

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF SPIRIT LAKE EAST WATER COMPANY) **CASE NO. SPL-W-06-01**
FOR AUTHORITY TO INCREASE ITS)
RATES AND CHARGES FOR WATER) **NOTICE OF APPLICATION**
SERVICE IN THE STATE OF IDAHO)
) **ORDER NO. 30119**
)

YOU ARE HEREBY NOTIFIED that on August 14, 2006, Spirit Lake East Water Company filed an Application requesting authority to increase its rates and charges for water service. The Company requested approval to increase its rates from \$12 to \$24 for the first 9,000 gallons of water usage, and from \$.10 to \$.20 for every 100 gallons of water used by a customer over 9,000 gallons per month. In addition, the Company asked approval for an increase in the connection fee for new service from \$1,200 to \$2,500. The Company proposed an effective date of September 14, 2006 for the new rates.

YOU ARE FURTHER NOTIFIED that Spirit Lake has been providing water service for nearly 23 years and currently provides service to 280 customers in Kootenai and Bonner Counties, Idaho. The Application states that the Company's rates for consumption have not changed since initially approved by the Commission in November 1983. In June 2004, the Commission approved an increase in the Company's connection fee from \$650 to \$1,200. The Company states that the \$2,500 connection fee it now proposes is the actual cost it incurs in connecting a new customer to the water system. The Company is requesting the new service connection fee to cover the amount actually paid to outside contractors who perform the connection work. The Company requested its Application be processed by Modified Procedure. After Staff completes its initial investigation of the Company's Application, Staff will make a recommendation regarding the procedure to complete the Commission's review of the Application.

YOU ARE FURTHER NOTIFIED that the Company has filed certain exhibits and workpapers. These documents are on file with the Commission Secretary at the Commission's office, 472 West Washington Street, Boise, Idaho, where they may be reviewed as a matter of

public record during regular business hours. Interested persons may also view Spirit Lake's Application at the Commission's website, www.puc.idaho.gov under the "File Room" icon.

YOU ARE FURTHER NOTIFIED that the following persons are designated as Spirit Lake's representatives in this matter:

John R. Hammond, Jr.
Batt & Fisher, LLP
101 S. Capitol Boulevard, Suite 500
PO Box 1308
Boise, Idaho 83701
E-mail: jrh@battfisher.com

Robert J. Boyle
15807 E. Indiana Avenue
Spokane, Washington, 99216-1814
E-mail: admin@hansonind.com

All communications with reference to this Application should be served upon the above named representatives of Spirit Lake.

YOU ARE FURTHER NOTIFIED that Spirit Lake's revenue requirement, and every component of it, both rate base and expense, are at issue. The Commission may grant, deny, or modify the revenue requirement requested and may find a revenue requirement different from that proposed by any party is just, fair and reasonable. IDAPA 31.01.01.124.01.

YOU ARE FURTHER NOTIFIED that the rates and charges of all Idaho retail customers, both recurring and non-recurring, including those of any special contract customers, are at issue, and every component of every existing and proposed rate and charge is at issue. The Commission may approve, reject or modify the rates and charges proposed and may find that rates and charges different from those proposed by any party are just, fair and reasonable. IDAPA 31.01.01.124.02.

YOU ARE FURTHER NOTIFIED that the Commission may approve, reject or modify existing or proposed relationships between and among rates and charges within, between or among customer classes or rate groupings and may approve, reject or modify existing or proposed relationships among and between customer classes or rate groupings. IDAPA 31.01.01.124.02.

YOU ARE FURTHER NOTIFIED that the Commission may abolish, reduce or create rate blocks or categories of rates and charges, abolish, create or reduce components of rates and charges, abolish, reduce or create customer classes or rate groupings, and abolish, reduce or create absolute or relative differences among and between existing classes or rate groupings of customers. IDAPA 31.01.01.124.02.

YOU ARE FURTHER NOTIFIED that the tariffs, practices, rules and regulations, service, instrumentalities, equipment, facilities, classifications, and customer relations of the utility are at issue, and the Commission may address any of them in its order. IDAPA 31.01.01.124.02.

YOU ARE FURTHER NOTIFIED that the Commission Staff shall conduct an audit of the Company's Application, workpapers and all documents and files relevant to this matter. Following such audit, the Staff shall present to the Commission its findings and recommendations. After reviewing the Staff's audit and recommendations, the Commission will issue an Order regarding the further processing of this rate case.

YOU ARE FURTHER NOTIFIED that the Commission has jurisdiction over this matter pursuant to Title 61 of the Idaho Code, and specifically *Idaho Code* §§ 61-502, 61-622 and 61-623.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, 31.01.01.000 et seq.

SUSPENSION OF PROPOSED EFFECTIVE DATE

Due to the complexities of this case and other constraints on the Commission's time, the Commission finds that it cannot resolve Spirit Lake's requested rate increase before the proposed effective date of September 14, 2006. Pursuant to *Idaho Code* §§ 61-622 and 61-623, the Commission hereby suspends the proposed rates for a period of thirty (30) days plus five (5) months from September 14, 2006, or until such time as the Commission enters an Order accepting, rejecting or modifying the request in this matter.

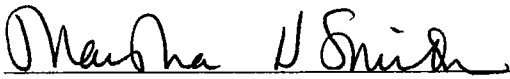
ORDER

IT IS HEREBY ORDERED that the proposed schedules of rates and charges submitted by Spirit Lake in this matter are suspended for a period of thirty (30) days plus five (5) months from September 14, 2006, or until such time as the Commission enters an Order accepting, rejecting or modifying the request in this matter.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 29th
day of August 2006.



PAUL KJELLANDER, PRESIDENT

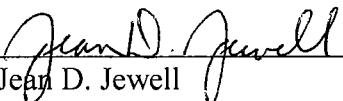


MARSHA H. SMITH, COMMISSIONER



DENNIS S. HANSEN, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

b1s/O:SPL-W-06-01_ws