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Chas. F. McDevitt
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January 5, 2006

Via Electronic Mail

Ms. Jean Jewell, Secretary
Idaho Public Utilities Commission
472 W. Washington
Boise, Idaho 83702

Re: Tariff Advice, United Water Idaho, Rule 75

Dear Ms. Jewell,

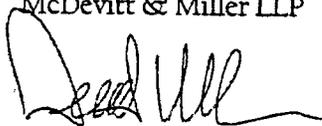
Transmitted herewith as a Tariff Advice are proposed changes to Rule 75 of United Water Idaho's Rules and Regulations. The purpose of the changes is to clarify and up-date the formula used to calculate developer refunds with respect to special facilities.

The changes have been reviewed by Staff, and I believe Staff finds them acceptable.

Upon approval, kindly return a file stamped copy to me.

Very Truly Yours,

McDevitt & Miller LLP



Dean J. Miller

DJM/lc

C: Greg Wyatt, United Water
Mark Gennari, United Water

RULES AND REGULATIONS GOVERNING WATER MAIN EXTENSIONS

75. Should an Applicant propose a Residential, Commercial, Industrial, or Municipal Development requiring a special facility or special facilities, the Applicant shall advance the cost of such facility or facilities. Normally, the advance shall be a cash advance. In this instance, the Company shall provide the material and labor for the installation of the facilities.

However, the Applicant may, with the Company's approval, provide the material and/or contract labor for the installation of the special facility or facilities. In the instance where an Applicant provides the material and/or contract labor, the Applicant shall deposit with the Company an amount equal to the estimated cost of applicable overheads for the entire project plus the estimated direct labor costs for such items as engineering design, estimating, and inspection.

An amount equal to the estimated cost of the necessary facilities shall be deposited with the Company prior to construction. The Company shall adjust the deposit based upon the determination of the actual cost of facilities installed. Any difference between the estimated and actual cost of the facilities installed shall be shown as a revision of the amount deposited and shall be payable within thirty (30) days of submission.

The cost of the special facilities advanced, or a portion thereof, shall be refunded based upon customer connections and in accordance with the following equation: $X = [(R-E-D-T)/Y] - (S+M)$, where:

X = Refund per Customer

R = Annual Revenue per Customer (actual revenue received from each customer served from the special facility)

E = Annual Operating and Maintenance Expense per customer (including Ad Valorem Tax)

D = Annual Depreciation Expense per Customer (Depreciation rate(s) for type(s) of facility installed x investment in that type of facility installed)

Y = Authorized Rate of Return

T = Income Taxes on Net Income per Customer

S = Imbedded investment in Source and Storage plant, less accumulated depreciation and customer advances and contributions against the plant. (Value of plant allocable to support consumption per customer level that produces the annual revenue per customer)

M = Meter cost Installed

Should the Company agree that the cost of any portion of the special facilities (source, storage, or pumping) not be advanced by the Applicant, the per customer refund shall be reduced by the per customer cost of that facility not advanced. The advance and refund agreement for each development shall be evaluated on a case by case basis and submitted to the Idaho Public Utilities Commission for review.

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