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IDAHO PUBLIC
UTILITIES COMMISSION

November 25, 2005

Ms. Jean Jewell
Commission Secretary
Idaho Public Utilities Commission
472 W. Washington
Boise, Idaho 83702

RE: Case No. EAG-W-05-03 / UWI-W-05-03

Dear Ms. Jewell,

Please forward to the commission the following response to the comments submitted by Eagle Water Company on November 21, 2005 concerning the above mentioned water case.

Eagle Water writes they have *“current ability to provide sufficient water and fire flow protection to the proposed subdivision. Eagle Water maintains that it has sufficient water supply and pressure to serve Covenant Hill even without the 12-inch mainline loop”*. If this is truly the case then the Covenant Hill project should not bear any expense or delay for design, construction, inspection, approvals or easement acquisition for the offsite 12-inch loop from Well No. 6. Also if this is truly the case **then DEQ would not continue to condition** the “Will Serve Letter” acceptance on Eagle Water’s assurances of the timing of the construction for the offsite 12-inch loop from Eagle Water’s Well No. 6. Please see DEQ’s letter dated November 21, 2005. Upon further discussions DEQ has indicated that *“The Project Specific Conditions will repeat the schedule provided by Eagle Water Company as indicated in their letter to DEQ dated November 18, 2005”*.

This would indicate that for final DEQ approval of Covenant Hill, the Eagle Water offsite 12-inch loop is necessary.

In Eagle Water’s letter to DEQ (Monty) dated November 18, 2005, Eagle Water even admits its *“service to Covenant Hills would be condition on the following.....”*. These conditions include construction of the offsite line. Also in the same letter Eagle Water states *“That, if the above conditions are not met and Eagle Water cannot provide adequate fire flow to Covenant Hill, Eagle Water will relinquish its right to serve the subdivision”*. This dangerous scenario would be nothing short of disastrous for Hillview Development, the homebuilders and homeowners of Covenant Hill Subdivision. It would leave the residents without a water provider as well as adequate fire protection. This dangerous scenario would include undetermined delays and excessive costs to have another provider (i.e. United Water) pick up the pieces.

However, if United Water is allowed to serve the Covenant Hill project now, no offsite construction is required, approvals from DEQ would be quick and onsite construction could start in December, 2005 and the construction and platting of the Covenant Hill project would not be unnecessarily delayed. Hillview Development will spend upwards of \$5,000,000.00 during the construction of Covenant Hill Subdivision. We cannot indefinitely delay our project while waiting for Eagle Water to satisfy conditions required by DEQ for final approval. We **already have** a Will Serve Letter from United Water for the Covenant Hill project.

In a letter from United Water to the Idaho Public Utilities Commission dated October 5, 2005, the total construction cost for the installation to serve Covenant Hill Subdivision is \$164,807 (including \$146,870 for materials and installation and \$17,937 for United Water's inspection and overhead) for the system required by United Water.

On August 10, 2005 our engineer Rich Tomlinson submitted to Eagle Water a copy of the preliminary onsite water design. We have yet to receive any estimated costs from Eagle Water for the onsite water construction. However, we solicited a bid from Schmidt Construction. They faxed to our construction manager on November 9, 2005 their costs to install water using the preliminary Eagle Water onsite requirements. It was \$166,977.80 for materials and installation but, since Eagle Water has not responded to any of our requests, it **does not** include Eagle Water's inspection and overhead cost. This bid also **does not** include any costs associated with the design, construction, inspection, approvals or easement acquisition for the offsite 12-inch loop from Well No. 6 which seems to still be a requirement of DEQ as noted in their November 21 letter. Being required to have service from Eagle Water would result in substantially more cost to Hillview Development to construct Covenant Hill Subdivision than would be required if Covenant Hill could be served by United Water.

Eagle Water also writes in their November 21, 2005 letter "*Covenant Hill Subdivision does not straddle the boundary between United Water and Eagle Water's certificated areas*". Please refer to the Idaho Public Utilities Commission Staff Comments dated November 9, 2005. These comments include on page 2, "*A portion of the proposed Covenant Hill subdivision is within the certified service area of Eagle Water Company (Eagle Water), and a portion is within the certificated service area of United Water Idaho Inc. (United Water).*" Covenant Hill cannot remain in two separate water service areas. The project will be within a single homeowner's association, a single pressure irrigation water provider, a single sewer district, and a single gas, power, telephone and cable provider. We strongly urge the Commission to allow United Water to be the single water service provider to Covenant Hill.

We appreciate you taking the time to hear our request and hope you will allow us to proceed on course with our project in accordance with your proposed order. If you have any questions or comments please feel free to contact us at the following:

Hillview Development Corporation
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Eagle, Idaho 83616
(208) 939-2730
(208) 939-2737 FAX

Sincerely


Jim Merkle, President
Hillview Development Corporation