

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE JOINT APPLICA- )**  
**TION OF UNITED WATER IDAHO INC. AND )** **CASE NO. UWI-W-98-2**  
**SOUTH COUNTY WATER COMPANY, INC. )**  
**FOR AN ORDER APPROVING THE SALE AND )**  
**TRANSFER OF THE COMMON STOCK OF )** **NOTICE OF APPLICATION**  
**SOUTH COUNTY WATER COMPANY, INC. TO )** **NOTICE OF INTERVENTION**  
**UNITED WATER IDAHO INC. )** **DEADLINE**  
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YOU ARE HEREBY NOTIFIED that a joint Application in Case No. UWI-W-98-2 was filed with the Idaho Public Utilities Commission (Commission) on June 12, 1998 by United Water Idaho Inc. (United Water; UWI) and South County Water Company (South County) for an order approving the sale and transfer of the South County water system to United Water. The purchase price is \$2.8 million. United Water further requests approval of certain rate and ratemaking matters, including a schedule for phased in rates and the right of United Water to include in rate base in future rate proceedings the full purchase price which includes the depreciated original cost of South County's assets plus an acquisition adjustment.

United Water provides water service to approximately 58,000 customers in and around the city of Boise. South County provides service to approximately 3,800 customers in Ada County. As represented in the Application, the current owners of South County desire to sell the water system because they are becoming increasingly reluctant to undertake the risks of continued operations arising from increasingly stringent water quality regulations, increasingly complex utility regulations, and increasingly complex operational and technical requirements. Because of its small size, it is stated that South County has experienced, and in the absence of this sale, would continue to experience difficulties in maintaining its current quality of service and obtaining adequate financing for operations, maintenance and system improvements. Currently the shareholders of South County must personally guarantee all of the indebtedness of South County, thus creating a hardship for the shareholders and limiting their financial flexibility.

Accompanying the Application in this matter are the filed testimonies of William C. Linam and Keith Stokes.