

DONALD L. HOWELL, II  
DEPUTY ATTORNEY GENERAL  
IDAHO PUBLIC UTILITIES COMMISSION  
PO BOX 83720  
BOISE, IDAHO 83720-0074  
(208) 334-0312  
IDAHO BAR NO. 3366

RECEIVED  
2008 AUG -5 PM 4: 42  
IDAHO PUBLIC  
UTILITIES COMMISSION

Street Address for Express Mail:  
472 W. WASHINGTON  
BOISE, IDAHO 83702-5983

Attorney for the Commission Staff

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF EAGLE WATER )**  
**COMPANY'S ENGINEERING REPORT AND )** **CASE NO. EAG-W-07-1**  
**APPLICATION TO CONTINUE THE EXISTING )**  
**SURCHARGE. )** **COMMENTS OF THE**  
**)** **COMMISSION STAFF**  
**)**

---

**COMES NOW** the Staff of the Idaho Public Utilities Commission, by and through its Attorney of record, Donald L. Howell, II, Deputy Attorney General, and submits the following comments in response to Order No. 30605 issued on July 31, 2008.

On August 6, 2007, Eagle Water filed its Engineering Report and the present Application to recover the professional fees (engineering, legal, accounting) for preparation of the Report and the Application. In its Application, the Company requests authority to recover \$201,434 in professional fees, in addition to what the Company is authorized to recover in the current surcharge.

On September 18, 2007, the Commission issued a Notice of Application and set a deadline for intervention. No person sought to intervene. The Commission's Notice also observed that the Eagle City Council had approved an "Asset Purchase Agreement" that would allow the City to purchase the utility. Order No. 30430 at 1. The transaction was initially supposed to close in November 2007. The parties were not able to complete the Asset Purchase Agreement and the Agreement expired on March 31, 2008. Given this turn of events, the Commission Staff has completed its review of the reasonableness and prudence of the requested engineering, legal and

accounting fees. In Order No. 30605 issued July 31, 2008, the Commission directed that this case be processed under Modified Procedure.

## ***BACKGROUND***

### ***A. The Commission's Initial Order***

The history behind this case is contained in Order No. 30266 but the pertinent events are briefly outlined here. In August 2005, the Commission issued an emergency Order directing Eagle Water to "use all deliberate speed" to increase water pressure in a portion of its service territory. In addition to taking immediate actions, the Company was directed to prepare an engineering report to address the chronic low-pressure problems in its system and to project its water supply needs for the future. The Engineering Report was to "serve as a 'road map' for determining exactly what infrastructure improvements are necessary to serve present and future needs of Eagle Water and its customers." Order No. 29903 at 7.

To recover the costs of preparing the engineering study, the Commission authorized Eagle Water to implement a rate surcharge. Order No. 29969. The surcharge was based upon the legal, accounting, and engineering fees necessary to prepare the Engineering Report and to file the accompanying Application. The Commission authorized surcharge was designed to recover \$112,414.

After the Commission issued its surcharge Order, Eagle Water and the Department of Environmental Quality (DEQ) signed a "Consent Order," which among other issues, required Eagle Water to submit the Engineering Report to DEQ for approval. DEQ directed that Eagle Water submit a preliminary Engineering Report for review and comment, followed by the preparation of the final report.

Although the Commission directed that the Engineering Report should be completed as soon as possible, its submission to the Commission was significantly delayed. Eagle Water attributed the delay to various issues including: the health of its primary engineer; the need to engage another engineering firm; changing DEQ system requirements; and the lengthy DEQ review process. Order Nos. 30213, 30266, 30331. The Company also reported that the cost of preparing the Engineering Report greatly exceeded the amount authorized by the Commission. Order Nos. 30266 at 2, 30331 at 2.

**B. The Cash Flow Order**

As part of its August 2007 Application, Eagle Water requested authority to borrow \$110,000 for cash flow purposes. In Order No. 30440 issued September 21, 2007, the Commission granted Eagle Water authority to borrow up to \$110,000. The Company was also granted authority to access the existing surcharge account conditioned upon the Commission’s subsequent review to determine the reasonableness and prudence of the professional fees for preparation of the Engineering Report and the accompanying Application. The Commission found that “Eagle Water may be required to reimburse the surcharge account for any disallowed amounts paid from that account. If the outstanding loan covers disallowed costs, Eagle Water will be required to pay these amounts directly to the bank.” Order No. 30440 at 3.

**C. The Current Status**

In Order No. 30430, the Commission directed that the parties should devise a recommended schedule to process the remaining phase of this case. The Staff and the Company met on July 24, 2008. They recommended that the remaining phase of this case be processed under Modified Procedure.

Through June 30, 2008, the Staff reported that the surcharge has collected approximately \$304,000. The Company was authorized to recover \$112,414 and has an outstanding request for \$201,434. In its Application, the Company requested \$201,434 for professional fees made up of the following items:

Additional Engineering Fees for the Engineering Report	\$161,394
Additional Legal Fees for the Engineering Report	\$16,232
Additional Legal Fees for the Previous Surcharge Application	\$10,945
Additional Accounting Fees for the Engineering Report	\$263
Estimated Legal Fees for the Surcharge Extension Application	\$12,000
Estimated Accounting Fees for the Surcharge Extension Application	\$600
Total	\$201,434

After completion of this proceeding, the parties anticipate that Eagle Water will file a new application seeking to recover new expenses for the cost of two new wells, a new booster pump, and the costs of interconnecting with the City of Eagle (see Case No. EAG-W-08-01).

## **STAFF ANALYSIS**

### **Additional Engineering Fees**

As previously mentioned, the Engineering Report was to “serve as a ‘road map’ for determining exactly what infrastructure improvements are necessary to serve the present and future needs of Eagle Water and its customers.” Order No. 29840. This report was to include a comprehensive analysis of the existing system including projected water needs out to 2010 and consider all possible options including additional water supply, storage, booster pumps and additional mainlines necessary to meet existing and projected water requirements. The report was to also include the recommended system improvements, construction schedule and estimated cost of each individual project. The Commission directed Eagle Water to work closely with Commission Staff in the preparation of this report and advise the Commission within 21 days of when the engineering study would be completed and submitted to the Commission.

On February 6, 2006, the Commission issued Order No. 29969 authorizing the Company to recover \$79,895 for preparation of the Engineering Report and \$8,011 in legal fees and accounting fees. In other words, the Commission authorized the Company to recover a total of \$87,906 through the surcharge. Using the gross-up factor of 1.2788, the Commission found that Eagle Water was permitted to recover \$112,414 from the surcharge account.

Eagle Water used MTC, Inc. (MTC), an engineering consulting firm to prepare the Engineering Report based upon a study of the Company’s system. Eagle Water submitted a draft Preliminary Engineering Report to the Commission on June 2, 2006 for informal review. Staff reviewed the report and sent comments to the Company on June 29, 2006 (see Attachment A). The key issue raised by Staff was that the Engineering Report did not adequately respond to the concerns of Commission Order No. 29840, page 3, which directed Eagle Water to assemble an engineering report that:

...shall include a comprehensive analysis of the existing system including projected water needs out to 2010. The analysis will consider all possible options including additional water supply, storage, booster pumps and additional mainlines necessary to meet the existing and projected water requirements. The report shall include the recommended system improvements, construction schedule and estimated costs of each individual project. Eagle Water and its engineer shall work closely with the Commission Staff in preparation of this report.

After submitting the preliminary Engineering Report, MTC had already purportedly accrued about \$91,901 worth of professional services. This exceeded the original engineering study estimate and Commission-approved amount of \$79,895 (Exhibit 6, MTC Invoice dated June 27, 2007, Case No. EAG-W-07-01). See Attachment B.

On August 24, 2007, in response to Staff Production Request No. 5, the Company indicated that there were no written contracts between the Company and MTC to perform the Engineering Study. Staff questions the due diligence exercised by the Company in initiating a work order to complete an expensive engineering study without any written contract in spite of the anticipated complexity of the engineering analysis to be undertaken with an estimated cost of \$79,895.

As a result of comments from Commission Staff and DEQ, Eagle Water and MTC continued working on the Engineering Report. It appears that sometime in July 2006, MTC requested that Ward Engineering Group of Salt Lake City help complete the Engineering Report. Eagle Water indicated that there was no written agreement between MTC and Ward Engineering. However, the job invoice submitted by Ward Engineering to MTC on June 9, 2007, Attachment C, indicates at the top of the page the original price agreed to complete the Engineering Report was \$43,000. Staff again raises the question of due diligence exercised by Eagle Water and MTC for initiating a large project without a written agreement, especially with the technical and complex nature of the job to be performed. The amount to be paid for services simply appeared in the June 9, 2007 invoice.

MTC and Ward Engineering met with DEQ in early October 2006 to respond to DEQ's previous comments on the draft Preliminary Engineering Report. Additional comments were also received by MTC and Ward Engineering during that meeting according to the affidavit (Eagle Water's Response No. 4 to Staff's First Production Request) filed by Chet Hovey of Ward Engineering to the Commission on December 19, 2006. After the meeting with DEQ, Ward Engineering continued the analysis to complete the Engineering Report.

Staff reviewed available documents but it was not clear whether the result of this meeting with DEQ triggered the additional work and change order. There was no written contract between MTC and Ward Engineering about this change order. Staff notes that the invoice submitted by Ward Engineering to MTC on June 6, 2007 showed a change order amount (additional services) of \$53,064.73. Attachment C. The total amount shown in the invoice was therefore \$96,064.73 (Original work order amount of \$43,000.00 plus change order amount of \$53,064.73). This additional change order amount of \$53,064.73 was in conflict with the change order amount of

\$42,476.73 included in a later invoice submitted by Ward Engineering to MTC on August 29, 2007, Eagle Water's Response No. 6b to Staff's First Production Request, Attachment D. Neither Eagle Water, MTC, nor Ward Engineering satisfactorily explained this discrepancy.

MTC and Ward Engineering continued working on the Preliminary Engineering Report and submitted drafts to the Commission and DEQ on January 19, 2007 and March 15, 2007 for review. Comments were made by DEQ concerning the Engineering Reports. Finally, on July 6, 2007, DEQ approved the Preliminary Engineering Report dated June 2007 with some recommendations for correcting deficiencies in the existing system. Staff also reviewed the Final Engineering Report submitted to the Commission on August 6, 2007 and believes that the report generally conforms to the requirements set out in Commission Order No. 29840.

According to Eagle Water, the total fees due for completing the Engineering Report are \$218,394.30 with the following details:

MTC's work	\$ 144,329.57	
Less amount paid to Ward	\$ 22,000.00	
MTC (net)		\$122,329.57
Plus Ward's initial work order	\$ 43,000.00	
Plus Ward's change order	\$ 53,064.73	
Ward's total		\$ 96,064.73
<b>Grand Total</b>		<b>\$218,394.30</b>

The total cost of \$218,394.30 for the development of the Engineering Report is almost three times the original cost estimate of \$79,895 submitted by the Company as part of its Surcharge Application on August 24, 2005, which was subsequently authorized by the Commission in Order No. 29903. The original estimate was prepared by MTC, an expert in the field. Order No. 29903 directed the Company to complete the engineering study as soon as possible. It took the Company almost 10 months after the Commission Order No. 29840 to finish and submit a preliminary Engineering Report, which did not adequately address the items specifically outlined in Order No. 29840. At that point, MTC had already spent \$91,901.97 more than the Commission-approved amount. See Attachment B. Yet it took the Company another year to fully address those items in completing and submitting the final Engineering Report.

Eagle Water justifies the increase in the cost of Engineering Report from \$79,894.75 to \$218,394.30 due to the following reasons: (1) technical glitches with the Haested computer modeling software that was used in the report; (2) departure of the MTC engineer who worked on

the initial draft; (3) lack of a similarly qualified engineer on staff at MTC; (4) an aortic aneurism suffered by MTC's principal; and (5) contradictory peak flow standards required by DEQ which necessitated no less than 36 revised computer modeling runs. Staff believes that Items 1 through 4 are either personal or professional business issues that the extra costs attributed by any of these items should be absorbed by MTC and not Eagle Water ratepayers. These are the risks of running a professional services business. The ratepayers should not shoulder the extra costs incurred.

Staff believes that the billed cost for the engineering study is excessive. Eagle Water failed to provide convincing justification for the costs incurred by MTC in excess of the original estimate. Eagle Water failed to provide evidence that it exercised adequate oversight and cost control in the development of the Engineering Report. In addition, Staff notes that there was no written contract between Eagle Water and MTC, the primary engineering consultant, and no written contract between MTC and Ward Engineering. There appeared to be little cost control and an inconsistent billing process where at one time, the change order contract between MTC and Ward Engineering was \$53,064.73 (6/9/07 Ward Invoice). Subsequent billings charged an amount of \$42,476.73 (8/29/07 Ward Invoice) without adequate explanations. Staff believes that the \$42,476.73 is the more accurate amount for the change order because it is the latest invoice adjusting the original bill.

Based on its investigation, Staff recommends disallowing all the costs incurred by MTC over the original and previously Commission-approved engineering study estimate of \$79,895. Staff believes it is reasonable for Eagle Water to recover the original MTC engineering estimate, the amount charged by Ward Engineering, and the change order fees charged by Ward to make DEQ required changes in the study. It is Staff's position that once MTC asked Ward Engineering to complete the study including change orders, additional engineering fees billed by MTC above the original estimate were unwarranted and became unrecoverable.

Therefore, Staff recommends that in addition to MTC's original estimate of the cost to complete the entire report of \$79,895; the Commission allow recovery of \$43,000 for Ward Engineering to complete the study, and \$42,476.73 for Ward to make all the model changes required by DEQ. Staff recommends that \$85,476.73 of the additional engineering fees be allowed for recovery from the surcharge account.

### **Additional Legal and Accounting Fees**

In addition to supplemental engineering fees, the Company has requested recovery, from the surcharge account, of the additional legal and accounting fees incurred to complete the Engineering Report and to process the previous surcharge application, Case No. EAG-W-05-02. Staff has reviewed the amounts requested for recovery for these previously incurred charges and agrees they were reasonably incurred. Staff recommends recovery of \$16,231.84 in legal fees for the Engineering Report, \$10,945.22 for the legal fees associated with the previous surcharge application, and \$262.50 for the accounting fees associated with the Engineering Report.

The Company has also requested recovery, from the surcharge account, of the estimated legal and accounting fees for the current application. The Company estimates that the legal fees will total \$12,000, and that the accounting fees will total \$600. Staff recommends that these amounts not be recovered in the current application but that the Company, in its next proceeding, ask for recovery. At that time the Company can submit the invoices supporting the actual amounts for these services.

### **The Surcharge Account**

Over the course of this case and the prior case, Staff has monitored and audited the surcharge account. Commission Order 29903 states:

To avoid the mixing of surcharge revenue with other Company revenue, Eagle Water shall book the surcharge revenues in a separate account. Withdrawals from the separate account shall be restricted to payments for the engineering study, and for legal and accounting expenses incurred in preparation of the Surcharge application and actions authorized in this Order. Staff shall audit this account for compliance.

The scope of each audit was to examine the surcharge collections authorized in Case No. EAG-W-05-02. Staff examined the books and records documenting the surcharge, including the accounting records of the company, the monthly savings account statements, and the monthly loan statements. Staff verified that the surcharge was correctly calculated, that the surcharge funds were separated from the general funds of the Company, and that the withdrawn surcharge funds were used for the authorized purposes.

**Current Status**

Through the month of June 2008, Eagle Water has collected \$304,366 in surcharge revenue. The surcharge is based on usage, approximately 19 cents per hundred gallons over the first 600 gallons used (\$0.451/100 gallons x 42.5% surcharge). The current authorized surcharge was originally designed to recover \$112,414. In this case, Staff is recommending that an additional \$144,397 be recovered by the surcharge. The breakdown of this amount is shown in the following section. The surcharge collections and Staff recommendation is shown on Attachment E.

**STAFF RECOMMENDATION**

Staff recommends that the Company be authorized to recover an additional \$144,397 from the surcharge account for additional engineering, accounting and legal expenses and that the surcharge on rates be discontinued. After subtracting the authorized amount in this case, Staff recommends that the remaining surcharge balance be held to cover future costs associated with capital expenditures required by the Engineering Report (i.e., the next application).

Staff specifically recommends the following costs for the Engineering Report be recovered by Eagle Water Company from the present surcharge account:

Ward Engineering	\$ 43,000.00 (First Work Order)
Ward Engineering	\$ <u>42,476.73</u> (Change Order)
Total Engineering Report Sub-Total This Case	\$ 85,476.73

Staff further recommends the following costs for legal and accounting fees be recovered by Eagle Water Company from the present surcharge account:

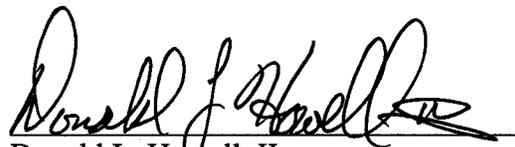
Additional Legal Fees for the Engineering Report	\$16,231.84
Additional Legal Fees for the Previous Surcharge Application	\$10,945.22
Additional Accounting Fees for the Engineering Report	<u>\$262.50</u>
Legal and Accounting Fees Sub-Total	\$27,439.56

Total Expenses (Engineering/Legal/Accting)	\$112,916.29
Income Tax Offset (Gross-Up Factor of 1.2788)	<u>\$31,481.06</u>
<b>Total Surcharge Recommendation This Case</b>	<b>\$144,397.35</b>

Thus, the total recoverable costs from the surcharge account should be:

Previously Authorized Amount	\$112,414
Recommended Amount This Case	<u>\$144,397</u>
Total Surcharge Recovery	\$256,811

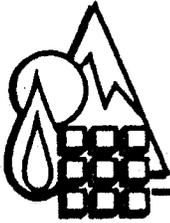
Respectfully submitted this 5<sup>th</sup> day of August 2008.



Donald L. Howell, II  
Deputy Attorney General

Technical Staff: Kathy Stockton  
Gerry D. Galinato

i::umisc/comments/eagw07.1dhklsgg



**IDAHO  
PUBLIC UTILITIES  
COMMISSION**

James E. Risch, Governor

P.O. Box 83720, Boise, Idaho 83720-0074

Paul Kjellander, President  
Marsha H. Smith, Commissioner  
Dennis S. Hansen, Commissioner

June 29, 2006

EAG-W-05-02

Mr. Robert V. Deshazio, Jr.  
Eagle Water Company, Inc.  
PO Box 455  
Eagle, ID 83616

Dear Mr. Deshazio:

The Idaho Public Utilities Commission received your Preliminary Engineering Report on June 2, 2006. We are pleased that you have responded to the Commission's Order to improve the Eagle Water Company system.

Although we recognize that the Report is not yet final, Staff deems that the Engineering Report does not adequately respond to the concerns addressed in the Order. Commission Order No. 29840 page 3, directed Eagle Water to assemble an engineering report that:

...shall include a comprehensive analysis of the existing system including projected water needs out to 2010. The analysis will consider all possible options including additional water supply, storage, booster pumps and additional main lines necessary to meet the existing and projected water requirements. The report shall include the recommended system improvements, construction schedule and estimated cost of each individual project. Eagle Water and its engineer shall work closely with the Commission Staff in preparation of this report.

The existing report essentially contains the implementation of one alternative: completion of well #7 and improvements to the booster station near SH-55. While these steps demonstrate positive improvements for system pressure, no other alternatives were offered. In addition, you did not include any cost-effectiveness analyses.

The Commission Staff is seeking further information as it relates to the Eagle Water Company, its system, and its plan for the future. Specifically, the Staff would like to see your analysis as to why the new well and booster is the most cost-effective alternative, analysis of other alternatives, impacts of storage and mitigation strategies, and a more explicit plan for future company growth and maintenance.

Additionally, we expect Eagle Water to file an Application to implement the findings in the engineering report.

Located at 472 West Washington Street, Boise, Idaho 83702  
Telephone: (208) 334-0300 Facsimile: (208) 334-3762

Attachment A  
Case No. EAG-W-07-1  
Staff Comments  
08/05/08 Page 1 of 2

Robert Deshazio, Jr.  
June 29, 2006  
Page 2

Your attention to this matter is greatly appreciated. Should you have any questions or concerns, please contact me at 208-334-0355.

Sincerely,

A handwritten signature in black ink, appearing to read "Dave Schunke". The signature is fluid and cursive, with a large initial "D" and "S".

Dave Schunke

u:dave Schunke/eagle water co ltr





Job Statement  
6/9/07

**MTC Engineering**

T & M

Job # MTC002-06

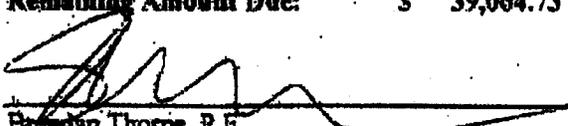
Original Contract Amount: \$43,000.00  
 Total Change Order Amount: \$53,064.73 (Additional Services)  
 Revised Contract Amount: \$96,064.73  
 Contract Amount Remaining:

**Water System Study - Eagle Water Company**

Invoice Number	Invoice Date	Invoice Amount	Credit Issued	Date Paid	Amount Paid
20041	11/11/2006	\$ 23,214.49		12/13/06-3/8/07	\$ 23,214.49
20215	11/25/2006	\$ 603.75		3/8/2007	\$ 603.75
20336	12/9/2006	\$ 4,222.50		3/8/2007	\$ 4,222.50
20532	12/23/2006	\$ 5,520.00		3/8/2007	\$ 5,520.00
20692	1/6/2007	\$ 3,712.50		3/8/2007	\$ 3,712.50
20934	1/20/2007	\$ 455.00		3/8/2007	\$ 455.00
21152	2/3/2007	\$ 8,272.59		3/8/2007	\$ 8,272.59
21329	2/17/2007	\$ 977.50		3/8/2007	\$ 977.50
			(Overpayment)	3/8/2007	\$ 10,021.67
21615	3/17/2007	\$ 7,990.00			
21816	3/31/2007	\$ 318.75			
21967	4/14/2007	\$ 363.15			
22422	5/12/2007	\$ 15,954.00			
22732	6/9/2007	\$ 24,460.50			

Amount Billed to Date: \$ 96,064.73  
 Amount Paid to Date: \$ 57,000.00  
 Credits Issued: \$ -  
 Remaining Amount Due: \$ 39,064.73

6/9/2007

  
 Brendan Thorpe, P.E.  
 Department Manager  
 WARD ENGINEERING GROUP  
 (801) 487-8040  
 COMMENTS:

Date:

A 1.5% interest charge shall be added and billed separately each month on any amount overdue.

President: S. Tabriz

Attachment C  
 Case No. EAG-W-07-1  
 Staff Comments  
 08/05/08

**MTC Engineering**

T & M

Job # MTC002-06

Original Contract Amount: \$43,000.00  
 Total Change Order Amount: \$42,476.73 (Additional Services)  
 Revised Contract Amount: \$85,476.73  
 Contract Amount Remaining:

**Water System Study - Eagle Water Company**

Invoice Number	Invoice Date	Invoice Amount	Credit Issued	Date Paid	Amount Paid
20041	11/11/2006	\$ 23,214.49		12/13/06-3/8/07	\$ 23,214.49
20215	11/25/2006	\$ 603.75		3/8/2007	\$ 603.75
20336	12/9/2006	\$ 4,222.50		3/8/2007	\$ 4,222.50
20532	12/23/2006	\$ 5,520.00		3/8/2007	\$ 5,520.00
20692	1/6/2007	\$ 3,712.50		3/8/2007	\$ 3,712.50
20934	1/20/2007	\$ 455.00		3/8/2007	\$ 455.00
21152	2/3/2007	\$ 8,272.59		3/8/2007	\$ 8,272.59
21329	2/17/2007	\$ 977.50		3/8/2007	\$ 977.50
			(Overpayment)	3/8/2007	\$ 10,021.67
21615	3/17/2007	\$ 7,990.00			
21816	3/31/2007	\$ 318.75			
21967	4/14/2007	\$ 363.15			
22422	5/12/2007	\$ 15,954.00			
22732	6/9/2007	\$ 13,872.50			

*A Friendly Reminder...*  
 Your account is overdue.  
 We would appreciate payment.

Amount Billed to Date: \$ 85,476.73  
 Amount Paid to Date: \$ 57,000.00  
 Credits Issued: \$ -  
**Remaining Amount Due: \$ 28,476.73**

8/29/2007

Brendan Thorpe, P.E.  
 Department Manager  
 WARD ENGINEERING GROUP  
 (801) 487-8040  
 COMMENTS:

Date:

A 1.5% interest charge shall be added and billed separately each month on any amount overdue.

President: S. Tabriz

Attachment D  
 Case No. EAG-W-07-1  
 Staff Comments  
 08/05/08

**Eagle Water Company  
Case No. EAG-W-05-02  
Case No. EAG-W-07-01**

**Surcharge Collections**

Year	2005	2006	2007	Through June 30th 2008	Total Collected
<b>Collections</b>	\$1,759.73	\$130,805.50	\$138,758.01	\$33,043.03	\$304,366.27

Legal and Accounting Fees	\$5,500			Commission Approved
Additional Legal Fees	2,511			Commission Approved
Original Engineering Report Fees	79,895			Commission Approved
<b>Additional Engineering Fees</b>	<b>85,476</b>			<b>Staff Recommendation</b>
<b>Additional Legal Fees</b>	<b>27,177</b>			<b>Staff Recommendation</b>
<b>Additional Accounting Fees</b>	<b>263</b>			<b>Staff Recommendation</b>
Total Expenses	\$200,822			
Income Tax Offset	55,989			
Staff Total Surcharge Recommendation	<u>\$256,811</u>			
Original Surcharge Approved by Commission		\$112,414		
<b>Staff Recommendation for Additional Expenditures</b>		<b>\$144,397</b>		

Staff Recommendation	\$256,811
Surcharge Collections through June 30, 2008	\$304,366
Remaining Surcharge Balance	\$47,556

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 5<sup>TH</sup> DAY OF AUGUST 2008, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. EAG-W-07-01, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

ROBERT DESHAZO  
PRESIDENT  
EAGLE WATER COMPANY INC  
172 W. STATE STREET  
EAGLE ID 83616

MOLLY O'LEARY  
RICHARDSON & O'LEARY  
PO BOX 7218  
BOISE ID 83707

  
\_\_\_\_\_  
SECRETARY