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IDaho PUBLIC UTILITIES COMMISSION

June 3, 2003

Public Utilities Commission
Attn: Commission Secretary
P.O. Box 13720
Boise, Idaho 83720-0074

re: Purchase of the Bitterroot Water
Company by Ken and Cathy Rickel

Dear Secretary,

My colleague, Norm Gissel, and I have been retained by the Bitterroot Water Company and Kenneth Rickel and his wife, Cathy, respectively, for the purposes of writing a proposal letter for the purchase of the Bitterroot Water Company by the Rickels. While this is not to be a consolidation of water companies, my Clients, the Rickels, currently own the contiguous water company. Both parties agree that it only makes economic, economies of scale and logistical sense that the companies be owned by local people; the owner of Bitterroot lives out of state. Further, the companies share a communal reservoir and some infra- structure.

All Bitterroot shares of stock are owned by Bruce Bennett and as stated in the Purchase Agreement attached hereto, the Rickel's will be purchasing one half of the shares of stock immediately and the balance of the stock upon your approval.

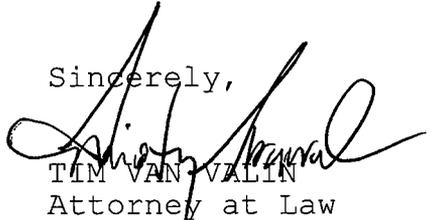
By way of particulars, Bitterroot would be purchased for a total of FIFTY THOUSAND DOLLARS (\$50,000.00) with Bitterroot taking back paper on TWENTY-FIVE THOUSAND (\$25,000.00) and TWENTY-FIVE THOUSAND being paid in cash. The sale and promissory note, contingent on your approval, would be executed under mutually agreeable terms between the parties as soon as we get the go ahead from you. Please see also the attached Sales/Purchase Agreement.

The Rickels would leave the water service fees as is for the near future but, based on economics, it is possible that an increase may be needed. There are a number of hook ups which may be losing water due to faulty back-flow prevention valves which need to be fixed and/or replaced. This will potentially stop the water shortages which have

been occurring with Bitterroot's clientele. There is no question that the company will need to have another well and reservoir for the expansion of the housing north of the companies current clientele. At present, Bitterroot pumps at 100 gpm. and Rickels at 150 gpm. which is sufficient for 160 hook-ups but insufficient for any further expansion.

I hope this letter is sufficient for the Commission to validate the purchase of Bitterroot Water Company by the Rickels. If it is not, please do not hesitate to contact me or Norm Gissel and we will answer any questions you may have or supplement the record.

Sincerely,



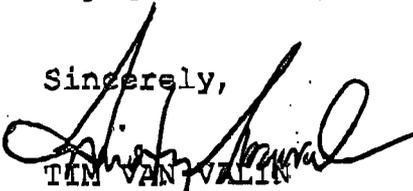
TIM VAN VALIN
Attorney at Law
Attorney for Rickels

Norm Gissel
Attorney at Law
Attorney for Bitterroot

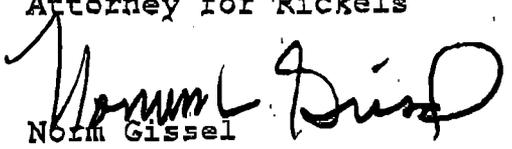
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I hope this letter is sufficient for the Commission to validate the purchase of Bitterroot Water Company by the Rickels. If it is not, please do not hesitate to contact me or Norm Gissel and we will answer any questions you may have or supplement the record.

Sincerely,



TIM VAN VALIN
Attorney at Law
Attorney for Rickels



NORM GISSEL
Attorney at Law
Attorney for Bitterroot

PURCHASE AGREEMENT FOR SALE OF COMPANY STOCK

In consideration of ONE DOLLAR (\$1.00) plus other good and valuable consideration, which amount is paid to Bruce Bennett, hereinafter called Seller, through the offices of Norm Gissel, Attorney at Law, of Coeur d'Alene, Idaho receipt of which is hereby acknowledged, Seller hereby agrees to sell and grant to Ken and Cathy Rickel of Kootenai County, Idaho, hereinafter called Purchasers, his heirs and assigns, the company stock of Bitterroot Water Company, the sole property of Seller situated in the County of Kootenai, State of Idaho, together with any buildings and all other improvements thereon, all easements, rights of way, and appurtenances thereto, and all of seller's right, title, and interest in all public ways adjoining the property and all the personal property on or employed in connection with the company stocks. The company stocks described are hereinafter referred to as "the stocks".

This agreement is made and based on the following terms and conditions:

SECTION ONE

PRICE AND TERMS OF PAYMENT

The purchase price for the stocks shall be FIFTY THOUSAND DOLLARS (\$50,000.00) at eight percent (8%) interest. Seller, hereby, acknowledges the receipt of TWENTY FIVE THOUSAND DOLLARS (\$25,000.00) as and for one half (½) the stock of the stocks contingent on the approval of the Idaho Public Utilities Commission for said sale of said stocks. The balance of the purchase price, which is TWENTY FIVE THOUSAND DOLLARS (\$25,000.00) shall be paid as follows commencing no less than thirty (30) days after approval by the Idaho Public Utilities Commission and represent the purchase of the balance of the stocks:

1. Purchaser shall make monthly payments to the Seller in the amount of \$303.32 for a period of ten (10) years.
2. The escrow holder is instructed to hold the file open and be prepared to close upon request. Prorates to be done as of the day of closing.
3. Purchaser shall have the right to operate the business in a beneficial manner and enjoy the fruits thereof.
4. Purchaser shall not have the right to encumber the business in any way until this transaction is completed.

5. Buyer shall execute a Promissory Note secured on the remaining stocks, naming Bruce Bennett as Grantee which document will be held in escrow pending final payment and completion of this Purchase Agreement and all the terms hereunder.

6. All payments are due on or before the first of each month at 5:00 p.m. commencing with the 1st day of the month immediately following the approval of the purchase of the stocks by the Idaho Public Utilities Commission. Late payments shall be assessed _____ (\$_____) for every five days (5) said payment is late.

SECTION TWO

PERIOD OF OPTION

This agreement to purchase the remaining stocks over time shall be finalized by giving notice thereof to seller at the offices of Norm Gissel, Attorney at Law, City of Coeur d'Alene, County of Kootenai, State of Idaho, at any time prior to the expiration of the thirty (30) days immediately following receipt of the approval from the Idaho Public Utilities Commission.

SECTION THREE

TITLE

Seller shall within 14 days after notice, as stated in Section Two, delivery to purchaser, for examination by his attorneys, evidence of merchantable title in the stocks by documentation establishing title to any buildings and all other improvements thereon, all easements, rights of way, and appurtenances thereto, and all of seller's right, title, and interest in all public ways adjoining the property and all the personal property on or employed in connection with the business. Within 7 days thereafter, purchaser shall give notice in writing to seller of any defects in or objections to the title as so evidenced, and seller shall clear the title of the defects and objections so specified.

Title to be conveyed as herein provided shall be merchantable title, free and clear of all liens, encumbrances, restrictions, and easements, except the following:

SECTION FOUR

ESCROW, CLOSING AND DEFAULT

An escrow shall be opened with _____ of Coeur d'Alene upon the execution of this option. All necessary documents shall be delivered to the escrow agent and all payments required hereunder, including payment of the balance of the purchase price, shall be made to escrow agent. Seller and purchaser shall execute such escrow instructions, not inconsistent with the terms of this agreement, as may be requested by the escrow agent from time to time.

Any taxes and assessments for the current year, water rents due but not delinquent, rentals under existing leases and tenancies shall be prorated between the parties as of the date of closing of escrow.

The sale transaction shall close when the escrow agent is able to comply with the provisions hereof. If closing is not accomplished by the thirtieth day after approval by the Idaho Public Utilities Commission at 5:00 o'clock P.M., all monies paid up to and including said date shall be returned to purchaser and seller at his discretion can terminate this agreement or waive deficiencies as he deems fit. In any event, the Promissory Note executed under Section One shall be delivered to seller. Furthermore, any violation or non compliance with any term and condition herein shall be deemed default of this Agreement and either party, at his discretion, can terminate this agreement or waive deficiencies. Any defaults filed or sued upon shall be subject to the laws and statutes of the State of Idaho.

SECTION FIVE

POSSESSION AND RISK OF LOSS

Seller shall continue in possession of the business until close of escrow, and buyer shall maintain the same in its present condition excluding the right to work in the business in a beneficial manner to seller. Possession shall be transferred to purchaser at closing.

Risk of loss from fire or other casualty to any improvements of the property shall be purchaser's during the term of escrow. Buyer shall maintain adequate insurance against loss for any property affixed to, constructed by buyer and any improvements made by buyer, including but not limited to extended coverage, during such period. Any additional policies of insurance

purchased by seller on the property shall be transferred to purchaser at close of escrow, at his option.

SECTION SIX
NOTICES

Any notice hereunder shall be given in writing to the party for whom it is intended in person or by registered mail at the following address, or such future address as may be designated in writing: to the seller, at the offices of Norm Gissel, Coeur d'Alene, Kootenai County, State of Idaho 83858; to the purchaser at P.O. Box 1261, Hayden Lake, State of Idaho 83835; to any successor assignee of either party, at the address stated in the notice of succession or assignment.

SECTION SEVEN
ASSIGNMENT AND SUCCESSION

This agreement and the Promissory Note resulting from the agreement shall bind and inure to the benefit of the heirs, administrators, executors, successors, and assigns of the respective parties. All rights of purchaser hereunder may not be assigned unless written permission is granted by Seller.

Executed in duplicate on _____, 2003.

BRUCE BENNETT dba
BITTERROOT WATER COMPANY
SELLER

KEN RICKEL
PURCHASER

CATHY RICKEL
PURCHASER

SUBSCRIBED AND SWORN TO before me this _____ day of _____, 2003.

NOTARY PUBLIC FOR:
RESIDING AT:
MY COMMISSION EXPIRES: