July 8, 1998

VIA FACSIMILE

Dean J. Miller

McDevitt & Miller LLP

537 W. Bannock, Suite 215

PO Box 2564 (83701)

Boise, ID 83702

RE: United Water Idaho’s Rate Case, No. UWI-W-97-6

Dear Joe:

The Commission issued its final Order No. 27617 in the above referenced case on July 6, 1998.  Following the issuance of that Order, the Company has brought to the Commission Staff’s attention that the calculation of federal income tax may be incorrect.  More specifically, the Company maintains that the Order encompasses an unintended error which, when corrected, would increase the Company’s revenue requirement as authorized by Order No. 27617 by $333,963.

After reviewing this issue and the assertions made by the Company, Staff agrees that a logic error in calculating federal income taxes was made in Staff Exhibit 122.  This error was carried forward in the workpapers underlying the Order.  This miscalculation resulted in a lower authorized revenue requirement.  Consequently, the Staff is in agreement with the Company that correcting the logic error in calculating the federal income taxes is appropriate and would result in an increase of the Company’s annual revenue requirement of $333,963.

If you have any questions concerning this issue, please contact me.

Sincerely yours,

Donald L.  Howell, II

Deputy Attorney General

DLH/vld::L:miller

cc:Parties of Record

Scott Woodbury

DEAN J.  MILLER

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