January 9, 1996

Daren Fales

Dee,  MacGregor, Fales & MacGregor

416 W. Main

PO Box 463

Grangeville, ID 83530

Danny Radakovich

1624 G Street

Lewiston, ID 83501

RE:  Valley View Subdivision Water Company

Dear Mr. Fales & Mr. Radakovich:

The PUC has received the Order of the District Court establishing Valley View Water and Sewer District.  Judge Reinhardt, of the Second Judicial District, signed this Order in Case No. SP-95-01157 on December 20, 1995.  I commend the parties for the successful election and the finalization of this order.

As this election is final, I presume that there is no impediment to continued negotiations for the sale of the water company.  It is my understanding that both parties are ready, willing and able to negotiate the sale of the water company.  As I have mentioned to both of you, the PUC Staff would like to see the sale of this company succeed.  Initially, Staff suspended its investigation of Valley View Water Company pending the election and the District Court Order.  Now that this is final, Staff anticipates that the parties will resume negotiations.   However, if the negotiations are unsuccessful, the PUC will continue the investigation of the company to determine if it is a public utility and which rates should apply.  Please let me know if the PUC Staff can help facilitate a successful resolution before it becomes a contested case.

Again, please keep me informed of the status of the negotiations.   I would like to know how soon the sale will be completed.  If I do not hear from either party in the next month I will recommend to the Commission that we begin a contested case.   If there are any questions,  please do not hesitate to call me.

Sincerely,

Susan E. Hamlin

Deputy Attorney General

cm\-radakovic.sh2