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IDAHO PUBLIC
UTILITIES COMMISSION

July 30, 2003

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

Re: Round Mountain, LLC

Dear Sirs:

GNR-U-03-01

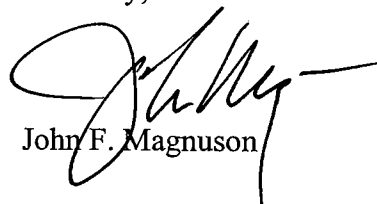
I represent Round Mountain, LLC. Round Mountain is the owner/operator of a small water system in Kootenai County, Idaho. The system was developed to service a rural residential subdivision known as Elk Horn Ranch.

Please let this letter serve as the initiation of an application for a Certificate of Convenience and Necessity on behalf of Round Mountain. Robert E. Smith, Senior Auditor for the Commission, has previously had discussions regarding the system with Charles Potts, Jr., a managing member of Round Mountain, LLC, the system owner.

I wish to thank the Commission and Mr. Smith for their patience in awaiting this information. Also enclosed are six (6) copies of the Application (in addition to the original).

After you have reviewed the enclosed, if you believe any additional information is required, please let me know and we will promptly respond. Thank you.

Sincerely,



John F. Magnuson

JFM/km
Enclosure

cc: Round Mountain, LLC

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UTILITIES COMMISSION

**SMALL WATER UTILITY INSTRUCTIONS
FILING AN APPLICATION
FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY
WITH THE IDAHO PUBLIC UTILITIES COMMISSION**

Small water systems serving more than one customer are subject to the regulatory jurisdiction of the Idaho Public Utilities Commission as provided by Idaho Code, Title 61 unless they are organized as a homeowners' association, formal water district, municipality or other mutual non-profit organization. The Commission's jurisdiction and authority is very broad and includes approval of authorized service area, rates and charges, accounting and reporting requirements, service quality, customer relations rules and customer information rules. 1/

These instructions and the accompanying application form are provided to help the owners/operators of small water systems make application to the Idaho Public Utilities Commission for authority to operate as a public utility in the State of Idaho. Additional information regarding the Commission's rules and regulations will be provided upon receipt of the application. The Staff of the Commission is available to answer questions regarding this procedure by phoning (208) 334-0300, Fax (208) 334-3762 or e-mail to secretary@puc.state.id.us.

The process begins with a letter addressed to:

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

Characterize the letter as an application for a certificate of convenience and necessity. Briefly describe the water system and service area. State that a certificate application form is enclosed together with the required supplemental information. If another existing water system is located within a reasonable distance of the requested service area and could economically serve the area provide the name and address. Request the Commission to issue a certificate of convenience and necessity authorizing the company to operate as a public utility in the State of Idaho and to serve the geographical area requested.

Complete the application form by filling in the blanks with the appropriate information. Where a ✓ appears on the right margin, check the box if applicable and enclose the required information with the application. If an item is not applicable, mark N/A next to the box and enclose an explanation. Identify each enclosure with a reference to the numerical item in the application to which it is associated.

1/ Idaho Code, Title 61 and the Commission's customer rules are available on the internet at: www.puc.state.id.us/

**APPLICATION
TO THE IDAHO PUBLIC UTILITIES COMMISSION
FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY
TO OPERATE A WATER UTILITY IN THE STATE OF IDAHO**

1. Legal name of Company Round Mountain, L.L.C.
2. Name of primary contact person Dean Reninger
Title Water Master
3. Telephone Number(s) (208) 687-2266
4. Mail Address: 21963 N. Molly Lane
City Rathdrum State Idaho Zip 83858
Street Address 21963 N. Molly Lane
City Rathdrum State Idaho 83858
5. Type of Organization Limited Liability Company
(Corporation) (LLC) (Partnership) (Proprietorship)
6. In what state is the company organized? Idaho
7. Is the company registered with the Idaho Secretary of State and authorized to do business in Idaho? Yes
8. Enclosed are copies of applicable by-laws, articles of incorporation and/or other organizational documents on file with the Idaho Secretary of State. XX ✓
9. Enclosed is a legal Description for the area to be served. XX ✓
10. Enclosed is a plat map of the area showing the location of wells, reservoirs water lines, booster pumps and valves. XX ✓
11. Number of customers currently connected to the system //

| | |
|-------------|-----------|
| Residential | <u>30</u> |
| Commercial | <u>0</u> |
12. Number of customers ultimately to be served by the system

| | |
|-------------|-----------|
| Residential | <u>72</u> |
| Commercial | <u>0</u> |

13. Enclosed is a description of proposed rates and charges. XX ✓

Note: Separate rates between residential customer rates and commercial customer rates. Typically water rates are either a flat monthly charge regardless of the amount of water consumed or a metered rate with a basic charge that includes a block of water (000's of Gallons or 00's of cubic feet) plus a commodity charge for consumption in excess of the initial block included in the basic charge.

14. Enclosed is a set of detailed financial statements (income statement and balance sheet) for the most recent three years for the water system (one or two if a new company) **or** a detailed budget for a new system with no financial history. ~~XX~~ ✓

15. Enclosed is a list of current customers complete with mailing addresses. XX ✓

16. Enclosed is monthly consumption data for each customer connected to the water system. XX ✓

17. Is the system approved by the Idaho Department of Environmental Quality (DEQ) or local health district? Yes

18. Are there any affiliated companies with whom the water system shares office space, employees, expenses or that provide services to the water system? No

If yes, enclose a detailed description of the relationship. ✓

19. You are required to inform your customers (if any) of this application. The notice should briefly describe the service area and proposed rates. It should include the Commission's phone number and mail address.

Have the existing customers been notified? See below

If yes, enclose a copy of the notice. If no, enclose an explanation. ✓

The customers will be notified in writing within seven (7) days of the submittal of this application. A copy of the notice will be sent to the Idaho Public Utilities Commission.

ITEM NO. 8:
ARTICLES OF ORGANIZATION

ARTICLE OF ORGANIZATION LIMITED LIABILITY COMPANY



(Instructions on back of application)

97 JUN 19 AM 10:46

1. The name of the limited liability company is: Round Mountain, L.L.C.
STATE OF IDAHO

2. The address of the initial registered office is: E. 3180 Village Boulevard,
Rathdrum, ID 83858 (not a PO Box) and the name of the initial registered agent at that address is: Charles A. Potts, Jr.

Signature of registered agent: _____

3. The latest date certain on which the limited liability company will dissolve: June 26, 2027

4. Is management of the limited liability company vested in a manager or managers?
 Yes No (check appropriate box)

5. If management is vested in one or more manager(s), list the name(s) and address(es) of at least one initial manager. If management is vested in the members, list the name(s) and address(es) of at least one initial member.

| <u>Name:</u> | <u>Address:</u> |
|------------------------------|--|
| <u>Charles A. Potts, Jr.</u> | <u>E. 3180 Village Blvd., Rathdrum, ID</u> <u>83858</u> |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |

6. Signature of at least one person listed in #5 above:

Secretary of State use only

IDAHO SECRETARY OF STATE
DATE 06/19/1997
0900 103761 2
CK #: 5919 CUST# 21913
ORGAN LLC 1@ 100.00= 100.00

#: W 4239

9 Verformal (C) jms Revised 8/95

ITEM NO. 9:

**LEGAL DESCRIPTION OF THE
AREA TO BE SERVED**

LEGAL DESCRIPTION OF AREA TO BE SERVED

Lots 1 through 14 of Block 1 of Elkhorn Ranch Estates (according to the plat recorded at Book I, page 217 with the Kootenai County Recorder).

Lots 1 through 3, Block 2 of Elkhorn Ranch Estates (according to the plat recorded at Book I, page 217 with the Kootenai County Recorder).

Lots 1 through 11 of Block 3 of Elkhorn Ranch Estates (according to the plat recorded at Book I, page 217 with the Kootenai County Recorder).

Lots 1 through 4 of Block 4 of Elkhorn Ranch Estates (according to the plat recorded at Book I, page 217 with the Kootenai County Recorder).

Lots 1 through 10 of Block 5 of Elkhorn Ranch Estates (according to the plat recorded at Book I, page 217 with the Kootenai County Recorder).

Lots 1 through 5 of Block 6 of Elkhorn Ranch Estates (according to the plat recorded at Book I, page 217 with the Kootenai County Recorder).

Lots 1 through 4 of Block 1 of Elkhorn Ranch Estates First Addition (according to the plat recorded at Book I, page 317 with the Kootenai County Recorder).

Lots 1 through 4 of Block 2 of Elkhorn Ranch Estates First Addition (according to the plat recorded at Book I, page 317 with the Kootenai County Recorder).

ITEM NO. 10:

**PLAT MAT OF THE AREA SHOWING THE
LOCATION OF WELLS, RESERVOIRS, WATERLINES,
BOOSTER PUMPS, AND VALVES**

Maps attached to original Application.

ITEM NO. 11:

**CURRENT RESIDENTIAL CUSTOMERS
CONNECTED TO THE SYSTEMS**

| Avg monthly Ga | Customer | Address | City / State / Zip |
|----------------|---------------------------|--------------------------|-------------------------|
| 1222 | Derrick & Sheri Allen | 22696 Ranch View Drive | Rathdrum, ID. 83858 |
| 905 | Jerrold E. Boughton | PO Box 1915 | Hayden, Id. 83835 |
| 8150 | Paul Denny | 3074 E. Seikirk Ave | Post Falls, Idaho 83854 |
| 5191 | Andrew and Georgia Emch | 50669 Old Hwy. 95 | Rathdrum, Id 83858-7167 |
| 3478 | William Foster | 23875 N McKenzie DR | Rathdrum ID 83858 |
| 1008 | Michael Fox | 9153 N Blossom Dr | Hayden ID. 83835 |
| 1086 | Brett Gatten | 3921 Nicklaus Drive | CDA, ID. 83815 |
| 0 | Charles A Gay | 24281 N McKenzie Dr | Rathdrum, ID 83858 |
| 2430 | Kim & Cindy Happeny | PO Box 502 | Rathdrum, Idaho 83858 |
| 4640 | Steven Hicks | 22133 N. Ranch View DR. | Rathdrum, ID. 83858 |
| 3140 | Stephen A Hoch | 10954 W. Twin Lakes Rd | Rathdrum, Idaho 83858 |
| 390 | Erin R Jenkins | PO Box 53 | Hayden Id. 83835 |
| 2202 | Keith & Lynda Klopatek | 2050 W, Jesse CT | Rathdrum, ID 83858 |
| 1763 | Dennis LaMotte | 23761 N McKenzie Drive | Rathdrum, Idaho 83858 |
| 5744 | Rowan Martin & Cindy | 2379 W. Jesse CT. | Rathdrum ID. 83858 |
| 5616 | Stacy Carhart | 24355 N. McKenzie Drive | Rathdrum, Idaho 83858 |
| 18 | Theodore J Lyle | 13522 48th Place West | Edmonds, Wa. 98026 |
| 3555 | Mike McLaughlin | 22199 Ranch View Dr. | Rathdrum, Id. 83858 |
| 1108 | Mehringner | 502 Peachtree | Hayden, ID. 83835 |
| 1493 | John H Nelson | 3309 W. Bantam CT | Post Falls, Id. 83854 |
| 2930 | Mary Nicklas | PO Box 2854 | Hayden, ID 83858 |
| 8046 | Robert G. Packard | 22763 N Ranch View DR | Rathdrum, ID 83858 |
| 9074 | Rohlf, Dean | 24136 N McKenzie | Rathdrum, ID 83858 |
| 2065 | L. R. Saylor | 24203 N McKenzie | Rathdrum ID 83858 |
| 7778 | Jay Schmeckpeper | 22340 N Ranch View Dr | Ratsdrum, ID 83858 |
| 7303 | Chris & Jennifer Smalley | PO Box 1736 | Post Falls, Idaho 83877 |
| 608 | Edward J Syslo | 22148 N Ranch View Drive | Rathdrum Idaho 83858 |
| 4497 | Charles & Georgia Tienken | 2473 Jesse CT | Rathdrum, Id. 83858 |
| 1670 | Venson A Tutton | 24079 N. McKenzie | Rathdrum Id. 83858 |
| 4457 | Ward Greg | 21000 Camper Rd. | Rathdrum, Idaho 83858 |

List of units
Keele 11/17

ITEM NO. 13:

**DESCRIPTION OF PROPOSED RATES
AND CHARGES**

Proposed rates and charges consist of the following:

- (1) A \$750 one-time hook-up fee.
- (2) Twelve dollars (\$12) a month base charge plus one dollar (\$1) for each 1,000 gallons of water used.

ITEM NO. 14:
FINANCIAL DATA

Financial data for the most recent three years for the water system are not available since the system's first year of operations was 2001. Enclosed are profit and loss statements for the system for the years 2001 (the first year of operations) and 2002.

Also enclosed are two sheets listing costs incurred by the developer in developing the subject property, which include costs associated with the development of the water system.

Round Mountain, L.L.C.
Profit & Loss
 January through December 2002

| | <u>2002</u> | <u>2001</u> | <u>TOTAL</u> |
|--------------------------------|------------------------|-------------------------|-------------------------|
| Ordinary Income/Expense | | | |
| Income | | | |
| Hook-up | 10,500.00 | 6,700.00 | 17,200.00 |
| Utilities Access | 5,000.00 | 40,838.00 | 45,838.00 |
| Water Income | 4,861.59 | 2,596.34 | 7,457.93 |
| Total Income | <u>20,361.59</u> | <u>50,134.34</u> | <u>70,495.93</u> |
| Gross Profit | 20,361.59 | 50,134.34 | 70,495.93 |
| Expense | | | |
| Locating | 391.00 | 0.00 | 391.00 |
| Office Expense | 545.03 | 338.34 | 883.37 |
| Professional Fees | 0.00 | 1,598.66 | 1,598.66 |
| Repairs & Maintenance | 5,113.40 | 3,528.13 | 8,641.53 |
| Water Meter Hook-up | 8,514.12 | 7,680.00 | 16,194.12 |
| Total Expense | <u>14,563.55</u> | <u>13,145.13</u> | <u>27,708.68</u> |
| Net Ordinary Income | <u>5,798.04</u> | <u>36,989.21</u> | <u>42,787.25</u> |
| Net Income | <u><u>5,798.04</u></u> | <u><u>36,989.21</u></u> | <u><u>42,787.25</u></u> |

Round Mountain, L.L.C.
Vendor QuickReport
January 1, 1997 through October 14, 2002

| | <u>Type</u> | <u>Date</u> | <u>Num</u> | <u>Account</u> | <u>Split</u> | <u>Amount</u> |
|------------------------|-------------|-------------|------------|-----------------------|------------------|-------------------|
| H2O Well Service, Inc. | Check | 05/20/1999 | 1027 | Washington Trust Bank | Development Cost | -5,000.00 |
| | Check | 06/15/1999 | 1032 | Washington Trust Bank | Development Cost | -10,970.00 |
| | Check | 10/26/1999 | 1050 | Washington Trust Bank | Development Cost | -16,922.68 |
| | Check | 01/05/2000 | 1056 | Washington Trust Bank | Development Cost | -6,963.11 |
| | Check | 01/10/2001 | 1117 | Washington Trust Bank | Accounts Payable | -12,224.65 |
| | | | | | | -52,080.44 |

Round Mountain, L.L.C.
Vendor QuickReport
January 1, 1997 through October 14, 2002

| | <u>Type</u> | <u>Date</u> | <u>Num</u> | <u>Account</u> | <u>Split</u> | <u>Amount</u> |
|------------|-------------|-------------|------------|-----------------------|------------------|--------------------|
| Eller Corp | Check | 12/20/1999 | 1055 | Washington Trust Bank | Development Cost | -16,350.00 |
| | Check | 01/21/2000 | 1060 | Washington Trust Bank | Development Cost | -12,500.00 |
| | Check | 06/29/2000 | 1072 | Washington Trust Bank | Development Cost | -50,000.00 |
| | Check | 07/01/2000 | 1074 | Washington Trust Bank | Development Cost | -120,000.00 |
| | Check | 08/14/2000 | 1085 | Washington Trust Bank | Development Cost | -90,000.00 |
| | Check | 08/23/2000 | 1088 | Washington Trust Bank | Development Cost | -77,494.95 |
| | Check | 11/06/2000 | 1103 | Washington Trust Bank | Development Cost | -104,293.28 |
| | Check | 01/10/2001 | 1121 | Washington Trust Bank | Accounts Payable | -50,000.00 |
| | Check | 01/25/2001 | 1125 | Washington Trust Bank | Accounts Payable | -50,000.00 |
| | Check | 03/07/2001 | 1130 | Washington Trust Bank | Accounts Payable | -10,601.72 |
| | Check | 12/04/2001 | 1168 | Washington Trust Bank | Accounts Payable | -20,000.00 |
| | Check | 05/29/2002 | 1175 | Washington Trust Bank | Accounts Payable | -12,139.25 |
| | | | | | | -613,379.20 |

ITEM NO. 15:

**LIST OF CURRENT CUSTOMERS COMPLETE
WITH MAILING ADDRESSES**

| Avg monthly Ga | Customer | Address | City / State / Zip |
|----------------|---------------------------|--------------------------|-------------------------|
| 1222 | Derrick & Sheri Allen | 22696 Ranch View Drive | Rathdrum, ID. 83858 |
| 905 | Jerrold E. Boughton | PO Box 1915 | Hayden, Id. 83835 |
| 8150 | Paul Denny | 3074 E. Selkirk Ave | Post Falls, Idaho 83854 |
| 5191 | Andrew and Georgia Emch | 50669 Old Hwy. 95 | Rathdrum, Id 83858-7167 |
| 3478 | William Foster | 23875 N McKenzie DR | Rathdrum ID 83858 |
| 1008 | Michael Fox | 9153 N Blossom Dr | Hayden ID. 83835 |
| 1086 | Brett Gatten | 3921 Nicklaus Drive | CDA, ID. 83815 |
| 0 | Charles A Gay | 24281 N McKenzie Dr | Rathdrum, ID 83858 |
| 2430 | Kim & Cindy Happeny | PO Box 502 | Rathdrum, Idaho 83858 |
| 4640 | Steven Hicks | 22133 N. Ranch View DR. | Rathdrum, ID. 83858 |
| 3140 | Stephen A Hoch | 10954 W. Twin Lakes Rd | Rathdrum, Idaho 83858 |
| 390 | Erin R Jenkins | PO Box 53 | Hayden Id. 83835 |
| 2202 | Keith & Lynda Klopatek | 2050 W, Jesse CT | Rathdrum, ID 83858 |
| 1763 | Dennis LaMotte | 23761 N McKenzie Drive | Rathdrum, Idaho 83858 |
| 5744 | Rowan Martin & Cindy | 2379 W. Jesse CT. | Rathdrum ID. 83858 |
| 5616 | Stacy Carhart | 24355 N. McKenzie Drive | Rathdrum, Idaho 83858 |
| 18 | Theodore J Lyle | 13522 48th Place West | Edmonds, Wa. 98026 |
| 3555 | Mike McLaughlin | 22199 Ranch View Dr. | Rathdrum, Id. 83858 |
| 1108 | Mehringner | 502 Peachtree | Hayden, ID. 83835 |
| 1493 | John H Nelson | 3309 W. Bantam CT | Post Falls, Id. 83854 |
| 2930 | Mary Nicklas | PO Box 2854 | Hayden, ID 83858 |
| 8046 | Robert G. Packard | 22763 N Ranch View DR | Rathdrum, ID 83858 |
| 9074 | Rohlf, Dean | 24136 N McKenzie | Rathdrum, ID 83858 |
| 2065 | L. R. Saylor | 24203 N McKensie | Rathdrum ID 83858 |
| 7778 | Jay Schmeckpeper | 22340 N Ranch View Dr | Ratsdrum, ID 83858 |
| 7303 | Chris & Jennifer Smalley | PO Box 1736 | Post Falls, Idaho 83877 |
| 608 | Edward J Syslo | 22148 N Ranch View Drive | Rathdrum Idaho 83858 |
| 4497 | Charles & Georgia Tienken | 2473 Jesse CT | Rathdrum, Id. 83858 |
| 1670 | Venson A Tutton | 24079 N. McKenzie | Rathdrum Id. 83858 |
| 4457 | Ward Greg | 21000 Camper Rd. | Rathdrum, Idaho 83858 |

List of water users
Round mt

ITEM NO. 16:

**MONTHLY CONSUMPTION DATA FOR EACH
CUSTOMER CONNECTED TO THE SYSTEM**

| Avg monthly Ga | Customer | Address | City / State / Zip |
|----------------|---------------------------|--------------------------|-------------------------|
| 1222 | Derrick & Sheri Allen | 22696 Ranch View Drive | Rathdrum, ID. 83858 |
| 905 | Jerrold E. Boughton | PO Box 1915 | Hayden, Id. 83835 |
| 8150 | Paul Denny | 3074 E. Selkirk Ave | Post Falls, Idaho 83854 |
| 5191 | Andrew and Georgia Emch | 50669 Old Hwy. 95 | Rathdrum, Id 83858-7167 |
| 3478 | William Foster | 23875 N McKenzie DR | Rathdrum ID 83858 |
| 1008 | Michael Fox | 9153 N Blossom Dr | Hayden ID. 83835 |
| 1086 | Brett Gatten | 3921 Nicklaus Drive | CDA, ID. 83815 |
| 0 | Charles A Gay | 24281 N McKenzie Dr | Rathdrum, ID 83858 |
| 2430 | Kim & Cindy Happeny | PO Box 502 | Rathdrum, Idaho 83858 |
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| 3140 | Stephen A Hoch | 10954 W. Twin Lakes Rd | Rathdrum, Idaho 83858 |
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| 1763 | Dennis LaMotte | 23761 N McKenzie Drive | Rathdrum, Idaho 83858 |
| 5744 | Rowan Martin & Cindy | 2379 W. Jesse CT. | Rathdrum ID. 83858 |
| 5616 | Stacy Carhart | 24355 N. McKenzie Drive | Rathdrum, Idaho 83858 |
| 18 | Theodore J Lyle | 13522 48th Place West | Edmonds, Wa. 98026 |
| 3555 | Mike McLaughlin | 22199 Ranch View Dr. | Rathdrum, Id. 83858 |
| 1108 | Mehringer | 502 Peachtree | Hayden, ID. 83835 |
| 1493 | John H Nelson | 3309 W. Bantam CT | Post Falls, Id. 83854 |
| 2930 | Mary Nicklas | PO Box 2854 | Hayden, ID 83858 |
| 8046 | Robert G. Packard | 22763 N Ranch View DR | Rathdrum, ID 83858 |
| 9074 | Rohlf, Dean | 24136 N McKenzie | Rathdrum, ID 83858 |
| 2065 | L. R. Saylor | 24203 N McKenzie | Rathdrum ID 83858 |
| 7778 | Jay Schmeckpeper | 22340 N Ranch View Dr | Ratshdrum, ID 83858 |
| 7303 | Chris & Jennifer Smalley | PO Box 1736 | Post Falls, Idaho 83877 |
| 608 | Edward J Syslo | 22148 N Ranch View Drive | Rathdrum Idaho 83858 |
| 4497 | Charles & Georgia Tienken | 2473 Jesse CT | Rathdrum, Id. 83858 |
| 1670 | Venson A Tutton | 24079 N. McKenzie | Rathdrum Id. 83858 |
| 4457 | Ward Greg | 21000 Camper Rd. | Rathdrum, Idaho 83858 |

List of water users
Round n.f.