

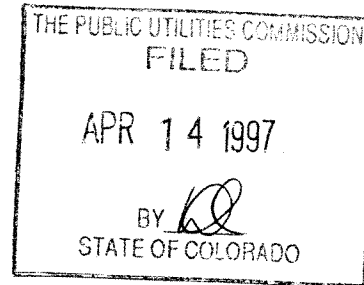
LAKE DURANGO WATER COMPANY, INC.

**744 Lake Durango Drive
Durango, CO 81301
Telephone: (970) 247-3666**

Advice Letter No. 2-Water

Date: 4/14/97

Mr. Bruce Smith
Executive Director
Colorado Public Utilities Commission
1580 Logan Street
Office Level 2
Denver, CO 80203



Dear Mr. Smith:

The accompanying tariff sheets issued by the Lake Durango Water Company, Inc. (Lake Durango) are sent to you for filing in compliance with the requirements of the Public Utilities Law:

Colorado PUC No. 2-Water.
Colorado PUC Sheet No. 1 to 20;
Initial Rates, Rules and Regulations

Cancels and replaces
Advice Letter No. 1
and appended contracts.

These tariff sheets contain the initial proposed rates, rules and regulations of Lake Durango Water Company, Inc. and replace by operation of law the contracts for service contained in Lake Durango's Advice Letter No. 1. Included in these purposes is the new classification of customers into two groups, residential customers and district customers, changing the rates structure and increasing rates from their contractual level as follows: for residential customers a minimum rate of \$56.91 per month composed of a commodity charge of \$3.90 per thousand gallons with a 5,000 gallon minimum, a system capacity charge of \$22.92 per month and a monthly meter charge of \$14.49; for Durango West Metropolitan District No. 1 (DW1) a minimum monthly charge of \$9,986.45 composed of a commodity charge of \$3.90 per thousand gallons with a monthly minimum/maximum allotment of 750,000 gallons, a monthly system capacity charge of \$7,027.47, a monthly meter charge of \$33.82; for Durango West Metropolitan District No. 2 (DW2) a minimum monthly charge of \$10,961.50 composed of a commodity charge of \$3.90 per thousand gallons with a maximum allotment of 3,250,000 gallons per month, a monthly system capacity charge of \$7,027.47, a monthly meter charge of \$33.82. This filing also fulfills the requirements of the PUC Rules Governing Water Utilities, 4 C.C.R. 723-5.

Three of the subdivisions served by the Company, Rafter-J, LaPlatta Vista, and Shenandoah, have signed or are in the process of signing service agreements with the Company whereby the Company will replace a master meter, and serve each customer directly. The Company anticipates that these contracts will be finalized within thirty to sixty days. The proposed effective rates herein reflect this direct service.

It is desired that the tariffs accompanying this Advice Letter become effective on statutory (30 day) notice, or no later than May 14, 1997. However, by concurrent motion filed herein, the Company requests that the Public Utilities Commission substitute this letter and these Tariffs for the contracts contained in the Company's Advice Letter No. 1 and if Advice Letter No. 2's tariffs are suspended, that hearing on these proposed rates, rules and regulations be held on the date previously scheduled, June 13, 1997.

Dated this 14th day of April, 1997.

Robert Johnson, President
Lake Durango Water Company, Inc.

By: Mark Bender
Mark Bender, Its Attorney
1301 Pennsylvania St., #900
Denver, CO 80203
Telephone: (303) 860-1818

CERTIFICATE OF MAILING

I hereby certify that on this 14th day of April, 1997, a true and correct copy of the above Advice Letter No. 2-Water was properly placed in the U.S. Mail, first-class postage prepaid, and addressed to the following:

Floyd L. Smith
P.O. Box 9
Bayfield, CO 81122

Jodi Jones

CERTIFICATE OF HAND DELIVERY

I hereby certify that on this 14th day of April, 1997, a true and correct copy of the above Advice Letter No. 2-Water was hand delivered to the following:

John J. Conway, Esq.
4704 Harlan Street, #300
Denver, CO 80212

John Archibold, Esq.
700 Lafayette Street
Denver, CO 80218

Jodi Jones

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