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

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| IN THE MATTER OF UNITED WATER IDAHO AUTHORITY TO EXECUTE LOAN AGREEMENT UP TO $20 MILLION OF WATER RESOURCE DEVELOPMENT REVENUE BONDS, SERIES 1997.                                                                                         | )))))) | CASE NO. UWI-W-97-2ORDER NO.  27023 |

On May 27, 1997, United Water Idaho Inc. (UWI) filed for approval to execute and participate in the issuance of up to $20 million of Water Resource Development Revenue Bonds, Series 1997 (Series 1997 bonds) during the third quarter of 1997.  The Series 1997 bonds will carry a fixed interest rate currently estimated to be approximately 5.6%.  The Series 1997 bonds will have a final maturity not to exceed thirty-one years and will have negotiated redemption provisions including a sinking fund provision.

The Series 1997 bonds will be offered to the public through underwriter(s) on a negotiated basis.  The Series 1997 bonds will be issued by the Idaho Water Resource Board on a tax-exempt basis and will be supported by a United Waterworks promissory note and/or payment obligations entered between the Idaho Water Resources Board and United Waterworks.  The Series 1997 bonds will be offered in conjunction with bond insurance which should allow more favorable interest rates and a lower all-in cost of issuance.  Staff recommends UWI file documentation showing the all-in cost of the issue is less including the bond insurance, before UWI may include these costs in the cost of debt.

Proceeds from issuance will be utilized for the purchase and installation of certain capital improvements for main and meter facilities and the development of new sources within the UWI service territory. The issuance expenses are estimated to be $1,354,000.

UWI will file the following documents with the Commission:

A.The Purchase Agreement among United Waterworks, UWI, the Underwriter(s) and the Idaho Water Resource Board;

B.The Indenture of Trust between the Board an First Security Bank of Idaho;

C.Loan Agreement(s) among United Waterworks, UWI, and the Board;

D.The Official Statement;

E.The Agreement of Insurance; and

F.Documentation showing the lower all-in cost with bond insurance.

The Idaho Public Utilities Commission having fully considered the Application, including the information and exhibits attached thereto, makes the following findings of fact and conclusions of law.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

United Water is incorporated under the laws of the state of Idaho with its principal office in Boise, Idaho.  United Water is a public utility subject to the Commission’s regulatory authority pursuant to Idaho Code, Title 61.

The Commission does not have before it for determination and therefore does not determine the effect of the issuance of the instruments of security on the rates to be charged by United Water for water service to consumers in the state of Idaho.

The Commission has jurisdiction over this matter pursuant to Idaho Code §§ 61-901 et seq. and the Application reasonably conforms to Rules 141 through 150 of the Commission’s Rules of Procedure, IDAPA 31.01.01.140-150. The method of issuance is proper.

The general purposes to which the proceeds will be put are lawful purposes under the Public Utility Law of the state of Idaho and are compatible with the public interest.  However, this general approval of the general purposes to which the proceeds will be put is neither a finding of fact nor a conclusion of law that any particular construction program of the Company which may be benefitted by the approval of this Application has been considered or approved by this Order, and this Order shall not be construed to that effect.

The issuance of an Order authorizing the proposed financing does not constitute agency determination/approval of the type of financing or the related costs for ratemaking purposes, which determination the Commission expressly reserves until the appropriate proceeding.

All fees have been paid by United Water in accordance with Idaho Code § 61-905.

O R D E R

IT IS THEREFORE ORDERED that the Application of United Water to execute and participate in the issuance of up to $20 million of Water Resource Development Bonds, Series 1997 in the manner and for the purposes set forth in its Application is hereby approved.

IT IS FURTHER ORDERED that United Water shall file, as soon as available after the completion of the issuance, (1) The Purchase Agreement among United Waterworks, UWI, the Underwriter(s) and the Idaho Water Resource Board; (2) The Indenture of Trust between the Board an First Security Bank of Idaho; (3) Loan Agreement(s) among United Waterworks, UWI, and the Board; (4) The Official Statement; (5) The Agreement of Insurance, and (6) Documentation showing the lower all-in cost with bond insurance.

IT IS FURTHER ORDERED that nothing in this Order and no provision of Chapter 9, Title 61, Idaho Code, or any act or deed done or performed in connection therewith shall be construed to obligate the state of Idaho to pay or guarantee in any manner whatsoever any security authorized, issued, assumed or guaranteed under the provisions of said Chapter 9, Title 61, Idaho Code.

IT IS FURTHER ORDERED that this authorization is without prejudice to the regulatory authority of this commission with respect to rates, service, accounts, evaluation, estimates or determination of costs, or any other matter which may come before this Commission pursuant to its jurisdiction and authority as provided by law.

IT IS FURTHER ORDERED that the issuance of this Order does not constitute acceptance of United Water’s exhibits or other material accompanying this Application for any purpose other than the issuance of this Order.

THIS IS A FINAL ORDER.  Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order.  Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration.  See Idaho Code § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this                  day of July 1997.

                                                                                                                                       DENNIS S. HANSEN, PRESIDENT

                                                                                            RALPH NELSON, COMMISSIONER

MARSHA H. SMITH, COMMISSIONER

ATTEST:

Jean Jewell

Assistant Commission Secretary

vld/O:UWI-W-97-2.tc

(text box: 2)BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF UNITED WATER  )

IDAHO AUTHORITY TO EXECUTE LOAN)CASE NO.  UWI-W-97-2

AGREEMENT UP TO $20 MILLION OF)

WATER RESOURCE DEVELOPMENT)

REVENUE BONDS, SERIES 1997.)ERRATUM NOTICE

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On July 1, 1997, IPUC Order No. 27023 was issued by this Commission.  The following change should be made to that Order:

Page 4:

READS:

“ DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 27th day of July 1997”

SHOULD READ:

“ DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 27th day of June 1997”

DATED at Boise, Idaho, this          day of July 1997.

Myrna J. Walters - Commission Secretary

bls/O-uwiw972.err

**COMMENTS AND ANNOTATIONS**

Text Box 1:

Text Box 2:

**TEXT BOXES**

Office of the Secretary

Service Date

July 1, 1997

Office of the Secretary

Service Date

July 11, 1997