

ORIGINAL

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Idaho Public Utilities Commission
Office of the Secretary
RECEIVED
AUG 13 2004
Boise, Idaho

Attorneys for Resort Water Co., Inc.

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)
RESORT WATER CO., INC, FOR THE)
ISSUANCE OF A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY, FOR)
APPROVAL OF RATES AND CHARGES FOR)
WATER SERVICE, FOR APPROVAL OF)
RULES AND REGULATIONS GOVERNING)
THE RENDERING OF WATER SERVICE)

Case No. RES-W-04-01

**APPLICATION FOR THE
ISSUANCE OF A CERTIFICATE
OF PUBLIC CONVENIENCE AND
NECESSITY AND TO ESTABLISH
RATES AND CHARGES FOR
WATER SERVICE AND REQUEST
FOR MODIFIED PROCEDURE**

COMES NOW Resort Water Co Inc., (“Resort Water” or “the Company”) and in support of this Application respectfully shows as follows to wit:

Certificate of Public Convenience and Necessity

I.

Resort Water is a corporation organized and existing under the laws of the state of Minnesota, and authorized to conduct business in the state of Idaho. Attached hereto as Exhibit A are the Company’s articles of incorporation, by-laws and Certificate of the Idaho Secretary of State.

Resort Water is a water corporation within the meaning of the Idaho Public Utility Law, Idaho Code section 61-125. Resort Water is a public utility within the meaning of the Idaho Public Utility Law, Idaho Code section 61-129.

II.

Resort Water provides domestic water service to customers in Bonner County, Idaho, primarily to customers located within the Schweitzer Mountain Resort Planned Unit Development. The legal description of the area currently served and to be served by the Company is attached hereto as Exhibit B. A map depicting the area currently served and to be served by the company is attached hereto as Exhibit C.

III.

Resort Water currently serves 287 residential units, or equivalent residential units (ERU), which include 11 condominium associations billed as a single customer. Six commercial customers are currently served by the water system representing approximately 91 ERUs. Thus a total of 378 ERUs are served by the Company's system.

IV.

Resort Water possesses the financial ability and good faith to receive a Certificate of Public Convenience and Necessity and to operate its water system in the public interest.

Rate and Charges

V.

Resort Water's current monthly rate for domestic water service is \$33.00 per residential equivalent unit.

VI.

The changes in rates and charges Resort Water seeks authority to make effective by this application are attached to this Application as Exhibit D. The Company requests an effective date of September 13, 2004. Resort Water alleges that the proposed changes in rates and charges set forth are just and reasonable and that the rate of return expected to be provided to the

Company thereunder will be 11%, which is a fair rate of return on Applicant's investment in property used and useful in rendering water service.

VII.

The revenue realized by Resort Water under its current rates produces a rate of return of (1%) based on a test year ending August 31, 2003, adjusted for known and measurable changes. Resort Water seeks additional revenues to recover increased operating expenses and costs associated with plant additions, and to produce a fair rate of return, thereby enabling it to provide adequate and reliable service to its customers.

VIII.

Resort Water is filing concurrently herewith testimony and exhibits including financial statements, revenue and rate base analysis, to justify and support the proposed increase.

IX.

Notice to the Company's customers will be accomplished by news media releases and by an individual notice mailed to each of Resort Water's customers. A copy of the Customer Notification is attached hereto as Exhibit E. In addition a copy of the Application is available for public inspection at its office at Discovery Center, Selkirk Lodge, Schweitzer Village.

X.

Resort Water requests that this matter be processed by Modified Procedure. If, however, the Commission determines that a hearing is necessary, Resort Water stands ready for an immediate hearing on this Application, and if the Commission determines that a hearing is necessary, that a hearing be held as soon as possible.

Rules and Regulations

XI.

Attached hereto as Exhibit F are proposed Rules and Regulations governing the rendering of water service to the Company's customers. The proposed Rules and Regulations will result in the provision of water service on terms that are fair, just, reasonable and non-discriminatory. Resort Water requests approval of the Proposed Rules and Regulations.

Notices

XII.

Communications in reference to this Application should be addressed to:

Dean J. Miller
McDevitt & Miller LLP
420 West Bannock Street
P.O. Box 2564-83701
Boise, Idaho 83702
208-343-7500; 208-336-6912 (fax)
joe@mcdevitt-miller.com

and

Tim Elsea P.E. Director
Resort Water Co., Inc.
Discovery Center
Selkirk Lodge
Schweitzer Village
Sandpoint, Idaho

WHEREFORE Resort Water respectfully requests that the Commission enter its orders:

1. Issuing a certificate of public convenience and necessity as herein requested;
2. Approving the rates and charges for water service as herein requested with an effective date of September 13, 2004; and
3. Approving the Rules and Regulations governing the rendering of water service as herein requested.

Respectfully submitted this 3 day of August, 2004.

RESORT WATER CO. INC.

A handwritten signature in black ink, appearing to read 'D. Miller', written over a horizontal line.

Dean J. Miller

Attorneys for Resort Water Co., Inc.

EXHIBIT A

108-562

ARTICLES OF INCORPORATION
OF
RESORT WATER CO., INC.

To form a Minnesota business corporation under and pursuant to the Minnesota Business Corporation Act, the following articles of incorporation are adopted:

ARTICLE 1. NAME

The name of the corporation is "Resort Water Co., Inc." *je*

ARTICLE 2. REGISTERED OFFICE

The address of the registered office of the corporation is U.S. Bank Place, 601 Second Avenue South, Minneapolis, Minnesota 55402-4302.

ARTICLE 3. AUTHORIZED SHARES

The aggregate number of authorized Common Shares of the corporation is 100,000, \$.01 par value.

ARTICLE 4. NO CUMULATIVE VOTING

There shall be no cumulative voting by the shareholders of the corporation.

ARTICLE 5. NO PREEMPTIVE RIGHTS

The shareholders of the corporation shall not have any preemptive rights to subscribe for or acquire securities or rights to purchase securities of any class, kind, or series of the corporation.

ARTICLE 6. INCORPORATOR

The name and address of the incorporator, who is a natural person of full age, are:

NAME

ADDRESS

Thomas A. Pantalion

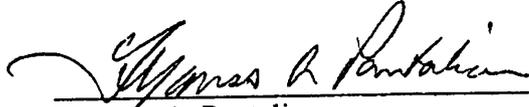
U.S. Bank Place - MPFP2518
601 Second Avenue South
Minneapolis, MN 55402-4302

096575

ARTICLE 7. WRITTEN ACTION BY DIRECTORS

An action required or permitted to be taken at a meeting of the board of directors of the corporation may be taken by a written action signed, or counterparts of a written action signed in the aggregate, by all of the directors unless the action may be taken by a written action signed, or counterparts of a written action signed in the aggregate, by the number of directors that would be required to take the same action at a meeting of the board of directors of the corporation at which all of the directors were present.

Dated: November 11, 1998


Thomas A. Pantalion

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED
NOV 19 1998


Secretary of State

State of Minnesota

4710

SECRETARY OF STATE

CERTIFICATE OF INCORPORATION

I, Joan Anderson Grove, Secretary of State of Minnesota, do certify that: Articles of Incorporation, duly signed and acknowledged under oath, have been filed on this date in the Office of the Secretary of State, for the incorporation of the following corporation, under and in accordance with the provisions of the chapter of Minnesota Statutes listed below.

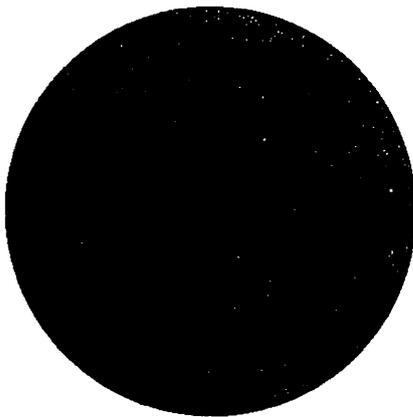
This corporation is now legally organized under the laws of Minnesota.

Corporate Name: Resort Water Co., Inc.

Corporate Charter Number: 10J-562

Chapter Formed Under: 302A

This certificate has been issued on 11/19/1998.



Joan Anderson Grove
Secretary of State.

State of Idaho

Department of State

CERTIFICATE OF AUTHORITY

OF

RESORT WATER CO., INC.

File Number C 126400

I PETE T. CENARRUSA, Secretary of State of the State of Idaho, hereby certify that an Application for Certificate of Authority, duly executed pursuant to the provisions of the Idaho Business Corporation Act, has been received in this office and is found to conform to law.

ACCORDINGLY and by virtue of the authority vested in me by law, I issue this Certificate of Authority to transact business in this State and attach hereto a duplicate of the Application for such Certificate.

Dated: November 23, 1998



Pete T. Cenarrusa
SECRETARY OF STATE

By _____

[Signature]

APPLICATION FOR CERTIFICATE OF AUTHORITY (For Profit)

(Instructions on Back of Application)

To the Secretary of State of Idaho:

The undersigned Corporation applies for a Certificate of Authority and states as follows: Nov 23 11 11 AM '98

FILED

- The name of the corporation is Resort Water Co., Inc.
- The name which it shall use in Idaho is Resort Water Co., Inc.
- It is incorporated under the laws of Minnesota
- Its date of incorporation is 11/19/98
- The address of its principal office is U.S. Bank Place, MPFP2518, 601 Second Avenue South, Minneapolis, MN 55402-4302
- The address to which correspondence should be addressed, if different from item 5, is _____
- The street address of its registered office in Idaho is 300 N 6th St., Boise, ID 83701, and its registered agent in Idaho at that address is C T Corporation System
- The names and respective business addresses of its directors and officers are:

Name	Office	Address
<u>Vaughn B. Rasmussen, II</u>	<u>President and Executive Officer</u>	<u>U.S. Bank Place, MPFP2516, 601 2nd Ave. S., Minneapolis, MN 55402</u>
<u>Richard J. Mikos</u>	<u>Vice President and Treasurer</u>	<u>U.S. Bank Place, MPFP2516, 601 2nd Ave. S., Minneapolis, MN 55402</u>
<u>David C. Larsen</u>	<u>Vice President</u>	<u>U.S. Bank Place, MPFP2516, 601 2nd Ave. S., Minneapolis, MN 55402</u>
<u>Joseph H. Andersen</u>	<u>Vice President</u>	<u>U.S. Bank Place, MPFP2518, 601 2nd Ave. S., Minneapolis, MN 55402</u>
<u>Thomas A. Pantalion</u>	<u>Vice President and Secretary</u>	<u>U.S. Bank Place, MPFP2518, 601 2nd Ave. S., Minneapolis, MN 55402</u>
<u>Kristi L. Broderick</u>	<u>Assistant Secretary</u>	<u>U.S. Bank Place, MPFP2518, 601 2nd Ave. S., Minneapolis, MN 55402</u>

Dated: November 20, 1998

Resort Water Co., Inc.
(Corporation name)

By [Signature]

Its Assistant Secretary
(specify capacity of signer)

Customer Acct #: **IDAH SECRETARY OF STATE**
 (if using pre-paid account)
 112371398 89-88
 CK# 138824727 CT# 22185 BR# 164889
 1 @ 100.00 = 100.00 AUTH PRO # 3
 1 @ 20.00 = 20.00 EXPEDITE C # 4
C126400

Revised 7/87
g:\corp\state\MCA.pms

CERTIFICATE OF ASSUMED BUSINESS NAME

(Please type or print legibly. See instructions on reverse.)

MAR -8 AM 9:
SECRETARY OF STATE
STATE OF IDAHO



To the SECRETARY OF STATE, STATE OF IDAHO
Pursuant to Section 53-504, Idaho Code, the undersigned
gives notice of adoption of an Assumed Business Name.

1. The assumed business name which the undersigned use(s) in the transaction of business is:

Recreations Utility

2. The true name(s) and business address(es) of the entity or individual(s) doing business under the assumed business name is/are:

<u>Name</u>	<u>Complete Address</u>
<u>Resort Water Co., Inc.</u>	<u>500 Union Street, Suite 200</u>
<u>a Minnesota corporation</u>	<u>Seattle, WA 98101</u>

3. The general type of business transacted under the assumed business name is:
(mark only those that apply)

- | | | |
|--|--|---|
| <input type="checkbox"/> Retail Trade | <input type="checkbox"/> Manufacturing | <input checked="" type="checkbox"/> Transportation and Public Utilities |
| <input type="checkbox"/> Wholesale Trade | <input type="checkbox"/> Agriculture | <input type="checkbox"/> Finance, Insurance, and Real Estate |
| <input checked="" type="checkbox"/> Services | <input type="checkbox"/> Construction | <input type="checkbox"/> Mining |

4. The name and address to which future correspondence should be addressed: Phone number (optional): _____

Suzanne Larsen
Graham & James LLP/Riddell Williams P.S.
1001 Fourth Avenue, Suite 4500
Seattle, WA 98154-1065

Submit Certificate of Assumed Business Name and \$20.00 fee to:

Secretary of State
700 West Jefferson
Basement West
PO Box 83720
Boise ID 83720-0080
208 334-2301

5. Name and address for this acknowledgment copy is (if other than # 4 above):

Signature: [Handwritten Signature]

Printed Name: David D. Buck

Capacity: Secretary

(see instruction # 8 on back of form)

Secretary of State use only

Revision 2/87
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D23764

CERTIFICATE OF ASSUMED BUSINESS NAME

(Please type or print legibly. See instructions on reverse)



To the SECRETARY OF STATE, STATE OF IDAHO

SECRETARY OF STATE
STATE OF IDAHO

Pursuant to Section 53-504, Idaho Code, the undersigned gives notice of adoption of an Assumed Business Name.

- The assumed business name which the undersigned use(s) in the transaction of business is:

RECU

- The true name(s) and business address(es) of the entity or individual(s) doing business under the assumed business name is/are:

<u>Name</u>	<u>Complete Address</u>
Resort Water Co., Inc. a Minnesota corporation	500 Union Street, Suite 200 Seattle, WA 98154-1065

- The general type of business transacted under the assumed business name is:
(mark only those that apply)

- | | | |
|--|--|---|
| <input type="checkbox"/> Retail Trade | <input type="checkbox"/> Manufacturing | <input checked="" type="checkbox"/> Transportation and Public Utilities |
| <input type="checkbox"/> Wholesale Trade | <input type="checkbox"/> Agriculture | <input type="checkbox"/> Finance, Insurance, and Real Estate |
| <input checked="" type="checkbox"/> Services | <input type="checkbox"/> Construction | <input type="checkbox"/> Mining |

- The name and address to which future correspondence should be addressed: Phone number (optional): _____

Suzanne Larsen
Graham & James LLP/Riddell Williams P.S.
1000 Fourth Avenue, Suite 4500
Seattle, WA 98154-1065

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Secretary of State
700 West Jefferson
Basement West
PO Box 83720
Boise ID 83720-0080
208 334-2301

- Name and address for this acknowledgment copy is (if other than # 4 above):

Signature: _____

Printed Name: David D. Buck

Capacity: Secretary

(see instruction # 3 on back of form)

Secretary of State use only
TAMM SECRETARY OF STATE

03/08/1999 09:00
CK: 6712 CT: 110117 BH: 194535

1 @ 20.00 = 20.00 ASSUM NAME # 2

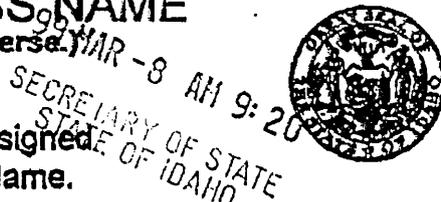
D 23763

Revision 2/87

get copy from TAMM P&S

CERTIFICATE OF ASSUMED BUSINESS NAME

(Please type or print legibly. See instructions on reverse.)



To the SECRETARY OF STATE, STATE OF IDAHO

Pursuant to Section 53-504, Idaho Code, the undersigned gives notice of adoption of an Assumed Business Name.

- The assumed business name which the undersigned use(s) in the transaction of business is:

RECU

- The true name(s) and business address(es) of the entity or individual(s) doing business under the assumed business name is/are:

Name	Complete Address
Resort Water Co., Inc. a Minnesota corporation	500 Union Street, Suite 200 Seattle, WA 98154-1065

- The general type of business transacted under the assumed business name is:
(mark only those that apply)

- | | | |
|--|--|---|
| <input type="checkbox"/> Retail Trade | <input type="checkbox"/> Manufacturing | <input checked="" type="checkbox"/> Transportation and Public Utilities |
| <input type="checkbox"/> Wholesale Trade | <input type="checkbox"/> Agriculture | <input type="checkbox"/> Finance, Insurance, and Real Estate |
| <input checked="" type="checkbox"/> Services | <input type="checkbox"/> Construction | <input type="checkbox"/> Mining |

- The name and address to which future correspondence should be addressed: Phone number (optional): _____

Suzanne Larsen
Graham & James LLP/Riddell Williams P.S.
1000 Fourth Avenue, Suite 4500
Seattle, WA 98154-1065

Submit Certificate of Assumed Business Name and \$20.00 fee to:

Secretary of State
700 West Jefferson
Basement West
PO Box 83720
Boise ID 83720-0080
208 334-2301

- Name and address for this acknowledgment copy is (if other than # 4 above):

Secretary of State use only

Signature: [Signature]

Printed Name: David D. Buck

Capacity: Secretary

(see instruction # 8 on back of form)

Revision 2/87

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D23763

CERTIFICATE OF ASSUMED BUSINESS NAME

(Please type or print legibly. See instructions on reverse.)



SECRETARY OF STATE
STATE OF IDAHO
-8 AM 9:21

To the SECRETARY OF STATE, STATE OF IDAHO
Pursuant to Section 53-504, Idaho Code, the undersigned
gives notice of adoption of an Assumed Business Name.

1. The assumed business name which the undersigned use(s) in the transaction of business is:

Recreations Utility

2. The true name(s) and business address(es) of the entity or individual(s) doing business under the assumed business name is/are:

<u>Name</u>	<u>Complete Address</u>
<u>Resort Water Co., Inc.</u> a Minnesota corporation	<u>500 Union Street, Suite 200</u> <u>Seattle, WA 98101</u>

3. The general type of business transacted under the assumed business name is:
(mark only those that apply)

- | | | |
|--|--|---|
| <input type="checkbox"/> Retail Trade | <input type="checkbox"/> Manufacturing | <input checked="" type="checkbox"/> Transportation and Public Utilities |
| <input type="checkbox"/> Wholesale Trade | <input type="checkbox"/> Agriculture | <input type="checkbox"/> Finance, Insurance, and Real Estate |
| <input checked="" type="checkbox"/> Services | <input type="checkbox"/> Construction | <input type="checkbox"/> Mining |

4. The name and address to which future correspondence should be addressed: Phone number (optional): _____

Suzanne Larsen
Graham & James LLP/Riddell Williams P.S.
1001 Fourth Avenue, Suite 4500
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700 West Jefferson
Basement West
PO Box 83720
Boise ID 83720-0080
208 334-2301

5. Name and address for this acknowledgment copy is (if other than # 4 above):

Signature:

Printed Name: David D. Buck

Capacity: Secretary

(see instruction # 8 on back of form)

Revision 2/87
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SECRETARY OF STATE

03/08/1999 09:00
CK: 6712 CT: 110117 BH: 194535
1.0 20.00 = 20.00 ASSUM NAME # 3
D23764

BYLAWS
RESORT WATER CO., INC.

ARTICLE I.
OFFICES, CORPORATE SEAL

Section 1.01. Registered Office. The registered office of the corporation in Minnesota shall be that set forth in the articles of incorporation or in the most recent amendment of the articles of incorporation or resolution of the directors filed with the secretary of state of Minnesota changing the registered office.

Section 1.02. Other Offices. The corporation may have such other offices, within or without the state of Minnesota, as the directors shall, from time to time, determine.

Section 1.03. Corporate Seal. The corporation shall have no seal.

ARTICLE II.
MEETINGS OF SHAREHOLDERS

Section 2.01. Place and Time of Meetings. Except as provided otherwise by the Minnesota Business Corporation Act, meetings of the shareholders may be held at any place, within or without the state of Minnesota, as may from time to time be designated by the directors and, in the absence of such designation, shall be held at the registered office of the corporation in the state of Minnesota. The directors shall designate the time of day for each meeting and, in the absence of such designation, every meeting of shareholders shall be held at ten o'clock a.m.

Section 2.02. Regular Meetings.

(a) A regular meeting of the shareholders shall be held on such date as the board of directors shall by resolution establish.

(b) At a regular meeting the shareholders, voting as provided in the articles of incorporation and these bylaws, shall designate the number of directors to constitute the board of directors (subject to the authority of the board of directors thereafter to increase or decrease the number of directors as permitted by law), shall elect qualified successors for directors who serve for an indefinite term or whose terms have expired or are due to expire within six months after the date of the meeting and shall transact such other business as may properly come before them.

Section 2.03. Special Meetings. Special meetings of the shareholders may be held at any time and for any purpose and may be called by the chief executive officer, the chief financial officer, two or more directors or by a shareholder or shareholders holding 10% or more of the voting power of all shares entitled to vote, except that a special meeting for the purpose of considering any action to directly or indirectly facilitate or affect a business combination, including any action to change or otherwise affect the composition of the board of directors for that purpose, must be called by 25% or more of the voting power of all shares entitled to vote. A

shareholder or shareholders holding the requisite percentage of the voting power of all shares entitled to vote may demand a special meeting of the shareholders by written notice of demand given to the chief executive officer or chief financial officer of the corporation and containing the purposes of the meeting. Within 30 days after receipt of demand by one of those officers, the board of directors shall cause a special meeting of shareholders to be called and held on notice no later than 90 days after receipt of the demand, at the expense of the corporation. Special meetings shall be held on the date and at the time and place fixed by the chief executive officer or the board of directors, except that a special meeting called by or at demand of a shareholder or shareholders shall be held in the county where the principal executive office is located. The business transacted at a special meeting shall be limited to the purposes as stated in the notice of the meeting.

Section 2.04. Quorum; Adjourned Meetings. The holders of a majority of the shares entitled to vote shall constitute a quorum for the transaction of business at any regular or special meeting. In case a quorum shall not be present at a meeting, the meeting may be adjourned from time to time without notice other than announcement at the time of adjournment of the date, time and place of the adjourned meeting. If a quorum is present, a meeting may be adjourned from time to time without notice other than announcement at the time of adjournment of the date, time and place of the adjourned meeting. At adjourned meetings at which a quorum is present, any business may be transacted which might have been transacted at the meeting as originally noticed. If a quorum is present when a meeting is convened, the shareholders present may continue to transact business until adjournment notwithstanding the withdrawal of enough shareholders originally present to leave less than a quorum.

Section 2.05. Voting. At each meeting of the shareholders, every shareholder having the right to vote shall be entitled to vote either in person or by proxy. Each shareholder, unless the articles of incorporation or statutes provide otherwise, shall have one vote for each share having voting power registered in such shareholder's name on the books of the corporation. Jointly owned shares may be voted by any joint owner unless the corporation receives written notice from any one of them denying the authority of that person to vote those shares. Upon the demand of any shareholder, the vote upon any question before the meeting shall be by ballot. All questions shall be decided by a majority vote of the number of shares entitled to vote and represented at the meeting at the time of the vote except if otherwise required by statute, the articles of incorporation, or these bylaws.

Section 2.06. Record Date. The board of directors may fix a date, not exceeding 60 days preceding the date of any meeting of shareholders, as a record date for the determination of the shareholders entitled to notice of, and to vote at, such meeting, notwithstanding any transfer of shares on the books of the corporation after any record date so fixed. If the board of directors fails to fix a record date for determination of the shareholders entitled to notice of, and to vote at, any meeting of shareholders, the record date shall be the 20th day preceding the date of such meeting.

Section 2.07. Notice of Meetings. There shall be mailed to each shareholder, shown by the books of the corporation to be a holder of record of voting shares, at his address as shown by the books of the corporation, a notice setting out the time and place of each regular meeting and

each special meeting, except (unless otherwise provided in section 2.04 hereof) where the meeting is an adjourned meeting and the date, time and place of the meeting were announced at the time of adjournment, which notice shall be mailed at least five days prior thereto (unless otherwise provided in section 2.04 hereof); except that notice of a meeting at which a plan of merger or exchange is to be considered shall be mailed to all shareholders of record, whether entitled to vote or not, at least fourteen days prior thereto. Every notice of any special meeting called pursuant to section 2.03 hereof shall state the purpose or purposes for which the meeting has been called, and the business transacted at all special meetings shall be confined to the purposes stated in the notice. The written notice of any meeting at which a plan of merger or exchange is to be considered shall so state such as a purpose of the meeting. A copy or short description of the plan of merger or exchange shall be included in or enclosed with such notice.

Section 2.08. Waiver of Notice. Notice of any regular or special meeting may be waived by any shareholder either before, at or after such meeting orally or in writing signed by such shareholder or a representative entitled to vote the shares of such shareholder. A shareholder, by attending any meeting of shareholders, shall be deemed to have waived notice of such meeting, except where the shareholder objects at the beginning of the meeting to the transaction of business because the meeting is not lawfully called or convened, or objects before a vote on an item of business because the item may not lawfully be considered at that meeting and does not participate in the consideration of the item at that meeting.

Section 2.09. Written Action. Any action which might be taken at a meeting of the shareholders may be taken without a meeting if done in writing and signed by all of the shareholders entitled to vote on that action.

ARTICLE III. DIRECTORS

Section 3.01. General Powers. The business and affairs of the corporation shall be managed by or under the authority of the board of directors, except as otherwise permitted by statute.

Section 3.02. Number; Qualification and Term of Office. Until the organizational meeting of the board of directors, the number of directors shall be the number named in the articles of incorporation. Thereafter, the number of directors shall be increased or decreased from time to time by resolution of the board of directors or the shareholders. Directors need not be shareholders. Each of the directors shall hold office until the regular meeting of shareholders next held after such director's election and until such director's successor shall have been elected and shall qualify, or until the earlier death, resignation, removal, or disqualification of such director.

Section 3.03. Board Meetings. Meetings of the board of directors may be held from time to time at such time and place within or without the state of Minnesota as may be designated in the notice of such meeting.

Section 3.04. Calling Meetings; Notice. Meetings of the board of directors may be called by the chairman of the board by giving at least twenty-four hours' notice, or by any other

director by giving at least five days' notice, of the date, time and place thereof to each director by mail, telephone, telegram or in person. If the day or date, time and place of a meeting of the board of directors has been announced at a previous meeting of the board, no notice is required. Notice of an adjourned meeting of the board of directors need not be given other than by announcement at the meeting at which adjournment is taken.

Section 3.05. Waiver of Notice. Notice of any meeting of the board of directors may be waived by any director either before, at, or after such meeting orally or in a writing signed by such director. A director, by attending any meeting of the board of directors, shall be deemed to have waived notice of such meeting, except where the director objects at the beginning of the meeting to the transaction of business because the meeting is not lawfully called or convened and does not participate thereafter in the meeting.

Section 3.06. Quorum. A majority of the directors holding office immediately prior to a meeting of the board of directors shall constitute a quorum for the transaction of business at such meeting.

Section 3.07. Absent Directors. A director may give advance written consent or opposition to a proposal to be acted on at a meeting of the board of directors. If such director is not present at the meeting, consent or opposition to a proposal does not constitute presence for purposes of determining the existence of a quorum, but consent or opposition shall be counted as a vote in favor of or against the proposal and shall be entered in the minutes or other record of action at the meeting, if the proposal acted on at the meeting is substantially the same or has substantially the same effect as the proposal to which the director has consented or objected.

Section 3.08. Conference Communications. Any or all directors may participate in any meeting of the board of directors, or of any duly constituted committee thereof, by any means of communication through which the directors may simultaneously hear each other during such meeting. For the purposes of establishing a quorum and taking any action at the meeting, such directors participating pursuant to this section 3.08 shall be deemed present in person at the meeting; and the place of the meeting shall be the place of origination of the conference telephone conversation or other comparable communication technique.

Section 3.09. Vacancies; Newly Created Directorships. Vacancies on the board of directors of this corporation occurring by reason of death, resignation, removal or disqualification shall be filled for the unexpired term by a majority of the remaining directors of the board although less than a quorum; newly created directorships resulting from an increase in the authorized number of directors by action of the board of directors as permitted by section 3.02 may be filled by a majority vote of the directors serving at the time of such increase; and each director elected pursuant to this section 3.09 shall be a director until such director's successor is elected by the shareholders at their next regular or special meeting.

Section 3.10. Removal. Any or all of the directors may be removed from office at any time, with or without cause, by the affirmative vote of the shareholders holding a majority of the shares entitled to vote at an election of directors except as otherwise provided by the Minnesota Business Corporation Act when the shareholders have the right to cumulate their votes. A

director named by the board of directors to fill a vacancy may be removed from office at any time, with or without cause, by the affirmative vote of the remaining directors if the shareholders have not elected directors in the interim between the time of the appointment to fill such vacancy and the time of the removal. In the event that the entire board or any one or more directors be so removed, new directors may be elected at the same meeting.

Section 3.11. Committees. A resolution approved by the affirmative vote of a majority of the board of directors may establish committees having the authority of the board in the management of the business of the corporation to the extent provided in the resolution. A committee shall consist of one or more persons, who need not be directors, appointed by affirmative vote of a majority of the directors present. Committees are subject to the direction and control of, and vacancies in the membership thereof shall be filled by, the board of directors.

A majority of the members of the committee present at a meeting is a quorum for the transaction of business, unless a larger or smaller proportion or number is provided in a resolution approved by the affirmative vote of a majority of the directors present.

Section 3.12. Written Action. Any action which might be taken at a meeting of the board of directors, or any duly constituted committee thereof, may be taken without a meeting if done in writing and signed by all of the directors or committee members, unless the articles provide otherwise and the action need not be approved by the shareholders.

Section 3.13. Compensation. Directors who are not salaried officers of this corporation shall receive such fixed sum per meeting attended or such fixed annual sum as shall be determined, from time to time, by resolution of the board of directors. The board of directors may, by resolution, provide that all directors shall receive their expenses, if any, of attendance at meetings of the board of directors or any committee thereof. Nothing herein contained shall be construed to preclude any director from serving this corporation in any other capacity and receiving proper compensation therefor.

ARTICLE IV. OFFICERS

Section 4.01. Number. The officers of the corporation shall consist of a chairman of the board (if one is elected by the board), the president, one or more vice presidents (if desired by the board), a treasurer, a secretary (if one is elected by the board) and such other officers and agents as may, from time to time, be elected by the board of directors. Any number of offices may be held by the same person.

Section 4.02. Election Term of Office and Qualifications. The board of directors shall elect or appoint, by resolution approved by the affirmative vote of a majority of the directors present, from within or without their number, the president, treasurer and such other officers as may be deemed advisable, each of whom shall have the powers, rights, duties, responsibilities, and terms in office provided for in these bylaws or a resolution of the board of directors not inconsistent therewith. The president and all other officers who may be directors shall continue

to hold office until the election and qualification of their successors, notwithstanding an earlier termination of their directorship.

Section 4.03. Removal and Vacancies. Any officer may be removed from office by the board of directors at any time, with or without cause. Such removal, however, shall be without prejudice to the contract rights of the person so removed. If there be a vacancy in an office of the corporation by reason of death, resignation or otherwise, such vacancy shall be filled for the unexpired term by the board of directors.

Section 4.04. Chairman of the Board. The chairman of the board, if one is elected, shall preside at all meetings of the shareholders and directors and shall have such other duties as may be prescribed, from time to time, by the board of directors.

Section 4.05. President. The president shall be the chief executive officer and shall have general active management of the business of the corporation. In the absence of the chairman of the board, the president shall preside at all meetings of the shareholders and directors. The president shall see that all orders and resolutions of the board of directors are carried into effect. The president shall execute and deliver, in the name of the corporation, any deeds, mortgages, bonds, contracts or other instruments pertaining to the business of the corporation unless the authority to execute and deliver is required by law to be exercised by another person or is expressly delegated by the articles or bylaws or by the board of directors to some other officer or agent of the corporation. The president shall maintain records of and, whenever necessary, certify all proceedings of the board of directors and the shareholders, and in general, shall perform all duties usually incident to the office of the president. The president shall have such other duties as may, from time to time, be prescribed by the board of directors.

Section 4.06. Vice President. Each vice president, if one or more is elected, shall have such powers and shall perform such duties as prescribed by the board of directors or by the president. In the event of the absence or disability of the president, the vice president(s) shall succeed to the president's power and duties in the order designated by the board of directors.

Section 4.07. Secretary. The secretary, if one is elected, shall be secretary of and shall attend all meetings of the shareholders and board of directors and shall record all proceedings of such meetings in the minute book of the corporation. The secretary shall give proper notice of meetings of shareholders and directors and shall perform such other duties as may, from time to time, be prescribed by the board of directors or by the president.

Section 4.08. Treasurer. The treasurer shall be the chief financial officer and shall keep accurate financial records for the corporation. The treasurer shall deposit all moneys, drafts and checks in the name of, and to the credit of, the corporation in such banks and depositories as the board of directors shall, from time to time, designate. The treasurer shall have power to endorse, for deposit, all notes, checks and drafts received by the company. The treasurer shall disburse the funds of the corporation, as ordered by the board of directors, making proper vouchers therefor. The treasurer shall render to the president and the directors, whenever requested, an account of all his or her transactions as treasurer and of the financial condition of the corporation, and shall

perform such other duties as may, from time to time, be prescribed by the board of directors or by the president.

Section 4.09. Compensation. The officers of the corporation shall receive such compensation for their services as may be determined, from time to time, by resolution of the board of directors.

ARTICLE V. SHARES AND THEIR TRANSFER

Section 5.01. Certificates for Shares. All shares of the corporation shall be certificated shares. Every owner of shares of the corporation shall be entitled to a certificate, to be in such form as shall be prescribed by the board of directors, certifying the number of shares of the corporation owned by such shareholder. The certificates for such shares shall be numbered in the order in which they shall be issued and shall be signed, in the name of the corporation, by the president and by the secretary or an assistant secretary or by such officers as the board of directors may designate. If the certificate is signed by a transfer agent or registrar, such signatures of the corporate officers may be by facsimile if authorized by the board of directors. Every certificate surrendered to the corporation for exchange or transfer shall be canceled, and no new certificate or certificates shall be issued in exchange for any existing certificate until such existing certificate shall have been so canceled, except in cases provided for in section 5.04.

Section 5.02. Issuance of Shares. The board of directors is authorized to cause to be issued shares of the corporation up to the full amount authorized by the articles of incorporation in such amounts as may be determined by the board of directors and as may be permitted by law. Shares may be issued for any consideration, including, without limitation, in consideration of cash or other property, tangible or intangible, received or to be received by the corporation under a written agreement, of services rendered or to be rendered to the corporation under a written agreement, or of an amount transferred from surplus to stated capital upon a share dividend. At the time of approval of the issuance of shares, the board of directors shall state, by resolution, its determination of the fair value to the corporation in monetary terms of any consideration other than cash for which shares are to be issued.

Section 5.03. Transfer of Shares. Transfer of shares on the books of the corporation may be authorized only by the shareholder named in the certificate, or the shareholder's legal representative, or the shareholder's duly authorized attorney-in-fact, and upon surrender of the certificate or the certificates for such shares. The corporation may treat as the absolute owner of shares of the corporation, the person or persons in whose name shares are registered on the books of the corporation.

Section 5.04. Loss of Certificates. Except as otherwise provided by the Minnesota Business Corporation Act, any shareholder claiming a certificate for shares to be lost, stolen, or destroyed shall make an affidavit of that fact in such form as the board of directors shall require and shall, if the board of directors so requires, give the corporation a bond of indemnity in form, in an amount, and with one or more sureties satisfactory to the board of directors, to indemnify the corporation against any claim which may be made against it on account of the reissue of such

certificate, whereupon a new certificate may be issued in the same tenor and for the same number of shares as the one alleged to have been lost, stolen or destroyed.

ARTICLE VI.
DISTRIBUTIONS, RECORD DATE

Section 6.01. Distributions. Subject to the provisions of the articles of incorporation, of these bylaws, and of law, the board of directors may authorize and cause the corporation to make distributions whenever, and in such amounts or forms as, in its opinion, are deemed advisable.

Section 6.02. Record Date. Subject to any provisions of the articles of incorporation, the board of directors may fix a date not exceeding 120 days preceding the date fixed for the payment of any distribution as the record date for the determination of the shareholders entitled to receive payment of the distribution and, in such case, only shareholders of record on the date so fixed shall be entitled to receive payment of such distribution notwithstanding any transfer of shares on the books of the corporation after the record date.

ARTICLE VII.
BOOKS AND RECORDS, FISCAL YEAR

Section 7.01. Share Register. The board of directors of the corporation shall cause to be kept at its principal executive office, or at another place or places within the United States determined by the board:

- (1) a share register not more than one year old, containing the names and addresses of the shareholders and the number and classes of shares held by each shareholder; and
- (2) a record of the dates on which certificates or transaction statements representing shares were issued.

Section 7.02. Other Books and Records. The board of directors shall cause to be kept at its principal executive office, or, if its principal executive office is not in Minnesota, shall make available at its Minnesota registered office within ten days after receipt by an officer of the corporation of a written demand for them made by a shareholder or other person authorized by the Minnesota Business Corporation Act, section 302A.461, originals or copies of:

- (1) records of all proceedings of shareholders for the last three years;
- (2) records of all proceedings of the board for the last three years;
- (3) its articles and all amendments currently in effect;
- (4) its bylaws and all amendments currently in effect;

- (5) financial statements required by the Minnesota Business Corporation Act and the financial statements for the most recent interim period prepared in the course of the operation of the corporation for distribution to the shareholders or to a governmental agency as a matter of public record;
- (6) reports made to shareholders generally within the last three years;
- (7) a statement of the names and usual business addresses of its directors and principal officers; and
- (8) any shareholder voting or control agreements of which the corporation is aware.

Section 7.03. Fiscal Year. The fiscal year of the corporation shall be determined by the board of directors.

ARTICLE VIII. LOANS, GUARANTEES, SURETYSHIP

Section 8.01. The corporation may lend money to, guarantee an obligation of, become a surety for, or otherwise financially assist a person if the transaction, or a class of transactions to which the transaction belongs, is approved by the affirmative vote of a majority of the directors present, and:

- (1) is in the usual and regular course of business of the corporation;
- (2) is with, or for the benefit of, a related corporation, an organization in which the corporation has a financial interest, an organization with which the corporation has a business relationship, or an organization to which the corporation has the power to make donations;
- (3) is with, or for the benefit of, an officer or other employee of the corporation or a subsidiary, including an officer or employee who is a director of the corporation or a subsidiary, and may reasonably be expected, in the judgment of the board, to benefit the corporation; or
- (4) has been approved by (a) the holders of two-thirds of the voting power of the shares entitled to vote which are owned by persons other than the interested person or persons, or (b) the unanimous affirmative vote of the holders of all outstanding shares whether or not entitled to vote.

Such loan, guarantee, surety contract or other financial assistance may be with or without interest, and may be unsecured, or may be secured in the manner as a majority of the directors present approve, including, without limitation, a pledge of or other security interest in shares of the corporation. Nothing in this section shall be deemed to deny, limit or restrict the powers of

guaranty, surety or warranty of the corporation at common law or under a statute of the state of Minnesota.

ARTICLE IX. INDEMNIFICATION OF CERTAIN PERSONS

Section 9.01. The corporation shall indemnify all officers and directors of the corporation, for such expenses and liabilities, in such manner, under such circumstances and to such extent as permitted by Minnesota Business Corporation Act. Unless otherwise approved by the board of directors, the corporation shall not indemnify any employee of the corporation who is not otherwise entitled to indemnification pursuant to the prior sentence of this section 9.01.

ARTICLE X. AMENDMENTS, REFERENCES

Section 10.01. These bylaws may be amended or altered by a vote of the majority of the whole board of directors at any meeting. Such authority of the board of directors is subject to the power of the shareholders, exercisable in the manner provided in the Minnesota Business Corporation Act, to adopt, amend, repeal bylaws adopted, amended, or repealed by the board of directors. After the adoption of the initial bylaws, the board of directors shall not make or alter any bylaws fixing a quorum for meetings of shareholders, prescribing procedures for removing directors or filling vacancies in the board of directors, or fixing the number of directors or their classifications, qualifications, or terms of office, except that the board of directors may adopt or amend any bylaw to increase their number.

Section 10.02. All references to the Minnesota Business Corporation Act shall mean such Act as now enacted or hereafter amended.

ARTICLE XI. SECURITIES OF OTHER CORPORATIONS

Section 11.01. Voting Securities Held by the Corporation. Unless otherwise ordered by the board of directors, the president shall have full power and authority on behalf of the corporation (a) to attend any meeting of security holders of other corporations in which the corporation may hold securities and to vote such securities on behalf of this corporation; (b) to execute any proxy for such meeting on behalf of the corporation; or (c) to execute a written action in lieu of a meeting of such other corporation on behalf of this corporation. At such meeting, the president shall possess and may exercise any and all rights and powers incident to the ownership of such securities that the corporation possesses. The board of directors may, from time to time, grant such power and authority to one or more other persons and may remove such power and authority from the president or any other person or persons.

Section 11.02. Purchase and Sale of Securities. Unless otherwise ordered by the board of directors, the president shall have full power and authority on behalf of the corporation to purchase, sell, transfer or encumber any and all securities of any other corporation owned by the corporation, and may execute and deliver such documents as may be necessary to effectuate such

EXHIBIT B

STATEMENT AND EXPLANATION

Resort Water Company owns and operates the water utilities that serve portions of the Schweitzer Basin area in Bonner County, Idaho. Resort Water Company is owned by Harbor Mountain Utility Company LLC, a Washington LLC, both doing business in Idaho as Mountain Utility Company. As a privately owned water utility, Resort Water Company's water operations fall under the jurisdiction of the Idaho Public Utilities Commission (IPUC). Resort Water Company is an existing water utility applying for issuance of a Certificate of Convenience and Necessity from IPUC. The following report includes a description of the water utility system, financial statements, and a water rate analysis for recommendation of a fair and reasonable rate within the guidelines of the IPUC.

DESCRIPTION

Service Area

Resort Water Company's water utilities provide service to the Schweitzer Mountain Resort Planned Unit Development (PUD). Following is a legal description of the areas currently served by the water system (see attached map, Appendix A):

CONFIDENTIAL

Township 58 North, Range 2 West, Section 20, Boise Meridian, Bonner County, Idaho. More specifically described as the South $\frac{1}{2}$ of the Northwest $\frac{1}{4}$, the West $\frac{1}{2}$ of the Northeast $\frac{1}{4}$, and the North $\frac{1}{2}$ of the Southwest $\frac{1}{4}$.

The ultimate service area will include (see attached map, Appendix A):

Township 58 North, Range 2 West, Boise Meridian, Bonner County, Idaho, including the following sections: a portion of the South $\frac{1}{2}$ of the Southeast $\frac{1}{4}$ of Section 9, a portion of the Northwest $\frac{1}{4}$ of Section 16, the Northeast $\frac{1}{4}$ of Section 16, the South $\frac{1}{2}$ of Section 16, the Northwest $\frac{1}{4}$ of Section 20, the Northeast $\frac{1}{4}$ of Section 20, the North $\frac{1}{2}$ of the Southwest $\frac{1}{4}$ of Section 20, a portion of the Northeast $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of Section 20, All of Section 21, the Northwest $\frac{1}{4}$ of Section 22, the South $\frac{1}{2}$ of the Northeast $\frac{1}{4}$ of Section 22, the South $\frac{1}{2}$ of Section 22, the Northwest $\frac{1}{4}$ of Section 23, the West $\frac{1}{2}$ of the Northeast $\frac{1}{4}$ of Section 23, the Southwest $\frac{1}{4}$ of Section 23, a portion of the Southwest $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of Section 23, the North $\frac{1}{2}$ of Section 27, the North $\frac{1}{2}$ of the Southwest $\frac{1}{4}$ of Section 27, the North $\frac{1}{2}$ of the Southeast $\frac{1}{4}$ of Section 27, the North $\frac{1}{2}$ of Section 28, the Northeast $\frac{1}{4}$ of the Southwest $\frac{1}{4}$ of Section 28, the North $\frac{1}{2}$ of the Southeast $\frac{1}{4}$ of Section 28, the North $\frac{1}{2}$ of the Northwest $\frac{1}{4}$ of Section 29, and the Northeast $\frac{1}{4}$ of Section 29.

Adjacent Water Companies

In addition to Resort Water Company, there are three (3) other water companies serving the Schweitzer Basin area. These include the following:

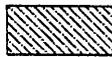
- Schweitzer Basin Water Company
- Acme Water Works c/o Joel and Leslie Wahlin
- Spires Water Company

EXHIBIT C



NOT TO SCALE

SCHWEITZER BASIN
WATER CO.



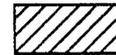
RESORT WATER CO.
CURRENT SERVICE AREA



SPIRES WATER CO.



RESORT WATER CO.
ULTIMATE SERVICE AREA



RESORT WATER COMPANY
2003 WATER RATE STUDY
VICINITY MAP-ULTIMATE SERVICE AREA

TOOTHMAN-ORTON ENGINEERING CO.

ENGINEERS • SURVEYORS • PLANNERS
WEST 280 PRAIRIE AVENUE • COEUR d'ALENE, IDAHO 83814
PHONE: 208-762-3644 • FAX: 208-762-3708
E-FILE: VICINITY.DWG DATE: 09/04/03 JOB: 03030

EXHIBIT D

Rate Schedule
Flat Rate Service

Availability:

To all residential, multi-family and commercial customers. Each housing unit is considered to be one (1) Equivalent Residential Unit (ERU). Commercial ERU's will be estimated using Forecasting Water Demand, by Rillings & Jones, or some other method approved by the Resort Water Company and generally accepted engineering practices.

Customer Charges:

Based on the cost of providing water service, providing for a capital replacement fund in the amount of X% and providing a Return on Investment of 10.5% the yearly bill per ERU is \$743.52. Billed monthly, equals \$61.96.

Monthly Charge:

\$61.96

Conditions of Contract:

The monthly charge will be prorated whenever the customer has not been a customer for the entire billing period.

Rate Schedule
Flat Rate Service

Availability:

To all residential, multi-family and commercial customers. Each housing unit is considered to be one (1) Equivalent Residential Unit (ERU). Commercial ERU's will be estimated using Forecasting Water Demand, by Rillings & Jones, or some other method approved by the Resort Water Company and generally accepted engineering practices.

Customer Charges:

The yearly bill per ERU is \$743.52. Billed monthly, equals \$ 61.96.

Monthly Charge:

\$ 61.96

Conditions of Contract:

The monthly charge will be prorated whenever the customer has not been a customer for the entire billing period.

DEQ Fee

APPLICABILITY: All Customers

State Drinking Water Program \$.50 bi-monthly per customer

The Division of Environmental Quality (DEQ), Idaho Department of Health & Welfare, assesses a fee to fund its drinking water program. Since this fee is recovered in tariffed water rates, the cost will not be passed along to customers as a fixed charge appearing as a separate item on each bill.

Miscellaneous Fees and Charges

1. Return check Charge

Application:

This charge is applicable to all customers where the customer's check or bank draft is returned by the Bank for insufficient funds, closed account, or some other appropriate reason.

<u>Rate:</u>	<u>Each Occurrence</u>
Returned Check Charge	\$15.00

2. Reconnection Charge for Nonpayment Terminations

Application:

This charge is applicable to all customers where water has been physically turned off for nonpayment of a delinquent bill.

<u>Rates:</u>	<u>Each Occurrence</u>
Reconnection charge (during normal business hours)	\$20.00
Reconnection Charge (other than normal business hours)	\$60.00

3. Field Collection Trip Charge:

Application:

This charge is applicable to all customers who pay outstanding bills for service at the time that Company personnel arrive at the customers' premises to terminate service.

<u>Rates:</u>	<u>Each Occurrence</u>
Field Collection Trip Charge	\$15.00

Bulk Water Sold to Contractors

1. Backflow Prevention Device Rental:

Application:

Any contractor needing to fill a water tanker of any kind shall do so at a location designated by the Resort Water Company and each truck shall be equipped by an approved and inspected backflow prevention device. This charge is applicable to contractors that do not have an approved and inspected backflow prevention device.

Rates:

Each Day

Backflow Prevention Device Rental:

\$25.00

2. Bulk Water Charge:

Application:

Any contractor that needs to fill a water tanker of any kind or size.

Rates:

Each Day

Bulk Water Charge:

\$10.00

EXHIBIT E

Dear Resort Water Customer:

I am writing to inform you that Resort Water Company has filed an Application with the Idaho Public Utilities Commission to receive a certificate of public convenience and necessity. As you know privately owned water companies are regulated by the IPUC.

As part of the Application we are also asking the Commission to set new rates for water service. Currently, the rate for each residential equivalent unit is \$33.00 per month. We are requesting that the rate be increased to \$61.96 per month. This represents an 88% increase over current rates.

We understand that this is a substantial increase. It is necessary for several reasons however. Under current rates, Resort Water is operating at a loss and the current rates have not produced any profit during the last five years. The owners of Resort Water have invested over \$500,000 in the system and have not received any return on their investment. Further, in order to provide safe and reliable service, Resort Water will have to make a substantial investment in a new fire-flow reservoir this year.

Our proposal is subject to review by the IPUC. A complete copy of the proposal is available at our office and at the commission's office at 472 West Washington, Boise ID. It will also be available on-line at the IPUC website:
<http://www.puc.state.id.us/FILEROOM/water/water.htm>

You can also file a comment on our Application via the IPUC website at:
<http://www.puc.state.id.us/scripts/polyform.dll/ipuc>
Or mail comments to:

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

Also, please feel free to contact me directly with any questions you may have.

Sincerely

Tim Elsea
Manager

EXHIBIT F

Resort Water Company, Inc.

Resort Water Company, Inc.
Rate Schedule
And
Rules and Regulations
Governing the Rendering of Water Service
And Water Main Extensions

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Rate Schedule
Flat Rate Service

Availability:

To all residential, multi-family and commercial customers. Each housing unit is considered to be one (1) Equivalent Residential Unit (ERU). Commercial ERU's will be estimated using Forecasting Water Demand, by Rillings & Jones, or some other method approved by the Resort Water Company and generally accepted engineering practices.

Customer Charges:

Based on the cost of providing water service, providing for a capital replacement fund in the amount of X% and providing a Return on Investment of 10.5% the yearly bill per ERU is \$743.52. Billed monthly, equals \$61.96.

Monthly Charge:

\$61.96

Conditions of Contract:

The monthly charge will be prorated whenever the customer has not been a customer for the entire billing period.

Schedule No. 1A
DEQ Fee

APPLICABILITY: All Customers

State Drinking Water Program \$.50 bi-monthly per customer

The Division of Environmental Quality (DEQ), Idaho Department of Health & Welfare, assesses a fee to fund its drinking water program. Since this fee is recovered in tariffed water rates, the cost will not be passed along to customers as a fixed charge appearing as a separate item on each bill.

Schedule No. 2

Miscellaneous Fees and Charges

1. Return check Charge

Application:

This charge is applicable to all customers where the customer's check or bank draft is returned by the Bank for insufficient funds, closed account, or some other appropriate reason.

Rate:

	<u>Each Occurrence</u>
Returned Check Charge	\$15.00

2. Reconnection Charge for Nonpayment Terminations

Application:

This charge is applicable to all customers where water has been physically turned off for nonpayment of a delinquent bill.

Rates:

	<u>Each Occurrence</u>
Reconnection charge (during normal business hours)	\$20.00
Reconnection Charge (other than normal business hours)	\$60.00

3. Field Collection Trip Charge:

Application:

This charge is applicable to all customers who pay outstanding bills for service at the time that Company personnel arrive at the customers' premises to terminate service.

Rates:

	<u>Each Occurrence</u>
Field Collection Trip Charge	\$15.00

Schedule No. 3

Bulk Water Sold to Contractors

1. Backflow Prevention Device Rental:

Application:

Any contractor needing to fill a water tanker of any kind shall do so at a location designated by the Resort Water Company and each truck shall be equipped by an approved and inspected backflow prevention device. This charge is applicable to contractors that do not have an approved and inspected backflow prevention device.

<u>Rates:</u>	<u>Each Day</u>
Backflow Prevention Device Rental:	\$25.00

2. Bulk Water Charge:

Application:

Any contractor that needs to fill a water tanker of any kind or size.

<u>Rates:</u>	<u>Each Day</u>
Bulk Water Charge:	\$10.00

Rules and Regulations Governing the Rendering of Service

Application for Service

1. Water service will be provided at all existing service locations after the prospective customer (or a properly authorized agent) makes application for service and the Company approves the application. The service request may be taken by telephone, in writing, or by personal visit to the company office. Each service request will be prepared on a separate order form specifically designed for this purpose.
2. On all new service applications requiring the installation of a service line and/or meter box, or connections necessary after a customer has altered their plumbing, service will be provided after a Utilities Application Packet has been completed, a Bonner County Building Location Permit has been approved, connections to the Company's water system have been approved by the Company, and the plumbing has been inspected and approved by the appropriate plumbing authority.
3. The application for new service or the connection request on existing services will state clearly the class, scope and type of use for each service. The application shall clearly state the number of bedrooms and bathrooms for each residential service. Any increase in number of bedrooms or bathrooms will require a new application.
4. Office hours are 8:00 a.m. to 4:30 p.m., Monday through Friday. Any request for service after regular office hours, weekends or holidays will result in a \$60.00 service charge.
5. The application for service and/or connection request and these rules and regulations constitute a contract between the customer and the Company. Each customer agrees to be bound by this contract after the service application is made, approved and/or service rendered. Copies of the Company's presently approved rules and regulations are on file at the Company's office and are available for public inspection.

Service Connection

6. Each customer shall be supplied through a separate service line.
7. The Company shall inspect all connections to its existing mains. The Applicant shall furnish and install water service lines from the main to and including the meter box or vault, meters and service setting. All service lines including meter and meter box shall be property of the Company and shall be accessible to and under its control. In instances where the existing mains do not front the property to be served, the Applicant shall enter into the appropriate main extension agreement as provided under Company's Rules and Regulations Governing Main Extensions.
8. All service lines from the main to the customer's building or place of consumption shall be approved by the Company as to size, kind of pipe, and installation and shall be installed and kept in good repair by the customer at the customer's

- expense. All such service lines shall be placed at least four (5) feet below the surface of the ground.
9. No service lines shall be laid in the same trench with the sewer pipe.
 10. When a meter is located within the customer's building, a positive shutoff valve easily accessible to the occupants shall be placed in the service line within the building supplied with water. Such valve shall be located so that it will be possible to drain the meter and all pipes in the building. When the meter is located outside the customer's building, a positive shut off valve shall be located between the customer's building and the meter. When the Company is requested by customer to shut off the water at the meter for repairs to customer's plumbing, a charge will be made of \$15.00 for this service during regular office hours and \$60.00 after regular office hours.
 11. All components and materials coming in contact with drinking water must meet ANSI/NSF 61 requirements.
 12. A service connection valve has been installed near property line by Company. Notify Company prior to the start of construction or digging. A State of Idaho plumbing permit is required prior to the start of work.
 13. For single family dwellings, one (1) inch (AWWA and NSF Approved) Poly pipe, minimum 200 PSI, shall be installed as service line to home. This pipe shall be one piece, not spliced. Other sizes are required for multi-family dwellings.
 14. Minimum depth for line is 5 feet. Sand bedding is required for entire length of pipe.
 15. Connections for each end of line: "Brass 1 inch, Pexmip Cplg Adp Pep Compression". Available at Consolidated Supply.
 16. Poly pipe to run under foundation or through a sleeved opening in the foundation wall. One (1) inch threaded ball valve to be used as shut off, between supply line and homes internal plumbing.
 17. Call Company to witness pressure check of line. Ensure that service valve at property line is shut. The line is to be pressured to 125 PSI or 125% of actual water pressure, which ever is greater, for 15 minutes. Line is to remain without leaks or pressure loss for the 15 minute interval.
 18. Water line shall not be covered until all testing and inspection is completed and approved.
 19. A pressure reducer is required for all service taps. Pressure reducers are to prevent pressures above 60 PSI. Within our water system, water pressures can easily exceed 60 PSI. Owner is to perform an actual pressure check of the home system. Actual water pressure should never exceed 60 PSI. A properly installed and maintained pressure reducer will protect your investment and ensure that your water pressure does not exceed 60 PSI.
 20. The customer shall promptly repair all leaks inside the premises, in sprinkling systems and in the customer's service line. Failure to repair leakage promptly may result in termination of service as allowed under the IPUC's Rules and Regulations Governing Customer Relations.
 21. The Company shall, at its own expense, replace or enlarge service connections whenever it is necessary to change the location of any service connection due to relocation or abandonment of the Company's mains. The Company will also furnish all work and materials that are necessary to connect to that service.
 22. The use of water service by a customer shall be in accordance with the class, scope, type of use, number of bedrooms and purpose stated in the application.

A customer shall not use or allow use of water service through the service facilities for others or for purposes other than those covered by the application. To make service available for other purposes of character of use, a new application and contract is required.

23. In accordance with its Cross Connection Control Program, as approved by the State Health Department, the Company shall require an appropriate backflow prevention device be installed on any customer's service connection whenever an actual or potential health hazard is deemed to exist. Any such required device shall appear on the State Health Department's list of approved backflow prevention devices and/or be approved by the Company prior to installation.
24. In the event a backflow prevention device is required, it shall be installed, maintained and tested at the customer's expense. Failure to properly install, maintain or test the required device will result in termination of service to the customer in accordance with Sections 3.2 and 3.3 of the IPUC's Customer Relations Rules and Regulations.
25. When the premises served by the Company is also served in any manner from another supply of water public or private, the customer must install the appropriate backflow prevention device or maintain a physical separation between the two systems at all times. The type of device or separation and the installation of the device or separation shall be determined by the Company in accordance with its Cross Connection Control Program as approved by the State Health Department.

Meters

26. Though water is billed at a flat rate, all new water services, except water for fire fighting purposes will be rendered only through meters to allow for the transition from a flat rate to a metered rate in the future.
27. Each customer shall have a separate meter.
28. All meters will be furnished by the customer and shall be donated to the property of the Company. The Company reserves the right to establish the size and location of meter required by each customer.
29. Meters will be maintained by the Company for ordinary wear and tear. The costs of repair or replacement resulting from damages to the meter, meter box or setting, caused or allowed by the customer, will be charged to the customer. The customer will not permit anyone other than the Company to remove, inspect or tamper with the Company's meter or other Company property located on the customer's premises.
30. The customer shall notify the Company of any damage to the meter or of any malfunction in the registration, as soon as the customer is aware of the problem.
31. All meters shall be set at convenient locations, accessible to the Company, and subject to its control.
32. The final location of the meter must be approved by the Company.
33. All meters shall conform to ANSI/NSF 61 requirements.

Bills

34. Each customer is subject to a customer charge, the amount of which is set forth in the Schedule of Rates.

35. Bills for water service will be rendered and are due and payable as specified in Rule 2.2 of the IPUC's Customer Relations Rules and Regulations.
36. The presentation or non-presentation of a bill shall not be held to be a waiver of any of the rules and regulations.

Discontinuance of Service

37. When a customer wishes to terminate their water service, the Company must be notified. This request for disconnection may be made in writing, by telephone or a personal visit to the Company office. The customer will be responsible for payment of all service rendered prior to the termination of water service.
38. The Company may deny or terminate water service under the provisions of Rules 3.2 and 3.3 of the Rules and Regulations Governing Customer Relations of Gas, Electric and Water Public Utilities.

The customer has the right to file an informal or formal complaint with the IPUC concerning the denial or termination of service. If the customer files a complaint, the service will not be terminated providing the customer pays all undisputed charges.

Service that has been disconnected for nonpayment will not be restored until the amount due plus the applicable reconnect fee has been paid. Reconnection of service by anyone other than the Company is strictly prohibited and may result in an additional service charge(s).

39. In case of a break, an emergency or other similar situations, the Company shall have the right to temporarily discontinue the water supply in order to make necessary repairs, connections, etc. The company shall use all reasonable and practical measures to notify the customer in advanced of discontinuance of service. The Company shall not be liable for any damage or inconvenience suffered by the customer, or for any claim for interruption in service, lessening of supply, inadequate pressure, poor quality of water, or any other cause. The Company may restrict or regulate the quantity of water used by customers in case of scarcity or whenever the public welfare may require it.
40. The Company may at any time restrict the use of water for air conditioning and refrigeration by requiring the installation of cooling towers and recirculation pumps.
41. The right to discontinue service for any of the above reasons may be exercised whenever and as often as such reasons may occur, and neither delay nor omission on the part of the Company to enforce this rule at any one or more times shall be deemed a waiver of its right to enforce the same at any time, so long as the reason continues.

Customer's Deposits

42. The Company reserves the right to require a deposit according to Rule 1, Deposit and Guarantee Practices for Residential and Small Commercial Customers, of the IPUC Customer Relations Rules and Regulations. Reasonable deposits may

be collected for customers not covered under the IPUC's Customer Relations Rules and Regulations.

43. The Company will refund said deposit when the customer (1) discontinues service (and all outstanding bills are paid), or (2) establishes and maintains good credit as defined by the IPUC's Customer Relations Rules and Regulations.

Temporary Service for Construction Purposes

44. Contractors, builders, or others who wish temporary service from an approved service connection shall apply to the Company for temporary service. This application may be made in writing, in person or over the telephone. The requesting party agrees to pay for water at ½ the approved flat rate.
45. The application for service and/or connection request and these rules and regulations constitute a contract between the requesting party and the Company. Each customer agrees to be bound by this contract after the service application is made, approved and/or service rendered. Copies of the Company's presently approved rules and regulations are on file at the Company's office and are available for public inspection.

Fire Protection

46. Water from fire hydrants or other fire fighting facilities shall be used only for fire fighting purposes, except for water sold to contractors and pursuant to existing Tariff Schedule No. 3.
47. All private fire service connections from the main to the property line, including all valves, shall be furnished by the customer, and approved by the Company.
48. The Company reserves the right to require a meter and appropriate backflow prevention device to be furnished and installed by the customer on any fire service connection. The meter and required backflow prevention device shall be inspected and approved by the Company prior to the granting of service.

Miscellaneous

49. The authorized employees and agents of the Company shall have the right of access, between the hours of 9:00 a.m. and 4:30 p.m., Monday through Friday, and with approval of the customer, to the premises supplied with water for the purpose of reading meters, examining pipes and fixtures, observing manner of using water, and for any other purpose which is proper and necessary in the conduct of the Company's business. Such employees and agents shall carry proper credentials evidencing their employment by the Company.
50. Except in case of an emergency, no one other than Company personnel shall open or close any of the Company's curb stops or valves in any public or private line.
51. The Company reserves the right to alter or amend these Rules and Regulations in the manner provided by law.

Definitions

52. "Company" as used herein shall mean Resort Water Company, Inc. acting through its properly authorized officers, agents or employees, each acting within the scope of the particular duties entrusted to them.
53. "Customer" shall be the party contracting for supply of water through a single meter and service through each meter shall be considered, for billing purposes, as service to a separate customer.
54. Individual (s) shall mean a person or group of persons requesting a water main extension to make water service available to an existing or proposed single family residence (s) occupied by or to be occupied by the requesting party (ies).
55. Developer shall mean a person, firm or corporation who (1) sells two or more lots, parcels or tracts of land to others for the purpose of constructing thereon any type of building or (2) constructs any type of building, on land which is for sale, lease or rent by or to another party (ies).
56. Subdivision shall mean the legal dividing of a tract of land into two or more tracts, lots or parcels.
57. Multiple family housing development shall mean any building or buildings consisting of two or more living units.
58. Residential customer shall be designed as a building under one roof which is owned, leased or rented by one party and occupied as a residence, or each unit of a Condominium building where the Condominium units have the ability to be separately owned.
59. Commercial, Industrial and Municipal customers shall be designated by the following:
 - Commercial Customer shall be defined as:
 - a. A building containing two or more apartments or family units where the building is owned by one entity and the units are or have the ability to be rented or leased to tenants.
 - b. A building or unit in a building occupied by a retail or service business whose primary business is not manufacturing.
 - c. A building or unit in a building that contains a restaurant, coffee shop, deli, or sells other packaged or non-packaged food products.
 - d. A business office, office complex, or office unit in a building.
 - e. Any building containing any combination of 'a', 'b', and 'c' above.
 - f. A hotel, motel, tourist court, trailer court or mobile home park.
 - Industrial Customer shall be defined as:
 - a. Any building or combination of buildings in the same compound whose primary use is for the manufacture, fabrication, and/or assembly of any product other than a food item.
 - Municipal Customer shall be defined as:
 - a. A publicly owned building such as a school, city hall, court house, fire house, hospital, or other public institution.

The purpose of the foregoing rules and regulations and definitions is to preserve, to the maximum extent possible, the obligation and ability of the Company to furnish service. The rules and regulations and definitions contained herein shall be construed and applied in accordance with the spirit and intent of Title 61 of the Idaho Code.

General

60. Any individual or developer may request water service to be made available to any lot(s) or subdivision under these rules and regulations.
61. The minimum size of water main to be installed under these rules and regulations shall be 6-inch inside diameter.
62. The normal routing for water main extensions shall be in dedicated streets. The Company may, but will not be required to, allow extensions under this rule in easements or right-of-ways where final grades have not been established or where street grades have not been brought to those established by public authority. If extensions are made when grades have not been established and there is a reasonable probability that existing grade will be changed, the Company shall require the Applicant(s) to deposit the estimated cost for altering the facilities installed. This deposit shall be made at the time of execution of the agreement. Such alterations may be, but are not limited to, relocating, raising or lowering of facilities. Adjustment of any difference between the amount so deposited and the actual cost of relocating, raising or lowering facilities shall be made within the (10) days after the Company has ascertained such actual cost. The net deposit representing actual cost is not subject to refund. The deposit related to the proposed relocation, raising or lowering shall be refunded when such displacements are determined by proper authority not to be required.
63. Applicant shall provide a design prepared and stamped by a professional engineer licensed in the State of Idaho and in conformance with Company's requirements. Company shall be the sole judge as to the adequacy of any water main extension and appurtenances.

Water Main Extensions

64. In instances where the individual (s) shall need to extend the water distribution main to serve new individual residences, the individual(s) shall enter into an agreement with the Company of the type attached hereto and marked Exhibit A. The cost of the water main extension shall, as a minimum, be based on the use of a six-inch inside diameter main.
65. Construction plans and specifications must be prepared by a professional engineer licensed in the State of Idaho and submitted to the Company or designated representative for review and approval. All plans shall be construction quality, be prepared by a Professional Engineer, be to scale (1" = 100' maximum), have a north arrow, a title block, a legend, appropriate details showing existing utilities, existing and proposed buildings, fire hydrants and flow capacity of fire hydrants, connections, valves, backflow preventors, septic tanks, thrust blocks and any other necessary details, shall call out the make and style of conduit, connections, valves, backflow preventors, shall clearly specify minimum depth of utilities from existing elevation, and minimum cover, shall specify backfill material with maximum size aggregate, compaction requirements and

compaction efforts. As a minimum, all construction requirements shall conform with the latest edition of the ISPWC. **All water main construction or extension, plans and specifications must be submitted to the DEQ for review and approval.** Construction drawings, along with electronic drawing files (must be readable by ACAD 2002), must be submitted to Company or designated representative for review and approval.

66. In instances where more than one individual has requested a water main extension, any contribution shall normally be divided in proportion to distance of the residence from the existing water main. In unusual circumstances, other methods of dividing the deposit may be used, provided they are acceptable to all individuals and the Company.
67. A water main extension must extend to the extreme property lines of the building lot to be served.
68. The applicant shall contract for the installation of the water main to the Company's specifications. In addition, the applicant shall deposit with the Company the applicable overhead and direct labor costs incurred by the Company for such items as inspection, plan review, and as-built drawing preparation. The Company shall specify the material to be supplied by the Applicant with respect to size and type. In general, the material shall conform to the Company's standard material specifications and applicable AWWA/ANSI/NSF specifications. The Company may deny the right of Applicant to provide a contractor who has a documented history of poor performance.
69. Each separate water main extension to and/or within a development shall be subject to a separate agreement.
70. The Company with approval from the Idaho Department of Environmental Quality shall be the sole judge as to the design of and the time of construction and/or installation of any main extension.

Main Extension Agreement

Agreement between Resort Water Company, Inc. hereinafter called "Company", and _____, hereinafter called the "Applicant".

Now, Therefore, in consideration of the premises and of the mutual covenants and agreements herein contained, THE PARTIES HERETO AGREE AS FOLLOWS:

1. The applicant(s) hereby applies to the Company for the said extension to its system. The applicant(s) agrees to construct the extension upon the terms and conditions hereinafter set forth in accordance with Company's Rules and Regulations. Said extension is described as follows and shown on the attached sketch which is hereto made a part of this Agreement:
2. Applicant shall contribute to the Company upon the execution hereof the sum of _____ dollars (\$ _____) which amount the Company estimates to be the real cost of overhead, plan review, inspections and as-built drawing preparation.
3. The Applicant hereby agrees that it will hire only those contractors that have been approved by the Company. The Applicant further agrees that it will require its contractor to comply, via its contract with contractor, with all terms and conditions set forth herein.
4. The Applicant shall have its contractor warrant that the work performed in installing the main and appurtenances is free of any defect of equipment, material or workmanship. Such shall continue for a period of two (2) years from completion and approval of the extension or within such longer period of time as may be prescribed by law. Pursuant to the warranty, the Applicant's contractor, under Company supervision, shall remedy at his own expense any such failure to conform or any such defect upon receipt of written notice from the Company within a reasonable time after the discovery of any failure, defect or damage. In addition, during the aforesaid warranty period, the contractor shall remedy at his own expense, under Company supervision, any damage to real or personal property, when that damage is the result of any such defect of equipment, material or workmanship installed by the contractor. The warranty with respect to work repaired or replaced hereunder will run for a period of one year from the date of such repair or replacement or shall run for the remainder of the original two year period, whichever is greater. During the warranty periods as defined herein, the contractor shall reimburse the Company for the costs of any emergency repairs undertaken by the company to maintain the system in good working order. Without limiting any other provision herein contained, these warranty provisions shall be incorporated in Applicant's contract with contractor. If contractor fails to reimburse the Company as set forth in this Paragraph, within forty-five (45) days of the Company's request for such reimbursement, then the Applicant hereby agrees that it will do so.
5. Each additional bona fide customer whose service lateral is directly connected to the extension during the ten (10) year term of this contract

shall deposit, with the Company an amount equal to: one-half of the actual per foot cost of the extension times the front footage of the property to be served by the service lateral. The per foot cost shall be determined by dividing the actual cost of the extension by the total serviceable footage along the extension. This deposit shall be made prior to the installation of the service lateral necessary to provide the service requested. The monies so deposited shall be refunded to the original Applicant(s) without interest within 30 days of receipt by the Company.

6. A bona fide customer shall mean any person, firm, corporation, company, association, governmental unit or owner of property as guarantor furnished water service of a permanent nature; and the term "Extension" shall mean the mains and appurtenances shown on attached plan.
7. It is further mutually understood and agreed that the mains and appurtenances within the limits of the streets, avenues, roads, rights of ways, or easement areas, whether or not attached to or serving customers but constructed as part of the extension, shall be and remain the property of the Company, its successors and assigns.

The Company shall have the right to extend any main installed pursuant to the terms of this Agreement in or to other land, streets, or avenues, but the Applicant(s) shall not by reason thereof be entitled to any refunds other than those above provided for. Project becomes Company property only after acceptance by Company.

8. The Applicant(s) will, grant to the Company an exclusive and irrevocable easement, at no cost to the Company, for the maintenance, operation, repair and replacement of said main extension and appurtenances, together with the right of ingress and egress thereto, in a form satisfactory to the Company, duly executed and acknowledge in proper form for the record.
9. It is agreed by the Applicant(s) that he/she will not build at any time hereafter on, in, or over the said easement any structure, the construction or presence of which will endanger, render ineffective, or make difficult the access to the water lines or appurtenances of the Company. Additionally, Applicant(s) agrees not to lay other pipes or conduits within two (2) feet measured horizontally, from the said water pipes except pipes crossing same at right angles in which latter case a minimum vertical distance of six (6") inches shall be maintained between the pipes. Sewer lines placed in the easement shall conform to the separation requirements between water and sewer lines as specified by the Idaho Department of Environmental Quality. No excavation or blasting shall be carried on which in any way endangers the said water pipes. Provided, however, that should the Applicant(s) wish to do so, he may, at his own expense, provide a new location acceptable to the Company for the water pipes and the Company will allow the move of said water pipes and appurtenances to the new location. The whole cost of such moving and altering and any expenses incident thereto, shall be borne by the Applicant(s).
10. It is further understood and agreed that in case of any damage by Applicant(s) or caused by neglect of Applicant(s) to the water pipes or

their appurtenances, or other injuries to the property of the Company in connection therewith, which are caused by the acts or neglect of the Applicant(s) the amount of such damage shall be paid to the Company by the Applicant(s).

11. The term of this Agreement shall be ten (10) years from the date of execution.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be signed this _____ day of _____, _____.

Resort Water Company, Inc.

Title _____

Applicant(s)

Multiple Family Housing
Water System Agreement

AGREEMENT between Resort Water Company, Inc. hereinafter called "Company", its successors and assigns, and _____ hereinafter called "Owner", its successors and assigns.

WHEREAS, Owner has necessity to expand Company's water system as follows in accordance with the map or plan attached hereto as Attachment No.1; and

WHEREAS, Company is willing to accept such expansion upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements herein contained, THE PARTIES HERETO AGREE AS FOLLOWS:

1. Owner hereby applies to the Company to accept said expansion of its system, and Company agrees to accept said expansion upon the terms and conditions hereinafter set forth and in accordance with its Rules and Regulations.
2. Applicant shall contribute to the Company upon the execution hereof the sum of _____ dollars (\$_____) which amount the Company estimates to be the real cost of overhead, plan review, inspections and as-built drawing preparation.
3. The Applicant hereby agrees that it will hire only those contractors that have been approved by the Company. The Applicant further agrees that it will require its contractor to comply, via its contract with contractor, with all terms and conditions set forth herein.
4. The Applicant shall have its contractor warrant that the work performed in installing the main and appurtenances is free of any defect of equipment, material or workmanship. Such shall continue for a period of two (2) years from completion and approval of the extension or within such longer period of time as may be prescribed by law. Pursuant to the warranty, the Applicant's contractor, under Company supervision, shall remedy at his own expense any such failure to conform or any such defect upon receipt of written notice from the Company within a reasonable time after the discovery of any failure, defect or damage. In addition, during the aforesaid warranty period, the contractor shall remedy at his own expense, under Company supervision, any damage to real or personal property, when that damage is the result of any such defect of equipment, material or workmanship installed by the contractor. The warranty with respect to work repaired or replaced hereunder will run for a period of one year from the date of such repair or replacement or shall run for the remainder of the original two year period, whichever is greater. During the warranty periods as defined herein, the contractor shall reimburse the Company for the costs of any emergency repairs undertaken by the company to maintain the system in good working order. Without limiting any other provision herein contained, these warranty provisions shall be incorporated in Applicant's contract with contractor. If contractor fails to reimburse the Company as set forth in this Paragraph, within forty-five (45) days of the Company's request for such reimbursement, then the Applicant hereby agrees that it will do so.

5. A bona fide customer shall mean any person, firm, corporation, company, association, governmental unit or owner of property as guarantor furnished water service of a permanent nature; and the term "Extension" shall mean the mains and appurtenances shown on attached plan.
6. It is further mutually understood and agreed that the mains and appurtenances within the limits of the streets, avenues, roads, rights of ways, or easement areas, whether or not attached to or serving customers but constructed as part of the extension, shall be and remain the property of the Company, its successors and assigns.

The Company shall have the right to extend any main installed pursuant to the terms of this Agreement in or to other land, streets, or avenues, but the Applicant(s) shall not by reason thereof be entitled to any refunds other than those above provided for. Project becomes Company property only after acceptance by Company.

7. The Applicant(s) will, grant to the Company an exclusive and irrevocable easement, at no cost to the Company, for the maintenance, operation, repair and replacement of said main extension and appurtenances, together with the right of ingress and egress thereto, in a form satisfactory to the Company, duly executed and acknowledge in proper form for the record.
8. It is agreed by the Applicant(s) that he/she will not build at any time hereafter on, in, or over the said easement any structure, the construction or presence of which will endanger, render ineffective, or make difficult the access to the water lines or appurtenances of the Company. Additionally, Applicant(s) agrees not to lay other pipes or conduits within two (2) feet measured horizontally, from the said water pipes except pipes crossing same at right angles in which latter case a minimum vertical distance of six (6") inches shall be maintained between the pipes. Sewer lines placed in the easement shall conform to the separation requirements between water and sewer lines as specified by the Idaho Department of Environmental Quality. No excavation or blasting shall be carried on which in any way endangers the said water pipes. Provided, however, that should the Applicant(s) wish to do so, he may, at his own expense, provide a new location acceptable to the Company for the water pipes and the Company will allow the move of said water pipes and appurtenances to the new location. The whole cost of such moving and altering and any expenses incident thereto, shall be borne by the Applicant(s).
9. It is further understood and agreed that in case of any damage by Applicant(s) or caused by neglect of Applicant(s) to the water pipes or their appurtenances, or other injuries to the property of the Company in connection therewith, which are caused by the acts or neglect of the Applicant(s) the amount of such damage shall be paid to the Company by the Applicant(s).
10. The term of this Agreement shall be ten (10) years from the date of execution.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be signed this _____ day of _____, _____.

Resort Water Company, Inc.

Title

Applicant(s)
