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IDAHO PUBLIC  
UTILITIES COMMISSION

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Attorneys for Eagle Water Company, Inc.

BEFORE THE  
IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF EAGLE WATER	)	
COMPANY' S CAPITAL IMPROVEMENT	)	CASE NO. EAG-W-07-01
REPORT AND APPLICATION TO	)	
CONTINUE THE EXISTING	)	COMMENTS OF EAGLE WATER
SURCHARGE	)	COMPANY, INC.

COMES NOW, Eagle Water Company, Inc. ("Eagle Water") and, by and through undersigned counsel, provides the following Comments in the above-captioned matter.

Eagle Water does not materially disagree with Staff's Comments, dated August 5, 2008, except as specifically noted herein. While Eagle Water appreciates the time and effort the Staff has invested in this matter, and appreciates the Staff's recognition of the value of the work contributed to the Final Engineering Report by Ward Engineering, Eagle Water believes that Staff is misguided in its undervaluation of the time and materials invested in the project by MTC, Inc., the lead engineer on the project. MTC, Inc. was a critical part of the overall project and Jim Rees, MTC principal engineer, provided Ward

Engineering valuable guidance and knowledge regarding the Eagle Water system. In addition, Mr. Rees provided Eagle Water with a well-respected and much-needed personal interface with the Idaho Department of Environmental Quality through the year-long process of convincing the agency that the original peaking factor standard of 2.58 proposed by MTC for calibrating the Haested Method computer models for the system was indeed an acceptable standard.

In support of its position, Eagle Water submits the Affidavit of Chet Hovey, P.E., attached hereto as **Exhibit A**, as well as the Affidavit of James M. Rees, P.E., L.S, attached hereto as **Exhibit B**.

In conclusion, Eagle Water respectfully requests that the Commission authorize full payment of all submitted engineering fees for the Final Engineering Report from the Surcharge Account.

DATED this 21<sup>st</sup> day of August, 2008.

Richardson & O'Leary P.L.L.C.

By



Molly O'Leary

Attorneys for Eagle Water Company, Inc.

# **EXHIBIT A**



5. I worked with Jim Rees, P.E., and principal engineer with MTC, Inc. ("MTC") on computer modeling of Eagle Water Company, Inc.'s ("Eagle Water") system for a Final Engineering Report.

6. My involvement was necessitated by the departure of the previous engineer from MTC, and the highly complex nature of the modeling software as applied to Eagle Water's system.

7. MTC did a professional job in initially setting up the model. When I received the model, it was very detailed and provided a very powerful tool for Eagle Water.

8. The model has been a challenge because of the unique characteristics of Eagle Water's system. Consequently, the continued involvement of Jim Rees, MTC Principal Engineer, was required to complete the modeling.

9. During the course of the project, Mr. Rees oversaw all modeling work and together we drafted the Reports.

10. Mr. Rees's role was more than just a Technical Advisor to the project. I talked to him two to three times a week during the course of the project. I estimate that I was required to interact with Mr. Rees between 15-20 hours per month in project-related discussions, including meetings with the Idaho Department of Environmental Quality where Mr. Rees provided an important interface on behalf of Eagle Water Company.

11. Mr. Rees's background information on the system was essential to the project and Ward Engineering would have not gotten involved without Mr.

Rees's intimate participation with the project. He was the cornerstone of the project.

12. Mr. Rees was integrally involved with all work detailed in my previous affidavit, dated December 19, 2006 and submitted to the Idaho Public Utilities Commission.

13. Under Idaho law, as the Engineer in Responsible Charge and as the designated lead engineer for Eagle Water Company, Mr. Rees was required to be intimately involved with the Engineering Report project.

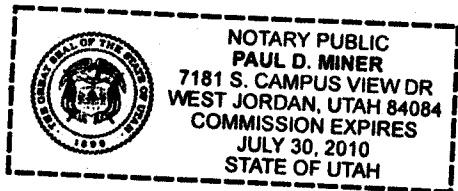
FURTHER your affiant sayeth naught.

DATED this 19<sup>th</sup> day of August 2008.

By: Chet A. Hovey  
CHET A. HOVEY

SUBSCRIBED AND SWORN to me this 19<sup>th</sup> day of August, 2008.

Paul D. Miner  
Notary Public for Utah  
Residing at: Layton  
Commission Expires: 7-30-10



# **EXHIBIT A-1**

**CHET HOVEY, P.E.**  
**PROJECT MANAGER**

**education:** University of Utah, Salt Lake City, Utah - B. S. Civil & Environmental Engineering

**registration:** Professional Engineer: Utah No. 368556  
Idaho No. 11861  
Nevada No. 17357

**certifications:** SWANA Certifications: Certified Landfill Manager (MOLO)  
Certified MSW Management Manager

**professional affiliations:** Rural Water Association of Utah  
Solid Waste Association of North America (SWANA)

Mr. Hovey has nine years experience in water resources, municipal engineering, construction management, integrated solid waste management, and design. He brings a wide range of background to the firm. He worked his way through school owning and operating a construction company working both in the residential and commercial fields. His overall engineering experience is very diverse as shown below.

**selected project experience:**

**project name**

Engineer of Record, D/W Blue Bench Landfill SSD, UT  
Engineer of Record, Tooele County Department of Solid Waste, UT  
Engineer of Record, Town of Rush Valley, UT  
Capital Facility Plan Update, Town of Brian Head, UT  
Water System Capacity Evaluation, Town of Brian Head, UT  
2007 USDA Projects, D/W Blue Bench Landfill SSD, UT  
2005 EPA Solid Waste Management Project, Tooele County, UT  
Water and Wastewater Master Plan, Stansbury Park Improvement District, UT  
Wastewater Treatment Analysis, Stansbury Park Improvement District, UT  
Cummings Waste Water Management System, Sparks, NV  
Preliminary Engineering Report, Eagle Water Company, Eagle, ID  
Water System Interconnect, Eagle, ID  
Wastewater Collection System Capacity Evaluation, Lake Point, UT  
Comments on the EPA Six Year Review of Drinking Water Standard, SLCSA #3/Alta, UT  
Drinking Water Source Protection Plan, West Wendover, NV  
Drinking Water Source Protection Plan, Snowbird/Alta, UT  
Summit Park Water Pumping and Distribution, MRWSSD, UT  
Geohydrologic Assessment, D/W Blue Bench Landfill SSD, UT  
Spiral Springs Subdivision Water System Design, Erda, UT  
Pinetree Water Company Collection and Distribution Design, Brighton, UT  
USDA Reuse Project, West Wendover, NV  
USDA Water Projects, West Wendover, NV  
Water Master Plan, Grantsville City, UT  
Phase #5 Sewer Line Extension, Town of Alta, UT  
Culinary Water and Wastewater Master Plan, West Wendover, NV  
Promontory Point Landfill Permit Application, Box Elder County, UT  
Florence Way Improvement Project (NDOT Project), West Wendover, NV  
Alta Bypass Road Bridge Replacement (UDOT Project), Town of Alta, UT  
Florence Way Bore and Jack Project (USDA Project), West Wendover, NV  
Lost Creek Canyon Raw Water Treatment Plant, Summit County, UT  
Johnson Springs Rehabilitation Project (USDA Project), West Wendover, NV  
Shafter Water Transmission Pipeline (USDA Project), West Wendover, NV  
Class I, Phase 2 Cell Expansion, D/W Blue Bench Landfill SSD, UT  
Promontory Water Storage Tanks, Summit County, UT



# **EXHIBIT B**



5. I have been the principal engineer for Eagle Water Company, Inc. ("Eagle Water") since 1993.

6. I have worked for Eagle Water on a time and materials basis since January 2, 1998, pursuant to the contract attached hereto as **Exhibit B-2**.

7. The purpose of a time and materials contract relationship is to reduce the ultimate cost to the customer while ensuring that the contractor does not underbid his time in the event of unknown project conditions. It is a commonly accepted practice in the engineering field.

8. In August of 2005, MTC agreed to complete a system-wide engineering report for Eagle Water Company on a time and materials basis.

9. MTC originally estimated that the report could be completed for \$79,895, based on the advice of its employee, Dave Collins, P.E., who was familiar with the Haested Methods software needed to conduct the study. MTC's original estimate did not reflect a software upgrade that was ultimately needed to complete the work due to the size of Eagle Water's system, or the amount of man-hours that ultimately were necessary to update Eagle Water's system maps, or the amount of time spent by myself researching and advocating for a Peaking Factor of 2.58, which standard was initially rejected by the Idaho Department of Environmental Quality as too low after several meetings and discussions, even though a lower standard (2.50) was ultimately accepted by the agency a year later after numerous costly computer modeling runs.

10. MTC billed Eagle Water \$105,322.79 for its work on the Engineering Report through June of 2006. See **Exhibit B-3**. This bill included:

- a. 136 hours for my time, billed at \$85 per hour, \$15 per hour lower than my usual billing rate for this type of work;
- b. 537 hours of Ron Scott's time, which time included upgrading the Eagle Water system maps which were outdated; converting the maps to electronic format; and inputting all system infrastructure data into the Haested Methods software;
- c. 59.25 hours by Mike Jones who assisted Mr. Scott;
- d. 157.50 hours by Tom Johnson and Ron Nesbett who verified the location of all fire hydrants in the system and manually checked out the location and number of all system valves;
- e. 784.5 hours of Dave Collins', P.E., time. Mr. Collins did the lion's share of the work on this project before his departure from MTC. Mr. Collins had familiarity with the software and spent numerous hours in the early stages of the project consulting with Haested Methods employees to customize the software to work properly for Eagle Water's system. In addition, once the system infrastructure data was input into the software by Mr. Scott, Mr. Collins had to then enter nodes for each pipe (1032) and pipe junction (1037), and had to determine elevations and the friction factor for each pipe run. As verified by the affidavit of Chet Hovey, P.E., once all of this preliminary work was completed, the Eagle Water system was difficult to model because, due to its size and the number of the wells in the system, a change to one variable in the model required changes to several other inputs, which in turn required additional data entry for each new model run. Mr. Collins' time, billed at the rate of \$70 per hour, accounted for more than half of the project cost through June of 2006.

11. In addition to the foregoing labor costs ("Time"), the project through June of 2006 required \$5,965.91 in out-of-pocket costs ("Material"). This figure includes:

- a. \$5,045 in unanticipated software customization costs;

- b. \$597.00 for a well depth-sounder needed to measure the drawdown at various pumping flow rates at each of the wells (Eagle Water now owns this equipment); and
- c. the balance in miscellaneous printing and administrative costs.

12. Because of the unique characteristics of Eagle Water's system and due to my role as Engineer in Responsible Charge on the project, I was required under Idaho law to stay involved with the project after Chet Hovey, P.E., of Ward Engineering was brought in to take over after Mr. Collins' departure from MTC. See Section 54-1215(3)(d) and Section 54-1202(12), Idaho Code.

13. As a professionally licensed engineer and land surveyor in the State of Idaho, I am governed by the Idaho Board of Registration of Professional Engineers and Professional Land Surveyors, IDAPA 10.01.02, "Rules of Professional Responsibility." Under the rules, I am required to be truthful and honest in all communications with my client and the public. All of the time billed by MTC, Inc. on this project was accurately and honestly billed.

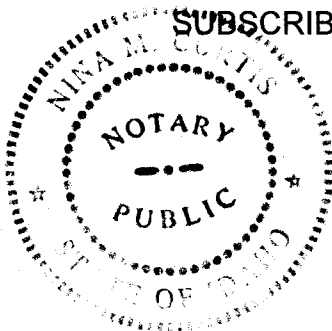
14. This Affidavit is submitted to the Commission in full compliance with the aforesaid Rules of Professional Responsibility.

FURTHER your affiant sayeth naught.

DATED this 21st day of August 2008.

By: *James M. Rees*  
JAMES M. REES, P.E., L.S.

SUBSCRIBED AND SWORN to me this 21st day of August, 2008.



*Nina M. Curtis*  
Notary Public for Idaho  
Residing at: *Boise, ID*  
Commission Expires: *3/19/09*

# **EXHIBIT B-1**

**JAMES M. REES**

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**EDUCATION:** Boise Junior College, A.A. Civil Engineering, 1962  
 Utah State University, B.S. Civil Engineering, 1965  
 University of Idaho, Graduate Work

**REGISTERED ENGINEER & LAND SURVEYOR**

Idaho, 1967 - P.E. No. 1830  
 Idaho, 1966 - L.S. No. 753

**MEMBER:** Idaho Society of Professional Engineers  
 Idaho Association of Land Surveyors  
 Consulting Engineers of Idaho (past president)  
 Various Civic and Fraternal Organizations

**EXPERIENCE:**

- 1990 -  
1985                    MTC, Inc. Consulting Engineers,  
 President  
 Responsible for office management, proposals, and supervision of all company personnel, major project direction and technical adequacy of all plans and specifications.
- 3 Years                    IDAHO AIR NATIONAL GUARD, Gowen Field, Boise, ID  
 Term Appointment: Responsible for all phases of planning, design and construction of several "million-dollar plus" construction projects, along with surveying, Inter-Agency coordination and maintenance for Gowen Field, Boise, ID
- 10 Years                    REES ENGINEERS, Boise, ID  
 Control surveys, subdivision, land planning, mobile home parks, water and sewer systems and special studies. Rees Engineers associated with Chronic & Associates on specific projects.
- 2 Years                    HUMMEL, HUMMEL, JONES & SHAWVER, Architects, Boise,  
 Resident Representative and C.O.R. (TITLE II) for 4.5 million dollar government housing project, complete with all utilities and building construction.
- 3 Years                    CHRONIC & ASSOCIATES, Consulting Engineers,  
 Engineer & Project Engineer  
 Preliminary design and reports, feasibility studies of water and

sewer systems, specifications, construction engineering and inspection of various projects, retracement and control surveys.

- 1/2 Year UNIVERSITY OF IDAHO, Moscow, ID Research Technician  
Research on Idaho water inventory.
- 6 Years JOHNSON, UNDERKOFER & BRIGGS, Boise, ID (J-U-B)  
Party Chief, Design Engineer, Resident Engineer & Project Engineer  
Various projects, including sewerage systems, water systems, parks, fairgrounds and facilities, minor structures, irrigation systems, subdivision and control surveys.
- 2 Years BRIGGS & ASSOCIATES, Boise, ID  
Chief field operations, surveying, calculating subdivisions, designing roads and streets and subdivisions.
- 1 Year JOHNSON & UNDERKOFER, Nampa, ID  
Party Chief of survey crew.
- 1/2 Year L. FREDERICK PACK, West Covina CA  
Surveyor
- 1/2 Year STATE OF IDAHO DEPARTMENT OF HIGHWAYS, District 2  
Engineer's Aide



# **EXHIBIT B-2**

CONTRACT

Agreement made this 2nd day of January , 1998 , between Eagle Water Company , hereinafter Eagle and MTC Engineers, Inc. , hereinafter MTC .

The parties to this agreement, in consideration of the mutual covenants and stipulations set out, agree as follow: Eagle Hereby Contracts with MTC, Inc. to preform all Engineering services that may be required for the extension, upgrading and inspection of the Eagle Water Company system. The payment for these services will be on a time and materials basis in accordance with MTC's standard rates.

SECTION

INSTRUMENT AS ENTIRE AGREEMENT

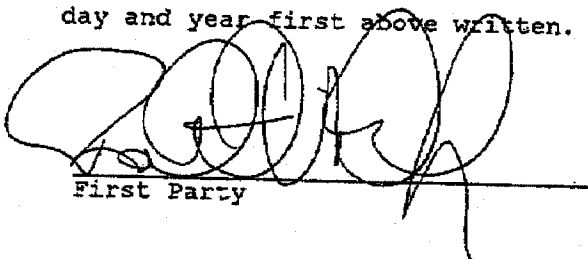
This instrument contains the entire agreement between the parties, and no statements, promises, or inducements made by either party or agent of either party that are not contained in this contract shall be valid or binding; this contract may not be enlarged, modified, or altered except in writing, signed by both parties and endorsed on this agreement.

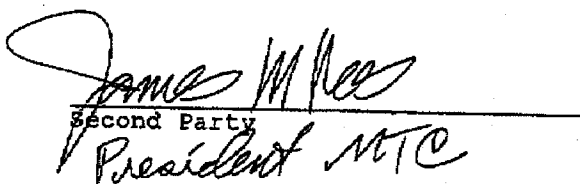
SECTION

EFFECT OF AGREEMENT

This agreement shall inure to the benefit of and be binding on the heirs, executors, assignees, and successors of the respective parties.

IN WITNESS WHEREOF, the parties have executed this agreement on the day and year first above written.

  
\_\_\_\_\_  
First Party

  
\_\_\_\_\_  
Second Party  
President MTC

# **EXHIBIT B-3**

Eagle Water Co. PUC Study 05-840										
NAME	JIM REES \$85.00/Hr	Dave Collins \$70.00/Hr.	Ron Scott \$45.00Hr.	Mike Jones \$27.50/Hr.	Tom Johnson \$45/Hr.	Ron Nesbett \$45/Hr.	other Materials			
2005								<i>Total</i>		
August		11	93.5					<i>Acrowo</i>		
September	6.5	0.5	75					\$4,977.50		
October	4.5	35.5	133.5	23.5				\$3,962.50		
		Auto Cad Water Cad						\$9,521.25		
		Power Well Sounder						5,045.00		
November	8	75.5	58.5					597.00		
December	41	26.5	71.5	7	44.25	44.25		\$8,597.50		
								\$12,732.50		
								<i>Sub</i>		
								<b>\$45,433.25 total</b>		
								<b>2005....</b>		
2006										
January	12	153.5	3.5	1	12.5	14.5		\$13,165.00		
February	8.5	129.25	21	4	21	21		\$12,715.00		
March	17	96.5	38.5	3.5				\$10,028.75		
April	7.5	107.25	42	2				\$10,090.00		
		prints					41.58	\$41.58		
May	14.5	143		17.75				\$11,730.63		
		Office Depot					73.38	\$73.38		
		Prints					162.80	\$162.80		
		Fed Ex					46.15	\$46.15		
June	16.5	6		0.5				\$1,836.25		
							5965.91	<i>Sub</i>		
Hrs.	136	784.5	537	59.25	77.75	79.75		<b>\$59,889.54 total</b>		
								to July 2006..		
NAME	Jim Rees \$85.00/Hr	Dave Collins \$70.00/Hr.	Ron Scott \$45.00Hr.	Mike Jones \$27.50/Hr.	Tom Johnson \$45/Hr.	Ron Nesbett \$45/Hr.	Materials			
								2005...		
								2006 TOTAL		
total UP&D	11,560.00	54915	24165	1629.38	3498.75	3588.75	5965.91	<b>105,322.79</b>		
								<b>GRAND</b>		
								<b>105,322.79</b>		
								<i>Original Study and Part of DEQ</i>		