current amount
	\$ 1,175.50	Adjustment to Operational Labor
Admin & General Salaries	\$ 7,500.00	Allocated Salary
	\$ (6,324.50)	Test Year (2004) current amount
	\$ 1,175.50	Adjustment to Administration Labor
Purchased Water	\$ 200.00	Estimated increase in purchased water needed
Fuel or Power Purchased For Pumping	\$ 1,098.45	Utility costs for the company have increased an average of 15% over the last three years. This amount represents an expected 15% increase over the Test Year (2004) Actual cost.
Operating Supplies & Exp	\$ 240.00	Supplies for additional testing (lead & copper, fluoride, inorganics, volatile organics, nitrates)
Chemicals	\$ 1,620.00	Chlorine use for year as required by DEQ (54 5-gal buckets @ \$30 ea)
	\$ (66.25)	Test Year (2004) current amount
	\$ 1,553.75	Chemical increase needed

BITTERROOT WATER COMPANY, INC.

PRO FORMA ADJUSTMENTS AT PROPOSED RATES EXPLANATION SCHEDULE--SCHEDULE 6 (B)

Class C Subsidiary Account No.	Pro Forma Proposed Adjustment	Description of Pro Forma Adjustment
Maintenance of Pumping Plant	(F)	<p>\$ 8,925.00 20 HP Well Pump Replacement total cost</p> <p>4 Years to recover cost</p> <p>\$ 2,231.25 Average expense</p>
Maintenance of Water Treatment Plant	(G)	<p>\$ 500.00 Replace Chlorine Pump</p> <p>\$ 9,000.00 Daily Chlorine testing (\$25/day for avg 30 days per month, for 12 months)</p> <p>\$ 200.00 Rebuild/repair Chlorine Pump 2 times per year @\$100 each</p> <p>\$ 9,700.00 Total additions</p>
Maintenance of Distribution Reservoirs & Standpipes	(H)	<p>\$ 2,971.00 15 HP Booster Pump Replacement</p> <p>\$ 5,118.00 30 HP Booster Pump Replacement</p> <p>\$ 8,089.00 Total replacement cost</p> <p>4 Years to recover cost</p> <p>\$ 2,022.25 Average expense recovery</p> <p>\$ 600.00 Reservoir crack maintenance</p> <p>\$ 2,622.25 Total additions</p>
Maintenance of Meters	(I)	<p>\$ 550.00 General maintenance/lid replacement on 10 meters/year @ \$55 each</p> <p>\$ 500.00 Replacement of broken meter boxes/risers 10/year @ \$50</p> <p>\$ 2,000.00 Maintaining areas around individual meters, 20 days @ \$100/day</p> <p>\$ 3,050.00</p>
Maintenance of Other Plant	(J)	<p>\$ 346.14 Grounds/plant maintenance (weed control-\$38.46/month for 9 months)</p>
Repairs of Water Plant	(K)	<p>\$ 2,000.00 Test and replace 1" angle check valves, 25/year @ \$80 each</p>

BITTERROOT WATER COMPANY, INC.

PRO FORMA ADJUSTMENTS AT PROPOSED RATES EXPLANATION SCHEDULE--SCHEDULE 6 (B)

Class C Subsidiary Account No.	Pro Forma Proposed Adjustment	Description of Pro Forma Adjustment
Maintenance-Other	(L)	\$ 40,000.00 Backhoe for maintenance of meters, mains, pumping plant \$ 20.00 Years to recover cost \$ 2,000.00 Average expense recovery
Accounting and Collecting Labor	(M)	\$ 6,000.00 Billing and bookkeeping services, \$500/month for 12 months \$ (2,627.70) Test Year (2004) current amount \$ 3,372.30 Total increase
Outside Services Employed	(N)	\$ 500.00 Annual tax preparation cost by Certified Public Accountant
Property Insurance	(O)	\$ 6,876.82 Annual insurance premium for Company \$ (6,803.48) Test Year (2004) current amount \$ 73.34 Total increase
Miscellaneous General Expenses	(P)	\$ 120.00 Day equipment rental (wet/dry vac, generator, power washer) \$ 200.00 Tractor with brush hawg for maintenance \$ 320.00 Total rental cost 2 Estimated need-number of days per year \$ 640.00 Total increase
Other*		

BITTERROOT WATER COMPANY, INC.

Report for Water Utilities
Test Year Ending December 31, 2004

ENGINEERING

1. Provide an updated system map which clearly shows the location of all facilities as described herein.
No changes have been made to facilities after acquisition. Map on file should be correct.

2. Water Supply:

Pump Designation or Location	Water* Supply Sources (Well, Spring, Surface, etc)	Rated Capacity (gpm)	Actual Annual Production (000 gallons)	Type of Treatment (None, Chlorine, Fluoride, Filter, etc)	Metered (Yes/No)
Corner of Brunner & Clagstone	Well	120	19,551	Chlorine	Yes

* If source of supply is pumped, provide additional pump information under Item 4.

3. System Storage:

Storage Designation or Location Corner of	Type of Reservoir (Elevated, Pressurized, Boosted)	Construction (Concrete, Wood, Steel)	Reservoir Storage (gallons)	Capacity to Distribution (gpm)
Brunner & Clagstone	Boosted	Concrete	100,000	120

(Asterisk facilities added this year)

4. Pump information for all system pumps, including wells and boosters:

Pump Designation or Location	Type (a) of Pump	HP Rating Name-Plate	Energy Used This Year (kwh)	Actual Annual Discharge (000 gallons)	Rated Capacity (gpm)	Discharge Pressure or TDH (psi)
Well-Submersible		20			120	
Booster #1		15				
Booster #2		30				

(a) Submit pump curves unless previously provided or unavailable.
Asterisk facilities added this year.

5. What was total water diverted or pumped into system this year?

19,550,709

6. What was total water diverted or pumped into system during peak month?

3,796,612

7. What was total water diverted or pumped into system during peak day?

N/A

8. What were your total system losses this year?

0

9. Was your system designed to supply fire flows?

Yes

If yes, what is the current system rating?

Residential-1000 gpm

10. How many times this year did you read customer meters?

7

During what months?

March, April, May, June, July, Aug, Sept

BITTERROOT WATER COMPANY, INC.

Report for Water Utilities
Test Year Ending December 31, 2004

ENGINEERING

11. How many additional customers could be served with no system improvements
(except a service line and meter)?

How many of those potential additions are vacant lots?

90

90

12. What backbone plant additions or replacements are anticipated during the coming year

and what are their approximate costs?

1) Add 15 HP Booster Pump - \$5,000
(includes piping and core drilling)

2) Increase size of main well pump -
\$10,000

13. What is your best guess as to the year system capacity (supply, storage or
distribution) will next have to be expanded?

2005

Size	In Use at Beginning of Year	<u>Feet of Mains</u>		In Use at Close of Year
		Installed During Year	Abandoned During Year	
8"	32,000			32,000
6"	3,500			3,500

WATER STATISTICS

	<u>NUMBER OF CUSTOMERS</u>		<u>GALLONS SOLD</u>	
	This Year	Last Year	This Year	Last Year
Metered				
Residence	116	115	21,523	21,875
Commercial				
Industrial				
Flat Rate				
Residence				
Commercial				
Industrial				
Private Fire Protection				
Public Fire Protection				
Street Sprinkling				
Municipal -- Other				
Other Water Utilities	1	1	1,353	1,744
TOTALS	117	116	22,876	23,619

BITTERROOT WATER COMPANY

Application for Water Rate Increase

Sample Customer Reports

Customer Billing Invoice

Customer Billing Statement

Disconnect Notice – 7 Day Reminder

Disconnect Notice – 24 Hour Final Notice

Summary of Customer Rules and Regulations
(includes and explanation of rate schedules)

Bitterroot Water Company, Inc.

P.O. Box 2306

Hayden Lake, ID 83835

Invoice

Phone #

208-660-2560 or 208-683-8105

Date	Invoice #
5/4/2005	71625

Joe & Sally Customer
12345 Water Barrel Place
Athol, ID 83801

Property Address		METER #	Terms	Due Date	
		758992271	20 days	5/24/2005	
MONTH	SERVICE	METER READING	GAL USED	RATE	AMOUNT
April	BASIC SERVICE	271180	9860	20.00	20.00
Thank you!			Total \$20.00		

P.O. Box 2306
Hayden Lake, ID 83835

DATE _____

5/4/2005

Joe & Sally Customer
12345 Water Barrel Place
Athol, ID 83801

For questions/comments, please call
208-660-2560 or 208-683-8105

		TERMS	DUE DATE	AMOUNT DUE	AMOUNT ENC.
		20 days	5/24/2005	\$20.00	
DATE	TRANSACTION			AMOUNT	BALANCE
12/31/2004 05/04/2005	Balance forward INV #71625. Due 05/24/2005.			20.00	0.00 20.00
CURRENT	1-30 DAYS PAST DUE	31-60 DAYS PAST DUE	61-90 DAYS PAST DUE	OVER 90 DAYS PAST DUE	AMOUNT DUE
20.00	0.00	0.00	0.00	0.00	\$20.00

Please conserve water usage on the hottest days.

Watering midday only evaporates, the best times are early morning and later evening!

Bitterroot Water Co., Inc.

PO Box 2306
Hayden Lake, ID 83835

Telephone: 208-683-8105 OR 208-660-2560
Fax: 208-683-4315

April 10, 2005

**Joe & Sally Customer
12345 Water Barrel Place
Athol, ID 83801**

REMINDER-NOTICE OF WATER TERMINATION

DELINQUENT AMOUNT: \$ 20.00
CURRENT AMOUNT: \$ 20.00
TOTAL AMOUNT DUE NOW: \$ 40.00

Our records show that your account is past due. If we do not receive the full payment stated above by the close of business seven (7) days from the date of this letter, we will move to terminate your water service. The Idaho Public Utilities Commission prescribes these rules.

Bitterroot Water Company will delay termination of service to a residential customer for (30) thirty days due to medical complications. A medical certificate from a licensed physician or Public Health Official will be accepted. It must state that termination of water will aggravate an existing condition or create a medical emergency. The person diagnosing the condition must state the person affected and their relationship to the customer and contain the name, title and signature of the person that is certifying the serious illness or medical emergency.

If you disagree with the termination, you may file a complaint with our office in writing and request a meeting. The company will review your complaint and send you written results. If you are not satisfied, you may ask the Idaho Public Utilities Commission to review the matter by contacting them at:

*IPUC Consumer Assistance
P.O. Box 83720
Boise, ID, 83720-0074
208-334-0369 or 7-800-432-0369*

Bitterroot Water Company will not terminate service while the dispute is under review.

BITTERROOT WATER COMPANY IS WILLING TO MAKE PAYMENT ARRANGEMENTS FOR YOUR BALANCE DUE. However, you must make payment arrangements before water service has been terminated. If service is terminated, payment in full plus a reconnection charge of \$25.00 will need to be collected before water service can be restored.

If your payment and our letter have crossed in the mail, please accept my apologies and thank you.

Ken Rickel
General Manager

Bitterroot Water Co., Inc.

P.O. Box 2306
Hayden Lake, ID 83835

Phone 208-683-8105 or 208-660-2560
Fax 208-683-4315

April 17, 2005

**Joe & Sally Customer
12345 Water Barrel Place
Athol, ID 83801**

FINAL NOTICE OF WATER TERMINATION

DELINQUENT AMOUNT: \$ 20.00
CURRENT AMOUNT: \$ 20.00
TOTAL AMOUNT DUE NOW: \$ 40.00

**YOUR WATER SERVICE WILL BE TERMINATED BY 5:00 P.M. ON
TUESDAY, APRIL 18TH IF WE DO NOT HEAR FROM YOU REGARDING YOUR
BALANCE OF \$40.00.**

Please call our office immediately to continue water service.

**BITTERROOT WATER COMPANY IS WILLING TO MAKE PAYMENT
ARRANGEMENTS FOR THE BALANCE DUE**

Once water service has been terminated, the balance plus a reconnection fee of \$25.00 is due. WATER WILL NOT BE TURNED BACK ON UNTIL THESE FEES ARE PAID IN FULL.

Termination of service will be postponed thirty (30) days from the date of a certificate by a licensed physician or public health official stating that termination of service will aggravate or create a medical emergency for a permanent resident of your household. You must make payment arrangements prior to the end of the 30 days.

Please contact Bitterroot Water if you have a complaint. Your service will not be terminated prior to the resolution of such a filed complaint. You may file a complaint concerning this action with the Idaho Public Utilities Commission as follows:

*IPUC Consumer Assistance
P.O. Box 83720
Boise, ID, 83720-0074
208-334-0369 or 1-800-432-0369*

If your payment and our letter crossed in the mail, please accept our apologies and thank you.

Ken Rickel
General Manager

BITTERROOT WATER CO., INC.

**P.O. Box 2306
Hayden Lake, ID 83835**

Ken Rickel, General Manager

Phone: 208-683-8105 or 208-660-2560

FAX: 208-683-4315

To Our Customers:

This is a summary of the rules for termination of service for all Bitterroot Water Company customers as determined by the Idaho Public Utilities Commission (IPUC), as of March 1, 1997. These rules cover the rights and responsibilities of the Customer and the Water Utility. An explanation of our rate schedule has also been included.

If you have any questions concerning this information, please contact:

Bitterroot Water Company
PO Box 1261
Hayden Lake, ID 83835
208-683-8105 or 208-660-2560
208-683-4315 (fax)

OR

IPUC
PO Box 83720
Boise, ID 83720-0074
208-334-0300
800-432-0369

RULES FOR TERMINATION OF SERVICE

TERMINATION WITH PRIOR NOTICE

With proper customer notice Bitterroot Water Company may deny or terminate water service for one of the following reasons:

1. Non-payment of a past due bill or payment of a past due bill with an NSF check.
2. Failure to honor the terms of a payment arrangement.
3. Obtaining service by false identity.
4. Refusing to allow access to the water meter or shut off valve.
5. Willfully wasting service through improper equipment or otherwise.
6. Failure to apply for service.

TERMINATION WITHOUT PRIOR NOTICE

Bitterroot Water Co. may deny or terminate water service without notice for one of the following reasons:

1. A situation exists that is immediately dangerous to life, physical safety or property.
2. To prevent a violation of federal, state or local safety or health codes.
3. Service is obtained, diverted or used without the authorization of Bitterroot Water Co.
4. Bitterroot Water Co., has diligently attempted to notify you of termination and has been unable to contact you.
5. If ordered by any court, The IPUC or any other duly authorized public authority.

(continued on next page)

NOTIFICATION AND BILLING

1. Meters will be read between the end of the month to the fifth of each month (weather providing). Bills will be sent out by the fifth with payment due 20 days from the billing date. The monthly water rate is, \$20.00 for the first 15,000 gallons and .75 cents per 1000 gallons after the first 15,000 gallons. This rate went into effect September 1, 1999.
2. A billing may be considered past due 25 days after the billing date. A written notice of termination must be mailed to the customer at least (7) seven days before the proposed termination date.
3. At least (24) twenty-four hours before the service is terminated, a notice will be left at the property advising you of the steps needed to have services restored.
4. When the twenty-four hour period has ended, another attempt will be made to contact you in person or by phone before service is terminated.
5. No additional notice of termination is required if upon receipt of a termination notice
 - The customer makes a payment arrangement and subsequently fails to keep that arrangement,
 - The customer tenders payment with a dishonored check, either at a Water Company collection visit to terminate service or by mail.

PAYMENT ARRANGEMENTS AND SPECIAL CIRCUMSTANCES

If you cannot pay your billing in full or you receive a notice of termination, please call our office.

Payment arrangements can be made to avoid termination of service

Termination of service will be postponed thirty (30) days from the date of a written certification from a licensed physician or public health official stating the name of the person who is ill and their relationship to the customer. The certification must show the name, title and signature of the person certifying that the termination of service will aggravate or create a medical emergency for a permanent resident of your household.

COMPLAINT PROCEDURES

If at any time you have a complaint concerning the termination of service, policies and practices or any other matter regarding our service please contact Bitterroot Water Company, in person, or by telephone or in writing. Your complaint will be investigated promptly and thoroughly. You will be notified orally or in writing the results of the investigation and we will make every effort to resolve the complaint.

If you are dissatisfied with the proposed resolution of your complaint, you may ask the IPUC to review the matter. Your request may be done orally or in writing. Your service will not be disconnected while the complaint is being investigated by the Bitterroot Water Company or the IPUC.

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RESTRICTION OF TERMINATION OF SERVICE

Service cannot be disconnected on Friday after 2:00 pm. or on a Saturday, Sunday or any legal holidays recognized by the State of Idaho, or after 2:00 pm. on any day immediately before any legal holiday. Service may only be terminated between the hours of 8:00 am and 4:00 pm. The employee sent to the premises to terminate service will identify him/herself to you and state the purpose of the visit. This person is authorized to accept payment in full.

HOOK-UP

The Bitterroot Water Company reserves the right to deny hook-ups during the winter months due to adverse weather conditions. New hook-ups will be scheduled as soon as weather conditions permit.

HOOK-UP CHARGES & MONTHLY FEES

A one time hook-up charge of \$750.00 will be paid in advance for any new service hook-up. The extra costs of any out of the ordinary circumstances requiring additional equipment or special construction techniques involved in the installation of a new service connection will be agreed to in advance and put into writing by the customer and the company. **Only one residence per hook-up is allowed, one stock tank will also be permitted. No irrigation of property will be permitted.**

The monthly water rate is \$20.00 for the first 15,000 gallons of usage and .75 cents per 1000 gallons after the first 15,000 gallons. Meters will be read between the 1st and the 5th of the month. Payment is due in full (20) twenty days after the billing date and a bill may be considered delinquent (25) twenty-five days after the billing date. Arrangement can be made to pay in advance monthly, quarterly, semi-annually or annually.

Any customer check returned to Bitterroot Water Company due to insufficient funds will be subject to a \$25.00 NSF fee, which will be added to the customer's account. The customer will be contacted by Rickel Water Company staff to make payment arrangements, as the current balance and the NSF fee are due immediately.

RECONNECTION FEE

If water service has been terminated, any balance due plus a reconnection fee of (\$25.00) twenty-five dollars must be paid in full before service can be restored.

***NO ONE EXCEPT AN AUTHORIZED AGENT OF THE BITTERROOT
WATER COMPANY SHALL TAMPER WITH, INTERFERE WITH,
REPAIR, CONNECT TO OR REPLACE ANY OF THE BITTERROOT
WATER COMPANY'S PROPERTY, EXCEPT IN THE CASE OF
EXTREME EMERGENCY.***

BITTERROOT WATER COMPANY

Application for Water Rate Increase

Proposed Press Release

And

Customer Customer Notice

(To be included with monthly billing)

Bitterroot Water Company Requests An Increase in Rates Citing Rising Power and System Improvement Costs

CONTACT: Ken Rickel, President
(208) 208-683-8105 or 208-660-2560

Bitterroot Water Company has filed a request with the Idaho Public Utilities Commission for a rate increase in the base water rate from \$20 per month to \$45 per month to help offset the increasing costs associated with the operation, maintenance and capital improvements to the water system. There would be no increase in the charge for gallons used in excess of the 15,000 base amount allowed.

The company last filed for a rate increase in 1998 while serving 54 customers. The system has now expanded to serve 116 customers and is considered to be at capacity based on the number and size of the lots now included in the subdivision. Further growth would be based on subdividing existing lots.

In the last 12 months, the system has been systematically reviewed and upgraded to maintain compliance with increasingly tougher government standards for water quality. The increased operating expenses are largely out of the company's control. Rising power costs play the biggest role in recent operating expense increases.

The rate proposal is subject to public review and will be reviewed and approved by the Idaho Public Utilities Commission. A copy of the application is available for public review at the Bitterroot Water Company Office and the office of the Idaho Public Utilities Commission.

Bitterroot Water Company, organized in 1995, is an independent owner-operated water utility whose purpose is to supply water for domestic, commercial, industrial and fire protection purposes. The Company is subject to the regulations of the Idaho Public Utilities Commission as well as various Federal and State regulatory agencies concerning water quality standards.