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PUBLIC UTILITIES COMMISSION

May 31, 2006

Idaho Public Utilities Commission  
Terri Carlock  
472 West Washington St.  
Boise, ID. 83702-5983

AWS-w-06-01

RE: Algoma Water System, Plan of Correction/ Current status and engineering Information

Terri Carlock and other members of the Commission,

Thank you for your review and help that you have provided over the past several years to us at the Algoma Water System. This letter is an attempt to explain where we are at and what you should expect in the future from Algoma Water.

As we are in the process of changing ownership from the Neu family to Paul Greenwood, the subject of our inconsistent filing of Annual Reports has come up. I have just filed 2004 and 2005, and not 2003. I did this because 2003's information is not available, as that was a time of transfer from one very disinterested account to another. This is unfortunate, but it is the position I am in. In the two recently filed reports you will find only the financial data, and that is because of the lack of consistent information to support a truthful report. We do have limited blueprints on the system but they do not reflect any of the correct information needed for an Annual Report.

This would be a very bleak situation if it were to end there. What we have done is to hire a gentleman by the name of Bob Hansen, if you were to look in our application on file with the PUC you can read about his qualifications. I am very excited to have Bob at work on all of the necessary concerns in regards to Algoma Water. In the future it is very realistic to expect a much more complete, if not totally complete Annual Report as Bob is currently in the process of putting all the information together for the system.

Along with this letter are the results of a survey that the Department of Environmental Quality did in July of last year. We have been working to correct these nine areas, and most of this is accomplished at the time of this letter. Again as you read these few things, keep in mind that one of the most qualified individuals in the state is currently at work to meet all these points.

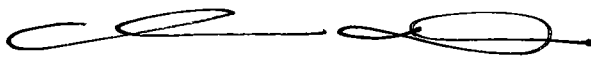
They are as follows:

- 1.) A smooth nosed sample tap must be installed to monitor the water produced by the well.
- 2.) All threaded taps in pump hose must have atmospheric vacuum breakers installed.
- 3.) The well must be vented with a down turned and screened vent that extends 12" above the reservoir surface.
- 4.) A weighted flapper valve and expanded metal screen must be installed on the reservoir overflow.
- 5.) The reservoir overflow must be above a splash plate that drains to daylight.
- 6.) There are small hairline cracks in the reservoir roof that must be sealed.
- 7.) Cross connection rules and a system for annual inspections of backflow prevention devices must be implemented.
- 8.) A written Total Coliform monitoring plan is required that utilizes at least six sites through out the water system for monitoring on a rotating basis. The water system currently only monitors form the well house.
- 9.) IDAPA 58.01.08.554.02 requires an operator who is certified by the Idaho Bureau of Occupational Licenses be responsible of the day to day operation of the water system. You do not have such a person at this time.

In conclusion as owners we have put in many tens of thousands of dollars in repairs and maintenance of this system. The previous owners, when it was called "Gold-Anne" did not do anyone any favors including the water users and anyone who would own the system in the future. As I am sure it was a real head ache with every agency it was involved with. At this point Algoma Water is in terrific shape with a whole system of satisfied customers. It has taken years to get there, and I apologize for not always having the reports in on time, but rest assured the future for Algoma Water under the new management looks very bright indeed.

Please do not hesitate to call with any questions.

Best Regards,



Chris Neu  
Co-owner Algoma Water

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