February 26, 1996

Steven A. Gardner

PO Box 50484

Idaho Falls, ID 83405-0484

RE: Country Club Hills Utilities, Inc. (CCH)

CCH-W-95-1

Dear Mr. Gardner:

On September 26, 1995, Staff provided CCH and your office with a letter outlining Staff’s position regarding the Company’s change of corporate status.  As framed by Staff, the question presented  in this case is whether a change of corporate status from “for profit” to “non-profit” is sufficient, in and of itself, to deprive the Commission of jurisdiction, control or regulation over CCH.  As stated in its September 26 letter, it is Staff’s position that a non-profit corporation to avoid regulation must be structured in such a manner that the customers, not the developer, have ultimate control of the Company, its operations and management and the pricing of its water and related services.  Although requested, Staff received no communication as to whether CCH had been structured or restructured in such a manner as to satisfy Staff’s concerns, or if not, as to the Company’s preference for processing this case.

Please advise the Commission in writing on or prior to March 8, 1996, if CCH has any objection to a dismissal of the Company’s Application to surrender its Certificate of Public Convenience and Necessity and the closing of the docket in Case No. CCH-W-95-1.  If the Company believes a dismissal is inappropriate, please indicate your preferred procedure for processing this case.  Please feel free to contact me if you have any questions.

Sincerely,

Scott D. Woodbury

Deputy Attorney General

(208) 334-0320

SDW/vld//Gardner

P.S.  It has recently come to the attention of the Commission Staff that CCH has indicated to one of its customers that it does not have sufficient monies to perform maintenance and repair of its water system.  If this is true, Staff is willing to discuss the Company’s regulatory options.

cc:  Mike Groth

Country Club Hills Utilities, Inc.

PO Box 51778

Idaho Falls, ID 83405