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IDAHO PUBLIC
UTILITIES COMMISSION

STATE OF IDAHO
OFFICE OF THE ATTORNEY GENERAL
LAWRENCE G. WASDEN

May 20, 2005

Parties of Record
Case No. UWI-W-04-4

RE: Settlement of Capital Structure Issues

Dear Parties of Record:

On May 19, 2005, the Commission Staff and United Water Idaho Inc. began negotiations to determine whether resolution of the capital structure issues, that were disputed by only the Company and Staff, might be resolved by settlement. Discussions began in earnest on May 20, 2005, and it appears that Staff and United Water may reach agreement on the disputed issues relating only to the capital structure of United Water. If a settlement agreement is reached, Staff and United Water will support the settlement and present it to the Commission at the hearing. The prefiled testimony of the relevant witnesses, Terri Carlock and Carolee Hall for the Commission and Pauline Ahrens for United Water, will also be spread on the record.

Please contact me or Donovan Walker if you have any questions or concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "Weldon B. Stutzman".

Weldon B. Stutzman
Deputy Attorney General

bls/L:UWIW0404_parties_ws

CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 20TH DAY OF MAY 2005, SERVED THE FOREGOING **LETTER RE: SETTLEMENT OF CAPITAL STRUCTURE ISSUES**, IN CASE NO. UWI-W-04-04, BY FAXING A COPY THEREOF, TO THE FOLLOWING:

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