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IDAHO PUBLIC
UTILITIES COMMISSION

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Attorneys for Applicant

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE
APPLICATION OF IDAHO SPRINGS
WATER COMPANY, INC., FOR A
CERTIFICATE OF PUBLIC
CONVENIENCE AND NECESSITY

CASE NO. ISW-W-08-01

**AMENDED APPLICATION TO SET FORTH
PROPOSED RATES AND CHARGES FOR
WATER SERVICE FOR IDAHO SPRINGS
WATER COMPANY, INC.**

COMES NOW Idaho Springs Water Company, Inc., an Idaho corporation, (the "Applicant" or the "Company") pursuant to Idaho Commission Rule of Procedure 66, IDAPA 31.01.01.66, and hereby respectfully files this amendment to its Application that requests the Idaho Public Utilities Commission (the "Commission") to grant it a Certificate of Public Convenience and Necessity ("CPCN") to provide water service to the general public as a public utility, authorize interim rates for water service and to begin the process of setting rates and charges for water service through Commission order.

This amendment is made only for the purpose of providing the Company's proposal for the rates and charges it wishes to assess its customers for water service. The Company respectfully requests that the Commission issue its Order approving the Applicant's proposed rates and charges for water service to become effective with water service provided on or after August 1, 2008.

The Company respectfully requests that the Commission continue to process this case by Modified Procedure under the Commission's Rules of Procedure as previously ordered in Order No. 30512.

I.

Applicant is an Idaho corporation engaged in conducting a general water business in and about the Arrowrock Subdivision in Kuna, Idaho, Ada County, having its principal office and place of business at 660 E. Franklin Road, Suite 240, Meridian, Idaho 83642 and a mailing address of P.O. Box 344, Meridian, Idaho 83642. The Company's contact number is (208) 888-9946 x100. The water system in the Arrowrock Subdivision has been completed and is operational.

II.

Communications in reference to this Application should be addressed to:

Idaho Springs Water Company, Inc.
Attn. Trent Nieffenegger
P.O. Box 344
Meridian, Idaho 83642
trent@westparkco.com

John R. Hammond, Jr.
Fisher Pusch & Alderman LLP
101 South Capitol Blvd., Suite 500
Boise, Idaho 83701
jrh@fpa-law.com

III.

The Applicant currently provides water service to 38 residential customers, 17 connections taking service during construction of residential dwellings and 1 customer taking service to water common areas in the Arrowrock Subdivision.

IV.

Attached as **Exhibit 7** (Exhibit G to the original Application) is a description of the rates and charges which the Applicant is currently charging for water service (the "Interim Tariff"). Specifically, the Company presently charges: 1) a \$50.00 flat fee per month for residential customers; 2) a \$25.00 flat fee per month for connections to lots upon which construction of a

residential dwelling is occurring or for a builder owned residence in which nobody resides; and, 3) an \$800.00 flat fee per month for water service to common areas. On March 3, 2008 the Commission authorized the Company to “continue to charge [the above] current/interim rates and charges, subject to refund, until such time as final rates and charges are approved by Order of the Commission.” *See Order No. 30512* at p. 3.

V.

Attached hereto as **Exhibit 8** is a redline version of the Applicant’s Interim Tariff representing the Company’s new request for the establishment of rates and charges for water service (the “Proposed Tariff”). A clean version of this Tariff is also included in **Exhibit 8**. Applicant proposes changing its rates for water service from a flat fee per month to a rate based on a fixed or base charge and a variable usage charge. The variable charge will be determined by customer usage as measured by customer water meters. Second, the Applicant proposes to eliminate the separate rate for builders and unsold homes because the Company believes its residential customers would subsidize these customers during the summer watering season if its proposed blended rate is approved by the Commission.

VI.

Based on 2007 water usage data obtained from customer meter reads the Company asserts that if the rates and charges in its proposed Tariff became effective its customers would see the following increases in their rates and charges for water service.

	Current Rates	Proposed Rates	Estimated Bill	% Increase
Residential Customers	\$50.00 flat fee per month	Monthly Base Charge of \$81.62 Monthly Variable Charge of .000651 for each gallon in excess of 10,000 gallons consumed.	\$101.45 per month	\$51.45 or +103%
Non-Residential Customers	\$25.00 flat fee per month	Same as Residential Customers	\$101.45 per month	\$76.45 or +306%
Common Area Customer	\$800.00 flat fee per month	Same as Residential Customers	To be determined	To be determined

VII.

In Order No. 30512 the Commission found that the interim rates it authorized the Company to charge were subject to refund if the final rates as determined by Commission order were set lower than what is currently being charged. In the event that a Commission Order establishes rates which are higher than the authorized, interim rates the Company respectfully requests that the difference be preserved for recovery and that it be allowed to recover this amount from customers either immediately or over a short period of time. If necessary in order to preserve the amount the Company requests that it be granted an accounting order to track the difference between the authorized, interim rates it is now assessing its customers and what customers would be charged if the rates proposed in this amended Application were actually in place.

VIII.

Pursuant to Rule 103 of the Commission's Policies and Presumptions for Small Water Companies, IDAPA, 31.36.31.103 when issuing certificates or setting rates for small water companies (those with less than 300 customers and less than \$50,000.00 in annual gross revenue) it is presumed that the capital investment in plant associated with the system is contributed

capital, i.e., that this capital investment will be excluded from rate base. The Company does not oppose the idea that at least some portion of the total cost of building the system should be treated as contributed capital. For example that portion which could be considered contributed at this point in time would be calculated based on the total number of customers that have already connected to the system multiplied by the \$2,500.00 connection fee. If the Arrowrock Subdivision was fully built out to 100 homes/connections the Company would recover approximately \$250,000.00 of the costs incurred to build the system. The cost to build this system far exceeds this number. Accordingly, the Company respectfully requests that the difference between the total cost of building the system minus the amount of cost recovered through connection fees be preserved for possible rate basing in the future as future utility plant.

IX.

Notice to Applicant's customers is being accomplished by news media releases simultaneously with the filing of this amended Application and by an individual notice mailed to each of Applicant's customers as a bill stuffer in their bills being sent to them by the Company on April 30-31, 2008. A copy of these notices has been attached hereto as **Exhibit 9**. In addition, a copy of the amended Application and original Application and Applicant's present and proposed rate schedules are available for public inspection at its office at 660 E. Franklin Road, Suite 240, Meridian, Idaho 83642 at any time during office hours.

PRAYER FOR RELIEF

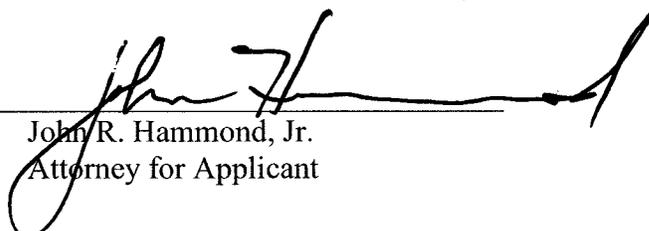
WHEREFORE, Applicant respectfully requests of the Commission:

1. That the Commission continue to find that a hearing is not required herein and to continue to process the Application for a CPCN and the amendment to the Application requesting approval of the Company's proposed rates and charges by Modified Procedure;

2. That the Commission grant the Applicant's request for a CPCN;
3. That the Commission find that the Applicant's proposed rates and charges for water service as contained in **Exhibit 8** attached hereto are just and reasonable and be permitted to charge said rates and charges to its customers effective August 1, 2008.
4. If by Commission final order the Company's rates and charges for water service are set higher than the authorized, interim rates the Company respectfully requests that the difference be preserved for recovery and that it be allowed to recover this amount from customers either immediately or over a short period of time. If necessary to preserve the amount the Company requests that it be granted an accounting order to track the difference between the authorized, interim rates it is now assessing its customers and what customers would be charged if the rates proposed in this amended Application were in place on February 5, 2008, the date on which the Company's original Application was filed in this case.
5. That the Commission enter an order to preserve at least a portion of the cost of capital investment in the water system so that it may be considered in the future for inclusion in the Company's rate base.
6. That the Commission grant such other and further relief as it may determine proper herein.

IDAHO SPRINGS WATER COMPANY, INC.

By: _____


John R. Hammond, Jr.
Attorney for Applicant

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 25 day of April, 2008, a true and correct copy of the foregoing document was served on the following individuals by the method indicated below:

Jean Jewell
IDAHO PUBLIC UTILITIES COMMISSION
472 W. Washington St.
PO Box 83720
Boise ID 83720-5983

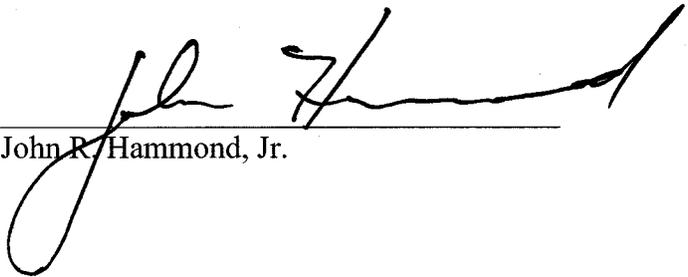
U.S. Mail
 Facsimile
 Overnight Delivery
 Messenger Delivery
 Email

Donald L. Howell, II
Kristine A. Sasser
Deputy Attorneys General
472 W. Washington St.
PO Box 83720
Boise ID 83720-5983

U.S. Mail
 Facsimile
 Overnight Delivery
 Messenger Delivery
 Email

Gerald J. Corvino
11865 W. Tustin Lane
Kuna, ID 83634-5032
Telephone: 619-549- 1402
E-mail: jerrv@apfpower.com

U.S. Mail
 Facsimile
 Overnight Delivery
 Messenger Delivery
 Email



John R. Hammond, Jr.

EXHIBIT 7
INTERIM RATES

ISW-w-08-01

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IDAHO SPRINGS WATER COMPANY

IDAHO PUBLIC
UTILITIES COMMISSION

PROPOSED INTERM TARIFF SCHEDULE

Rates:

\$50.00 monthly flat fee for water service to residential customers.

\$25.00 monthly flat fee for connections to the water system for lots on which construction of a residential dwelling is occurring, but in which no one resides that are within Idaho Springs Water Company's service territory between April 1 and October 1 each year.

\$800.00 a month for the period between April 1 and September 31 for one commercial customer which takes service to water common areas in the Arrowrock Subdivision.

\$35.00 Reconnection Fee during office hours, 8:00 am to 5:00 pm Monday thru Friday except for the following holidays which fall on a weekday: New Years Day, Memorial Day, 4th of July, Labor Day, Thanksgiving and Day after and Christmas Day.

\$70.00 Reconnection Fee after office hours.

\$2,500.00 "Hook-Up" to System Charge.

EXHIBIT

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EXHIBIT 8

PROPOSED RATES (Redlined Tariff and clean Tariff)

IDAHO SPRINGS WATER COMPANY

PROPOSED TARIFF SCHEDULE

Rates for all customers:

Monthly Base Charge for Water Service: \$81.60
(Includes the first 10,000 gallons of usage).

Variable charge for monthly usage above 10,000 gallons: \$.000651 per each
gallon used over
10,000).

\$35.00 Reconnection Fee during office hours, 8:00 am to 5:00 pm
Monday thru Friday except for the following holidays which fall on a
weekday: New Years Day, Memorial Day, 4th of July, Labor Day,
Thanksgiving and Day after and Christmas Day.

\$70.00 Reconnection Fee after office hours.

\$2,500.00 "Hook-Up" to System Charge.

EXHIBIT 9

FORM OF CUSTOMER NOTICE AND PRESS RELEASE

IDAHO SPRINGS WATER COMPANY FILES APPLICATION TO OBTAIN IDAHO PUBLIC UTILITY COMMISSION CERTIFICATION AND TO ESTABLISH RATES FOR WATER SERVICE AS A PUBLIC UTILITY

On February 5, 2008, Idaho Springs Water Company ("Company") filed an application with the Idaho Public Utilities Commission ("Commission"), Case No. ISW-W-08-01, requesting that the Commission grant it a Certificate of Public Convenience and Necessity under its authorities and to establish interim and final rates and charges for water service. In Order No. 30512 the Commission authorized the Company to continue to charge the following interim rates and charges water service, \$50.00 per month for residential customers and \$25.00 per month for builder owned lots and houses, subject to refund, until such time as final rates and charges are approved by Order of the Commission. The Company filed an amendment to its Application on April 25, 2008 proposing its new rates for water service based on a combination of monthly base and variable charges rather than a flat fee charge. Based on the water usage by customers in 2007 if the Company's rate proposal is approved the average customer will pay \$101.45 per month and see an increase in the cost of water service of \$51.45 per month or 103% over the \$50.00 flat rate currently being charged. The Company also proposes to eliminate the separate rate for builders and unsold homes because it is difficult to determine home ownership and many builder-owned homes would be subsidized during the summer watering season by other users if the Company's blended rate proposal is approved. As a result, these customers under the Company's proposal would also pay \$101.45 per month based on 2007 water usage and see an increase in the cost of water service of \$76.45 per month or a 306% over the \$25.00 flat rate that is currently being charged if the Company's rate proposal is approved. In addition, the Company is requesting that if the final rates are set by Commission order are higher than current rates that the Company be allowed to recover the difference from customers either immediately or over time subject to review and approval by the Commission.

In its Amended Application the Company also proposes to charge a one-time connection fee for new customers of \$2,500.00 to recover costs associated with building the system, meter installation and connection. Finally, in its Amended Application the Company proposes charging a disconnection and reconnection charge of \$35.00 during Company office hours, 8:00 a.m. to 5:00 p.m. Monday – Friday and \$70.00 after Company office hours.

The proposed rates are necessary so that the Company can recover its costs and provide it with an opportunity to earn a return on its investments in water facilities which are providing service to customers. The proposed rates are also necessary for the Company to maintain a sound financial position so that it can provide safe and reliable service.

The request to establish interim and rates and charges for water service and request to establish final rates and charges for water service are proposals subject to public review and a Commission decision, which it may accept, modify or reject, in whole or in part, the proposed increases. A copy of the Application is on file and available for inspection at the Idaho Public Utilities Commission, 472 W. Washington Street, Boise, Idaho, and the Company's offices located at 660 E. Franklin Road, Suite 240, Meridian, Idaho 83642 during office hours of

8:00 a.m. to 5:00 p.m. Monday thru Friday. The Application is also available on-line at the Commission's website: <http://www.puc.idaho.gov/internet/cases/summary/ISWW0801.html>.

You can also file a comment on the Application via the Commission's website at: <http://www.puc.idaho.gov/forms/ipuc1/ipuc.html>. Additionally, you can mail comments to:

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

Idaho Springs Water Company, Inc.
P.O. Box 344
Meridian, Idaho 83642

In any comments filed with the Commission and also sent to the Company the Case No. of this matter, Case No. ISW-W-08-01, should be included.

Idaho Springs Water Company is a small water company south of Kuna, Idaho serving a total of 56 connections in the Arrowrock Subdivision.

**IDAHO SPRINGS WATER COMPANY, INC. NOTICE OF FILING OF
APPLICATION FOR FILING A CERTIFICATE OF PUBLIC
CONVENIENCE AND NECESSITY AND TO ESTABLISH RATES FOR
WATER SERVICE**

Idaho Springs Water Company (“Company”) filed an application with the Idaho Public Utilities Commission (“Commission”) on February 5, 2008, Case No. ISW-W-08-01, requesting that the Commission grant it a Certificate of Public Convenience and Necessity to operate as a public utility under its authorities and to establish interim and final rates and charges for water service.

In the event the Commission grants the Company a Certificate, it will become regulated by the Commission as a public utility and be required to comply with its authorities, including its Utility Customer Relations Rules which can be found on the Commission’s website:

<http://www.puc.state.id.us/Rules.htm>. Included in the Company’s February 5, 2008 filing with the Commission is a summary of the rules and regulations which the Company proposes will govern its operations as a public utility.

The Company requested authority from the Commission to charge interim rates for water service, the rates that you have currently been assessed until final rates are established by Commission final order. The Commission in Order No. 30512 authorized the Company to continue to charge these rates on an interim basis, subject to refund, until such time as final rates and charges are approved by the Commission.

On April 25, 2008 the Company amended its Application in part to provide its proposed rates and rate structure. The Company has requested Commission authorization to bill its customers rates and charges for water service based on a combination of a fixed monthly customer charge and a variable charge based on consumptive use.

Minimum Monthly Base Charge: \$81.60 (provides for the use of up to 10,000 gallons of water)

Variable Monthly Charge: \$.000651 for each gallon of water consumed by a customer over the first 10,000 gallons consumed monthly. For example a customer using 20,000 gallons in a month would have a bill of \$88.11 (\$81.60 Base Charge + \$6.51 Variable Charge).

If the Company’s rate proposal is approved by the Commission the average customer will pay \$101.45 per month and see an increase in the cost of water service of \$51.45 per month or 103% over the \$50.00 flat rate currently being charged. The Company also proposes to eliminate the separate rate for builders and unsold homes because if the blended rate proposal is approved by the Commission existing residential users would end up subsidizing builders during the summer watering season. If this proposal is approved these customers will also pay \$101.45 per month based on 2007 water usage and see an increase in the cost of water service of \$76.45 per month or a 306% over the \$25.00 flat rate that is currently being charged. In addition, the Company is also requesting that if the final rates that are set by order are above the interim rates now being

charged that it be permitted to recover the difference from customers either immediately or over time as is necessary.

The Company also proposes to continue to charge a one-time connection fee of \$2,500.00 to recover costs associated with building the system, meter installation and connection. Finally, the Company proposes charging a disconnection and reconnection charge of \$35.00 during Company office hours, 8:00 a.m. to 5:00 p.m. Monday – Friday and \$70.00 after Company office hours.

The proposed rates are necessary so that the Company can recover its costs and provide it with an opportunity to earn a return on its investments in water facilities which are providing service to customers. The proposed rates are also necessary for the Company to maintain a sound financial position so that it can provide safe and reliable service.

The request for a Certificate of Public Convenience and Necessity, request to establish interim and Commission approved rates and charges for water service are proposals subject to public review and a Commission decision, which it may accept, modify or reject, in whole or in part, the proposed increases. A copy of the Application is on file and available for inspection at the Idaho Public Utilities Commission, 472 W. Washington Street, Boise, Idaho, during its office hours of 8:00 a.m. to 5:00 p.m. Monday thru Friday and the Company's offices located at 660 E. Franklin Road, Suite 240, Meridian, Idaho 83642 during its office hours of 8:00 a.m. to 5:00 p.m., Monday thru Friday. The Application is also available on-line at the Commission's website: <http://www.puc.idaho.gov/internet/cases/summary/ISWW0801.html>.

You can also file a comment on the Application and Amended Application via the Commission's website at: <http://www.puc.idaho.gov/forms/ipuc1/ipuc.html>. Additionally, you can mail comments to:

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

Idaho Springs Water Company, Inc.
P.O. Box 344
Meridian, Idaho 83642

In any comments filed with the Commission and also sent to the Company the Case No. of this matter, Case No. ISW-W-08-01, should be included.

Sincerely,

Idaho Springs Water Company, Inc.