February 26, 1996

Kelly D. Howell, President

Falls Water Company

405 11th St.

Idaho Falls, ID 83404-4899

RE: Falls Water Company (FLS)

FLS-W-95-1

Dear Mr. Howell:

On October 13, 1995, Staff provided FLS 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 FLS.  As stated in its October 13 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 FLS 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 FLS 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. FLS-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//Howell