(text box: 1)BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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| IN THE MATTER OF THE APPLICATION OF TROY HOFFMAN WATER CORPORATION, INC.  FOR AUTHORITY TO INCREASE ITS RATES. | )  )  )  )  )  )  )  )  ) | CASE NO. TRH-W-95-1  NOTICE OF APPLICATION  NOTICE OF MODIFIED PROCEDURE  NOTICE OF COMMENT/ PROTEST DEADLINE |

YOU ARE HEREBY NOTIFIED that on August 31, 1995, Troy Hoffman Water Corporation Inc.  (Troy; Company) filed an Application with the Idaho Public Utilities Commission (Commission) requesting authority to implement a 30% increase in tariff rates.  The Company serves approximately 144 customers, all residential.  Troy contends that from 1986 to 1994 it has operated at an average loss of approximately $1,700 per year and has been required to install flow meters by the Idaho Division of Environmental Quality.  The Company proposes a 1993 test year adjusted for the addition of flow meters to its system.  The Company estimates the cost of installing the meters to be $10,000.  The Company calculates a 1993 pro forma rate base valuation of $16,689.  The Company submits that the proposed increase will result in $4,535 of additional revenue.  The Company has not requested a proposed effective date.

The Troy Hoffman Water Corporation was purchased in 1994 by James Magnuson and Rick Gunther.  This is the first application for a rate increase under the new ownership.  Notice in this case was delayed to enable the Company to supplement its filing and to comply with Commission Rules of Procedure.  Reference IDAPA 31.01.01.121 Form and Contents of Application to Change Rates.

YOU ARE FURTHER NOTIFIED that Staff has performed an audit of the Company’s financial data and business records, toured the system and discussed the requirement for installation of flow meters with a representative of the Idaho Division of Environmental Quality (DEQ).  Per Staff investigation, the average annual revenue per customer during the past five years is $122.27.  In its analysis, Staff elected to rely upon more recent 1994 financial data as indicative of the Company’s financial condition.  Using a 1994 rate base with pro forma adjustments for the addition of flow meters and working capital, Staff calculates a rate base valuation of $17,240, and a revenue deficiency of $4,050.  This translates to a required average increase in rates of 23%, or approximately $2.34 per month.  Calculation of the revenue requirement incorporates a return on the Company’s rate base of 12%.  Staff recommends that the monthly rate base for customers with 3/4" meters be increased from $4.25 to $5.50.  For customers with 1" meters, the base rate would increase from $5.75 to $7.50.  The recommended commodity rate for all customers would be increased from $.50 per 1,000 gallons to $.60 per 1,000 gallons.  No change is proposed in the 3,000 gallon per month customer allowance.  Staff’s Audit Report was filed with the Commission on June 14, 1996.

YOU ARE FURTHER NOTIFIED that the Commission has reviewed the filings of record in Case No. TRH-W-95-1.  The Commission has preliminarily determined that the public interest may not require a hearing to consider the issues presented and that the issues raised by the Application and Staff’s Audit Report may be processed under Modified Procedure, i.e., by written submission rather than by hearing.  Reference Commission Rules of Procedure, IDAPA 31.01.01.201-204.

YOU ARE FURTHER NOTIFIED that the Commission may not hold a hearing unless it receives written protests or comments opposing the use of Modified Procedure and stating why Modified Procedure should not be used.  Reference IDAPA 31.01.01-203.

YOU ARE FURTHER NOTIFIED that the deadline for filing written comments or protests with respect to the Application and the Commission’s use of Modified Procedure in Case No. TRH-W-95-1 is Wednesday, July 17, 1996.  Persons desiring a hearing must specifically request a hearing in their written protests or comments.

YOU ARE FURTHER NOTIFIED that if no written protests or comments are received within the deadline, the Commission will consider the matter on its merits and enter its Order without a formal hearing.  If comments or protests are filed within the deadline, the Commission will consider them and in its discretion may set the matter for hearing or may decide the matter and issue its Order on the basis of the written positions before it.  Reference IDAPA 31.01.01.204.

YOU ARE FURTHER NOTIFIED that written comments concerning Case No. TRH-W-95-1 should be mailed to the Commission and the Company at the addresses reflected below:

COMMISSION SECRETARYH.  JAMES MAGNUSON

IDAHO PUBLIC UTILITIES COMMISSIONTROY HOFFMAN WATER CORP, INC.

PO BOX 83720PO BOX 2288

BOISE, IDAHO  83720-0074COEUR D’ALENE, ID 83816

Street Address for Express Mail:

472 W WASHINGTON ST

BOISE, IDAHO  83702-5983

All comments should contain the case caption and case number shown on the first page of this document.

YOU ARE FURTHER NOTIFIED that the Company’s Application and Staff Audit Report in Case No. TRH-W-95-1 can be reviewed at the Commission’s office and at the offices of Troy Hoffman Water Corporation, Inc., 816 Sherman Avenue, Coeur d’Alene, Idaho 83816 (208-667-9509) during regular business hours.

DATED at Boise, Idaho this                  day of June 1996.

Myrna J. Walters

Commission Secretary

vld/N:TRH-W-95-1.sw

**COMMENTS AND ANNOTATIONS**

Text Box 1:

**TEXT BOXES**

Office of the Secretary

Service Date

June 17, 1996