

FISHER PUSCH & ALDERMAN LLP

ATTORNEYS AND COUNSELORS AT LAW

John R. Hammond Jr.

e-mail: jrh@fpa-law.com

February 5, 2008

Via Hand Delivery

Jean Jewell, Commission Secretary
Idaho Public Utilities Commission
472 W. Washington Street
P. O. Box 83720
Boise, Idaho 83720-0074

RECEIVED
2008 FEB -5 AM 11:30
IDAHO PUBLIC
UTILITIES COMMISSION

Re: In the Matter of the Application of Idaho Springs Water Company, Inc.'s, Application for a Certificate of Public Convenience and Necessity and Request to Process the Application by Modified Procedure, Case No. ISW-W-08-01

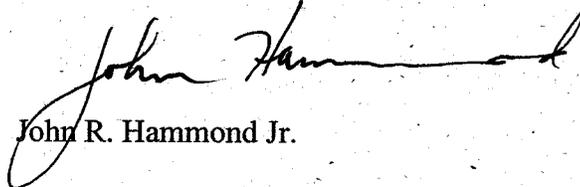
Dear Ms. Jewell:

Enclosed are the original and seven (7) copies of Idaho Springs Water Company, Inc.'s, Application for a Certificate of Public Convenience and Necessity and Request to Process the Application by Modified Procedure. Kindly return a file stamped copy of this letter and Application. In addition, we are filing an exhibit which is claimed by the Company as confidential under separate cover.

If you have any questions or need additional information, please do not hesitate to contact me.

Sincerely,

FISHER PUSCH & ALDERMAN LLP



John R. Hammond Jr.

JRH:
Enclosures

John R. Hammond, Jr., ISB No. 5470
Fisher Pusch & Alderman LLP
U.S. Bank Plaza, 5th Floor
101 S. Capitol Boulevard, Suite 500
Post Office Box 1308
Boise, ID 83701
Telephone: (208) 331-1000
Facsimile: (208) 331-2400

RECEIVED
2008 FEB -5 AM 11:32
IDAHO PUBLIC
UTILITIES COMMISSION

Attorneys for Applicant

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE
APPLICATION OF IDAHO SPRINGS
WATER COMPANY, INC., FOR A
CERTIFICATE OF PUBLIC
CONVENIENCE AND NECESSITY

CASE NO. ISW-W-08-01

**APPLICATION AND REQUEST TO
PROCESS BY MODIFIED
PROCEDURE**

COMES NOW Idaho Springs Water Company, Inc., an Idaho corporation, (the "Applicant" or the "Company") pursuant to *Idaho Code* § 61-526 and Idaho Commission Rule of Procedure 111, IDAPA 31.01.01.111, and hereby respectfully files this Application requesting that the Idaho Public Utilities Commission (the "Commission") grant it a Certificate of Public Convenience and Necessity ("CPCN") to provide water service to the general public as a public utility, authorize interim rates for water service and to begin the process of setting rates and charges for water service through Commission order. The Company has expedited its filing of this Application and as such it may need to be supplemented as this matter is processed.

The Applicant also respectfully requests that its Application be processed by Modified Procedure pursuant to Commission Rules of Procedure 201-204. IDAPA 31.01.01.201-.204.

I.

Applicant is an Idaho corporation engaged in conducting a general water business in and about the Arrowrock Subdivision in Kuna, Idaho, Ada County, having its principal office and place of business at 660 E. Franklin Road, Suite 240, Meridian, Idaho 83642 and a mailing address of P.O. Box 344, Meridian, Idaho 83642. The Company's contact number is (208) 888-9946 x104. The water system in the Arrowrock Subdivision has been completed and is operational.

II.

Communications in reference to this Application should be addressed to:

Idaho Springs Water Company, Inc.
Attn. Trent Nieffenegger
P.O. Box 344
Meridian, Idaho 83642
trent@westparkco.com

John R. Hammond, Jr.
Fisher Pusch & Alderman LLP
101 South Capitol Blvd., Suite 500
Boise, Idaho 83701
jrh@fpa-law.com

III.

A certified copy of the Applicant's Articles of Incorporation is attached hereto as **Exhibit A.**¹ Applicant entered into a purchase and sale agreement to purchase the water system on February 4, 2008 which document has also been included in **Exhibit A.**

IV.

Applicant has one affiliate, the Westpark Company Inc., an Idaho corporation, which is a development management company for the Applicant.

¹ Initially one entity, Intermountain Sewer and Water, was formed to be responsible for both water and sewer service. Upon learning that it was not possible to run both operations together the water company was developed and built under the name of Arbor Ridge, LLC, a general development organization. The assets of the water company, including real property were transferred to Idaho Springs Water, Inc. due to the fact that Arbor Ridge LLC historically has been a real estate development firm and does not want to be in the water service business.

V.

The Applicant has attached hereto as **Exhibit B** a generalized map of the area which it proposes to serve that the Company will provide a legal description for as soon as it can be obtained. At this time all water service is being provided within the legal description which is also attached to **Exhibit B**. The area which the Applicant proposes to provide water service for is not within the authorized territory of any other public utility water corporation under the jurisdiction of the Commission and the provision of service to this area will not interfere with the operations of any other water utility corporation under the jurisdiction of the Commission.

VI.

Attached hereto as **Exhibit C** is documentation on the water system submitted to the Idaho Department of Environmental Quality which includes technical drawings and maps.

VII.

Applicant will submit under **Exhibit D** the cost for the construction of the water system and the anticipated annual maintenance costs as soon as it is compiled. The Applicant proposes to finance any new utility construction to provide service through all economically prudent means.

VIII.

Subject to modification the Applicant currently provides water service to 38 residential customers, 17 other connections which are taking service during construction of residential dwellings and 1 customer taking service to water common areas in the Arrowrock Subdivision during the summer months (April 1 to October 1). In the event

the Arrowrock Subdivision is fully built out the Company could have an estimated 100 residential customer connections and an additional 100 residential customer connections more if the larger proposed service territory is fully built out. The Company is submitting its current customer list as **Exhibit E** under separate cover and is asserting that this information constitutes a trade secret, is confidential or otherwise exempt from public disclosure, inspection, examination or copying pursuant to *Idaho Code* § 9-340D.

IX.

Applicant intends to file details regarding consumptive use as **Exhibit F** as quickly as that information can be assembled.

X.

Attached as **Exhibit G** is a description of the rates and charges which the Applicant is currently charging for water service. The Company respectfully requests that pending a final order being issued in this case establishing rates that it be allowed to charge its customers the rates contained in **Exhibit G** as interim rates. At this time the Company is still finalizing its analysis on what it believes will be just and reasonable charges for water service. Currently the Company believes that it will be proposing a rate for residential customers that contains a set monthly customer charge and a additional amount, or variable charge, to be determined by monthly consumption. The Applicant believes that this will result in residential charges for water service to be between \$50.00 and \$100.00 per customer.

XI.

Attached as **Exhibit H** is the form of the notice being mailed to the Applicant's customers which briefly describes the Company's proposed service area, the request to

approve the use of an interim rate and information concerning the possible rate structure which could result from a Commission final order. This notice also contains contact information for the Commission. In addition, **Exhibit H** also contains a sample bill statement², reminder notice – termination of service, final notice – termination of service and a rules summary. In the event the Commission grants the Applicant a CPCN, it agrees to be bound by the Commission’s rules and applicable authorities and proposes to adopt the “General Rules and Regulations for Small Water Companies”, a copy of which is also contained in **Exhibit H**.

XII.

The Applicant only has one year of financial data and is currently assembling a financial statement which will be submitted to the Commission as soon as it is complete under **Exhibit I**.

XIII.

The Applicant submits that it is in the public interest to authorize the Applicant to provide water service to customers in the proposed area as a public utility and as such respectfully requests that it be granted a CPCN.

XIV.

Applicant does not believe that the public interest requires a hearing on the issues presented hereby and requests that this Application be processed by Modified Procedure under the Commission’s Rules of Procedure 201-204. IDAPA 31.01.01.201-.204.

² The format is correct but the name of the Company on the invoice will obviously be changed to Idaho Springs Water Company, Inc. A corrected sample invoice will be submitted once it is prepared by the Company.

PRAYER FOR RELIEF

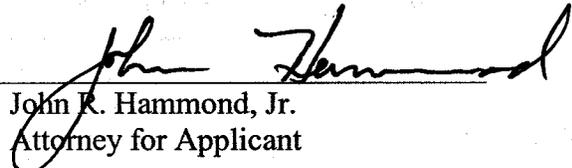
WHEREFORE, Applicant respectfully requests of the Commission:

1. That the Commission find that a hearing is not required herein and process the Application by Modified Procedure;
2. That the Commission grant the Applicant's request for a CPCN;
3. That the Commission authorize the Applicant to continue to charge its customers the rates set forth in **Exhibit G** as an interim rate immediately and until such time as rates and charges for water service as set by Commission final order;
4. That the Commission grant such other and further relief as the Commission may determine proper herein.

DATED THIS 5th day of February, 2008.

IDAHO SPRINGS WATER COMPANY, INC.

By: _____


John R. Hammond, Jr.
Attorney for Applicant

CERTIFICATE OF SERVICE

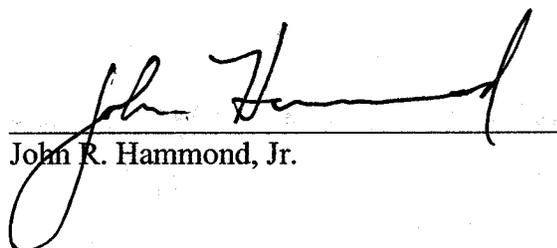
I HEREBY CERTIFY that on this 5th day of February, 2008, a true and correct copy of the foregoing document was served on the following individuals by the method indicated below:

Jean Jewell
IDAHO PUBLIC UTILITIES COMMISSION
472 W. Washington St.
PO Box 83720
Boise ID 83720-5983

- U.S. Mail
- Facsimile
- Overnight Delivery
- Messenger Delivery
- Email

Scott Woodbury
IDAHO PUBLIC UTILITIES COMMISSION
472 W. Washington St.
PO Box 83720
Boise ID 83720-5983

- U.S. Mail
- Facsimile (208) 342-3829
- Overnight Delivery
- Messenger Delivery
- Email



John R. Hammond, Jr.

State of Idaho

RECEIVED
2008 FEB 15 AM 11:32

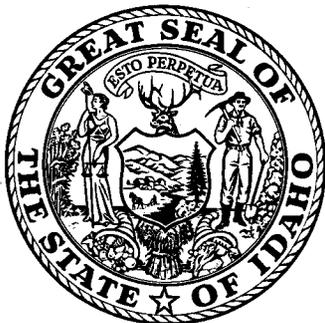
Office of the Secretary of State

IDAHO PUBLIC
UTILITIES COMMISSION

I, BEN YSURSA, Secretary of State of the State of Idaho, hereby certify that I am the custodian of the corporation records of this State.

I FURTHER CERTIFY That the annexed is a full, true and complete duplicate of articles of incorporation of **IDAHO SPRINGS WATER COMPANY, INC.**, an Idaho corporation, received and filed in this office on April 2, 2007, under file number C 172311 , including all amendments filed thereto, as appears of record in this office as of this date.

Dated: February 1, 2008



Ben Yursa

SECRETARY OF STATE

By

[Signature]

EXHIBIT

A

tabbles

FILED EFFECTIVE

ARTICLES OF INCORPORATION

07 APR -2 PM 3:59

OF

IDAHO SPRINGS WATER COMPANY, INC.

SECRETARY OF STATE
STATE OF IDAHO

1. Name. The name of the corporation is Idaho Springs Water Company, Inc. (the "Corporation").
2. Authorized shares. The aggregate number of shares the Corporation is authorized to issue shall be One Thousand (1,000), all of which shall be common voting stock.
3. Registered office and agent. The registered office of the Corporation is 660 E. Franklin Road, Suite 240, Meridian, Idaho 83642, and its registered agent at that address is Gregory B. Johnson.
4. Incorporator. The name of the incorporator is Michael T. Spink, and the incorporator's address is 251 E. Front Street, Suite 200, Boise, Idaho 83702.
5. Term of Existence. The term of existence of the Corporation is and shall be perpetual.
6. Voting Entitlement of Shares.
 - (1) Except as provided in sections (2) and (4) of this Article, each outstanding share, regardless of class, is entitled to one (1) vote on each matter voted on at a shareholders' meeting. Only shares are entitled to vote.
 - (2) The Corporation is not entitled to vote treasury shares. The shares of the Corporation are not entitled to vote if they are owned, directly or indirectly, by a second corporation, domestic or foreign, and the Corporation owns, directly or indirectly, a majority of the shares entitled to vote for directors of the second corporation.
 - (3) Section (2) of this Article does not limit the power of the Corporation to vote any share, including its own shares, held by it in a fiduciary capacity.
 - (4) Redeemable shares are not entitled to vote after notice of redemption is mailed to the holders and a sum sufficient to redeem the shares has been deposited with a bank, trust company, or other financial institution under an irrevocable obligation to pay the holders the redemption price on surrender of the shares.

IDAHO SECRETARY OF STATE
04/02/2007 05:00
CX: NONE CT: 39360 BH: 1044347
1 @ 100.00 = 100.00 CORP # 2
1 @ 20.00 = 20.00 EXPEDITE C # 3

C172311

7. **Corporate Purpose.** The purpose for which the Corporation is organized is the transaction of any and all lawful business for which corporations may be incorporated under the Idaho Business Corporation Act.

8. **Board of Directors.** All corporate powers shall be exercised by or under the authority of, and the business and affairs of the Corporation managed under the direction of, its board of directors, subject to any limitation set forth in a shareholder agreement authorized under Idaho Code § 30-1-732. The number of directors constituting the initial board of directors shall be one (1), and the names and addresses of the persons to serve as directors until the first annual meeting of shareholders, or until their successors are elected and qualified, are:

<u>Name</u>	<u>Address</u>
Gregory B. Johnson	660 E. Franklin Road, Suite 240 Meridian, ID 83642

9. **Voting.** Each outstanding share entitled to vote shall be entitled to one (1) vote on each matter submitted to a vote at a meeting of shareholders. Shareholders do not have the right to cumulate their votes for directors.

10. **Terms of Classes or Series of Shares Determined by Board.** The board of directors may determine, in whole or in part, the preferences, limitations and relative rights, within the limits of Idaho Code § 30-1-601, of (a) any class of shares before the issuance of any shares of that class or (b) one (1) or more series within a class before the issuance of any shares of that series. Each series must have preferences, limitations and relative rights identical with those of other shares of the same series and, except to the extent otherwise provided in the description of the series, with those of other series of the same class. Before issuing any shares of a class or series created under this section, the Corporation shall deliver to the Idaho Secretary of State for filing articles of amendment, which are effective without shareholder action, that set forth the information required by Idaho Code § 30-1-602.

11. **Preemptive Rights.** The Corporation elects to have preemptive rights.

12. **Indemnification.** The Corporation shall indemnify the directors and officers of the Corporation to the fullest extent permitted by the Idaho Business Corporation Act, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than the Idaho Business Corporation Act permitted the Corporation to provide prior to such amendment).

13. **Limitation of Liability.** No director shall be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty except liability for: (i) the amount of a financial benefit received by a director to which he is not entitled; (ii) an intentional infliction of harm on the Corporation or the shareholders; (iii) a violation of Idaho Code § 30-1-833; or (iv) an intentional violation of criminal law.

IN WITNESS WHEREOF, I have subscribed these Articles of Incorporation this 2nd day of April, 2007.


Michael T. Spink, Incorporator

PURCHASE AGREEMENT
February 1, 2008

BUYER: Idaho Springs Water Company Inc. (ISWCI)

SELLER: Arbor Ridge LLC

Property legal description: Lot 2 Block 1 Arrowrock Ranch Subdivision No. 1

Purchase Price:

Land:	\$100,000
Wells:	225,000
Pumps:	50,000
Water Rights:	50,000
Building:	<u>75,000</u>

Total Purchase Price: \$500,000

All distribution lines, meter boxes, etc. – No Charge

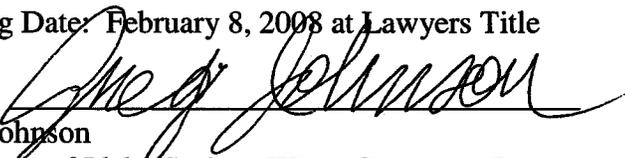
Terms of Sale:

Buyer shall pay \$50,000 at closing. The balance of \$450,000 shall be a note at 8% interest for twenty years and shall be paid at \$3,764 per month fully amortizing in twenty years.

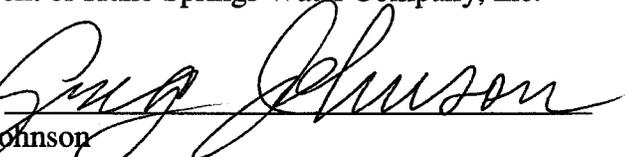
Transfer of Title: By Deed and by Bill of Sale

Closing: Lawyers Title – Kim Blasius (389-6936)

Closing Date: February 8, 2008 at Lawyers Title

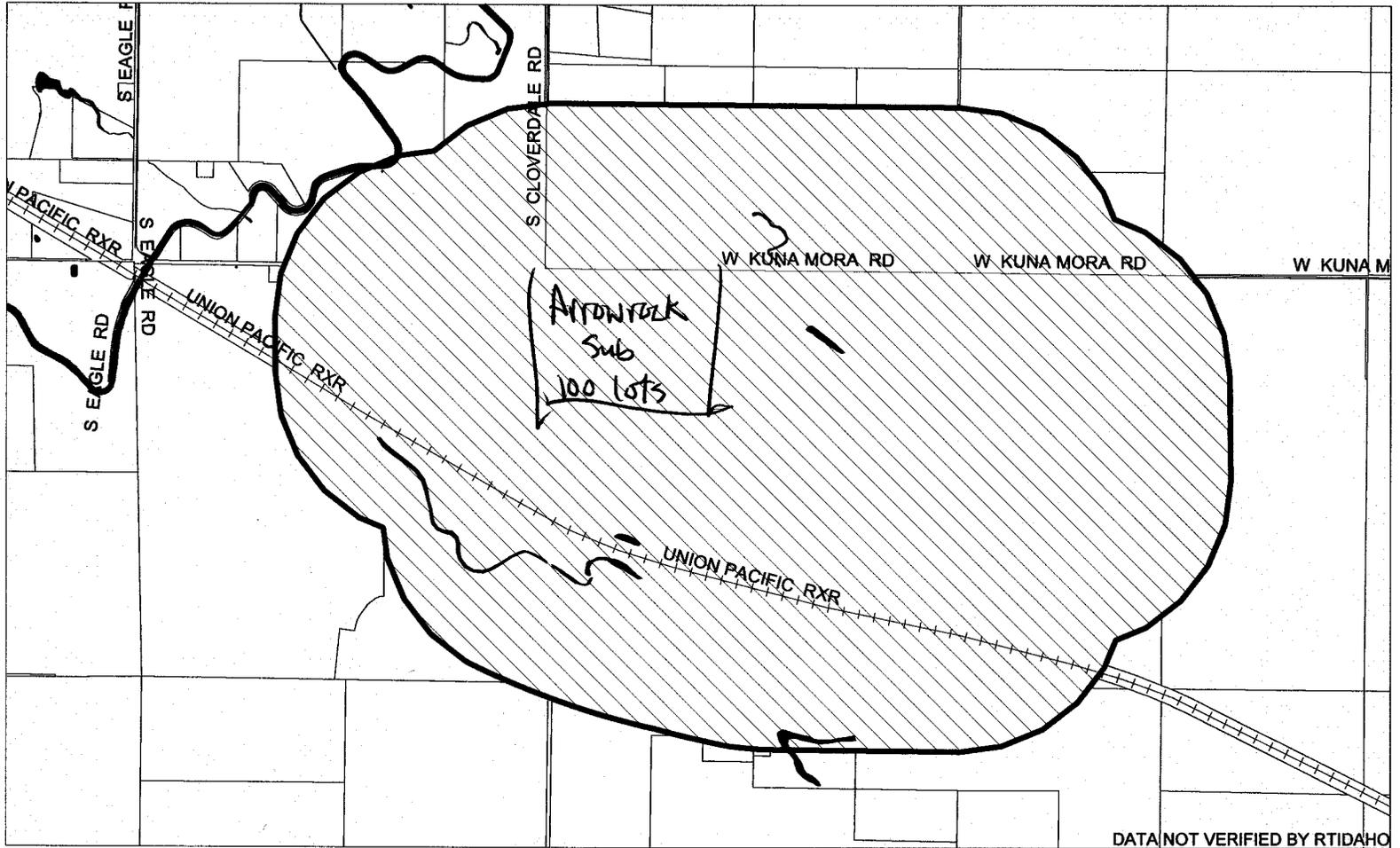
Buyer: 
Greg Johnson
President of Idaho Springs Water Company, Inc.

Date: 2/4/08

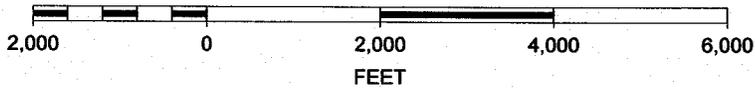
Seller: 
Greg Johnson
Manager of Arbor Ridge LLC

Date: 2/4/08

Water Servicably Map



SCALE 1 : 26,327



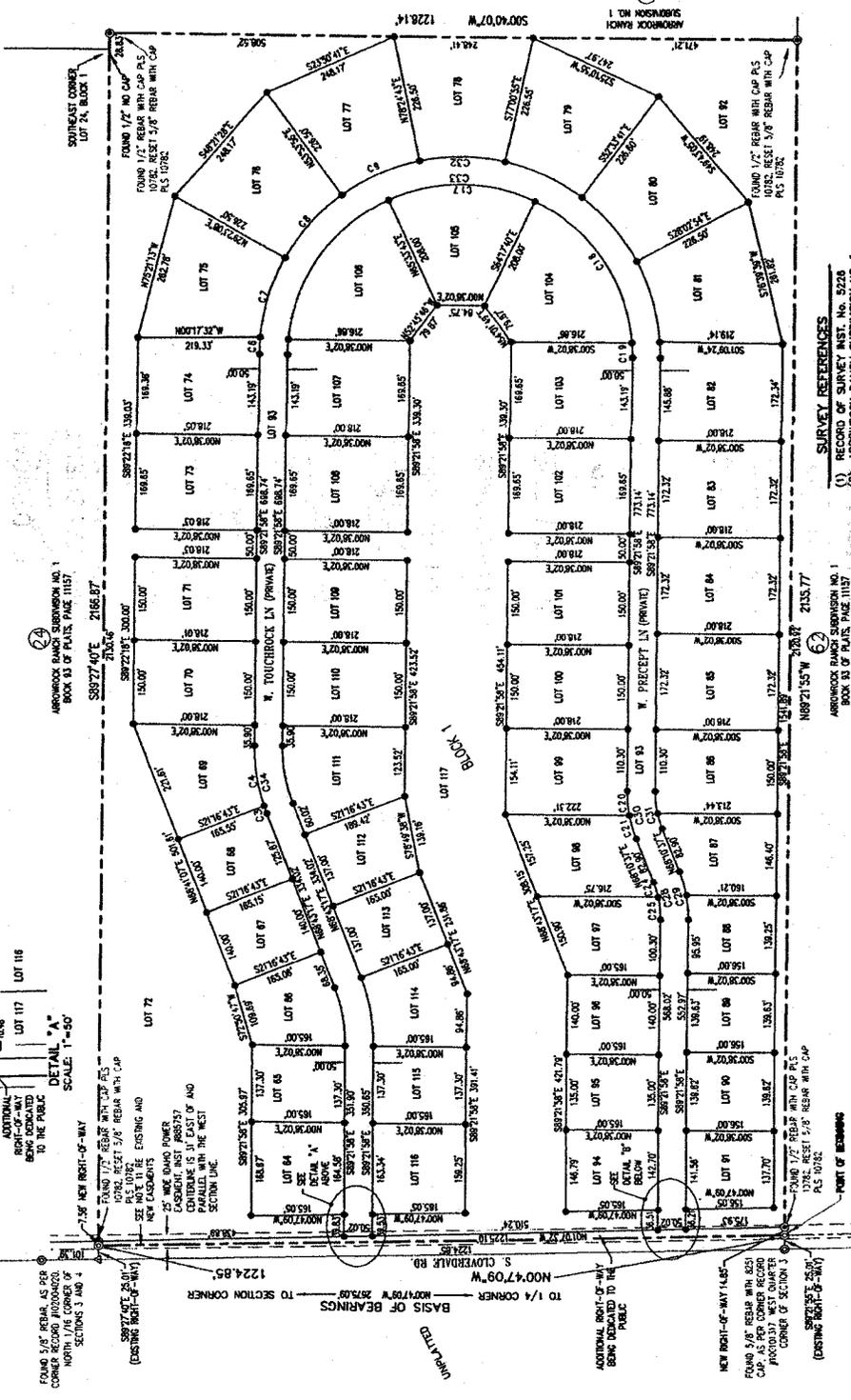
* 2 mile radius.

ARROWROCK RANCH SUBDIVISION NO. 2

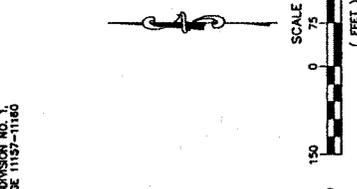
A RESUBDIVISION OF LOT 61, BLOCK 1, OF ARROWROCK RANCH SUBDIVISION NO. 1
WITHIN THE S 1/2 OF THE NW 1/4 OF SECTION 3,
T.1 N., R.1 E., B.M., ADA COUNTY, IDAHO
2007

CURVE	LENGTH	RADIUS	DELTA	CHORD BEARING	CHORD DIST
C1	105.17	275.00	21.54.55"	479.40.39"E	104.53
C2	124.29	325.00	21.54.55"	479.40.39"E	123.54
C3	143.41	375.00	21.54.55"	479.40.39"E	142.54
C4	162.53	425.00	21.54.55"	479.40.39"E	161.54
C5	181.65	475.00	21.54.55"	479.40.39"E	180.54
C6	200.77	525.00	21.54.55"	479.40.39"E	199.54
C7	219.89	575.00	21.54.55"	479.40.39"E	218.54
C8	239.01	625.00	21.54.55"	479.40.39"E	237.54
C9	258.13	675.00	21.54.55"	479.40.39"E	256.54
C10	277.25	725.00	21.54.55"	479.40.39"E	275.54
C11	296.37	775.00	21.54.55"	479.40.39"E	294.54
C12	315.49	825.00	21.54.55"	479.40.39"E	313.54
C13	334.61	875.00	21.54.55"	479.40.39"E	332.54
C14	353.73	925.00	21.54.55"	479.40.39"E	351.54
C15	372.85	975.00	21.54.55"	479.40.39"E	370.54
C16	391.97	1025.00	21.54.55"	479.40.39"E	389.54
C17	411.09	1075.00	21.54.55"	479.40.39"E	408.54
C18	430.21	1125.00	21.54.55"	479.40.39"E	427.54
C19	449.33	1175.00	21.54.55"	479.40.39"E	446.54
C20	468.45	1225.00	21.54.55"	479.40.39"E	465.54
C21	487.57	1275.00	21.54.55"	479.40.39"E	484.54
C22	506.69	1325.00	21.54.55"	479.40.39"E	503.54
C23	525.81	1375.00	21.54.55"	479.40.39"E	522.54
C24	544.93	1425.00	21.54.55"	479.40.39"E	541.54
C25	564.05	1475.00	21.54.55"	479.40.39"E	560.54
C26	583.17	1525.00	21.54.55"	479.40.39"E	579.54
C27	602.29	1575.00	21.54.55"	479.40.39"E	598.54
C28	621.41	1625.00	21.54.55"	479.40.39"E	617.54
C29	640.53	1675.00	21.54.55"	479.40.39"E	636.54
C30	659.65	1725.00	21.54.55"	479.40.39"E	655.54
C31	678.77	1775.00	21.54.55"	479.40.39"E	674.54
C32	697.89	1825.00	21.54.55"	479.40.39"E	693.54
C33	717.01	1875.00	21.54.55"	479.40.39"E	712.54
C34	736.13	1925.00	21.54.55"	479.40.39"E	731.54

- NOTES**
- THIS DEVELOPMENT RECOGNIZES DAHO CODE 22-4003, RIGHT TO FARM ACT, WHICH STATES, "NO AGRICULTURAL OPERATION OR APPEARANCE TO IT SHALL BE DEEMED A NUISANCE... THE SURROUNDING NON-AGRICULTURAL ACTIVITIES AFTER THE SAME HAS BEEN IN OPERATION FOR MORE THAN ONE (1) YEAR, WHEN THE OPERATION WAS NOT A NUISANCE AT THE TIME THE SECTION WAS PLAT... THIS SECTION SHALL NOT APPLY WHENEVER A NUISANCE RESULTS FROM THE IMPROPER OR NEGLIGENT OPERATION OF ANY AGRICULTURAL OPERATION OR APPEARANCE TO IT."
 - ANY RESUBDIVISION OF THIS PLAT SHALL COMPLY WITH THE APPLICABLE REGULATIONS IN EFFECT AT THE TIME OF THE RESUBDIVISION.
 - BUILDING SETBACKS AND DIMENSIONAL STANDARDS IN THIS SUBDIVISION SHALL BE IN COMPLIANCE WITH THE APPLICABLE ZONING REGULATIONS OF ADA COUNTY.
 - EACH LOT WITHIN THE DEVELOPMENT SHALL CONNECT TO A MUNICIPAL SEWAGE COLLECTION AND TREATMENT SYSTEM.
 - THE PROPERTY SHOWN ON THIS PLAT IS NOT IN AN IRRIGATION DISTRICT, AND THE REQUIREMENTS OF IDAHO CODE, 31-3605 ARE NOT APPLICABLE.
 - A 10 FOOT WIDE PERMANENT EASEMENT FOR PUBLIC UTILITIES, DRAINAGE, AND IRRIGATION IS HEREBY DESIGNATED ALONG THE SUBDIVISION BOUNDARY AND THE FRONT AND REAR LOT LINES UNLESS NOTED OTHERWISE.
 - ALL SIDE LOT LINES ARE HEREBY DESIGNATED AS HAVING A TEN (10) FOOT PUBLIC UTILITIES, DRAINAGE, AND IRRIGATION EASEMENT FIVE (5) FEET ON EACH SIDE OF SAID LOT LINES, UNLESS NOTED OTHERWISE.
 - IRRIGATION/DRAINAGE WATERS SHALL NOT BE IMPEDED BY ANY CONSTRUCTION ON SITE.
 - LOTS 92 AND 117, BLOCK 1, ARE COMMON AREAS, FOR THE PURPOSE OF LANDSCAPING AND PUBLIC UTILITIES AND ARE TO BE OWNED AND MAINTAINED BY THE HOME OWNERS ASSOCIATION.
 - LOT 93, BLOCK 1, IS A COMMON LOT FOR THE PURPOSE OF A PRIVATE ROADWAY FOR ACCESS AND EGRESS IN FAVOR OF THE PUBLIC UTILITY EASEMENT AND SHALL BE OWNED AND MAINTAINED BY THE HOMEOWNER'S ASSOCIATION.
 - THE EASTERN LINE OF THE EXISTING 10 FOOT PUBLIC UTILITY, DRAINAGE AND IRRIGATION EASEMENT ALONG S. CLOVEDALE ROAD PER ARROWROCK RANCH SUBDIVISION NO. 1 PLAT IS 35 FEET EAST OF THE SECTION LINE AND NEW 10 FOOT WIDE UTILITY PER NOTE 6 OF THE NEW LOT LINES.



PROFESSIONAL LAND SURVEYOR
REGISTERED
10782
2-19-08



SURVEY REFERENCES
 (1) RECORD OF SURVEY INSTR. NO. 5228
 ARROWROCK RANCH SUBDIVISION NO. 1
 BOOK 83 OF PLATS PAGE 11157-11160
 (2) BOOK 83 OF PLATS PAGE 11157-11160

CENTRAL DISTRICT HEALTH DEPARTMENT
 SANITARY RESTRICTIONS AS REQUIRED BY IDAHO CODE, TITLE 50,
 CHAPTER 13 HAVE NOT BEEN SATISFIED AND ARE IN FORCE FOR
 THE FOLLOWING LOTS:
 BLOCK 1 LOTS 64-117
 NO OWNER SHALL CONSTRUCT ANY BUILDING, DWELLING, OR
 SHELTER WHICH NECESSITATES THE SUPPLYING OF WATER OR
 SEWAGE FACILITIES FOR PERSONS USING SUCH PERMITS UNTIL
 SANITARY RESTRICTION REQUIREMENTS ARE SATISFIED AND LIFTED.
 BY: *[Signature]* **J.E.H.A.C.**
 CENTRAL DISTRICT HEALTH DEPARTMENT
 DATE: 2/30/07

LEGEND

- SUBDIVISION BOUNDARY
- NEW LOT LINES
- EXISTING EASEMENTS
- FOUND BRASS CAP MONUMENT
- FOUND 5/8" REBAR PLS 10782
- UNLESS OTHERWISE NOTED
- SET 5/8" X 30" REBAR W/ORANGE PLASTIC CAP PLS 10782
- SET 1/2" X 24" REBAR W/ORANGE PLASTIC CAP PLS 10782
- CALCULATED POINT
- RECORD INFORMATION
- EXISTING LOT NUMBER
- NEW LOT NUMBER
- FOUND 1/2" X 24" REBAR W/ORANGE PLASTIC CAP PLS 10782

DETAIL "A"
SCALE: 1"=50'

DETAIL "B"
SCALE: 1"=50'

LEGAL DESCRIPTION

Land within Section 3, T1N, R1E and the SW1/4NW1/4 of Section 2, T1N, R1E, B.M., Ada County, Idaho, as follows:

BEGINNING at the West 1/4 Corner of said Section 3, marked by a 5/8 inch rebar, with a plastic cap stamped "PLS 8251" as per Corner Perpetuation Record Inst. No. 100101317, Ada County Records;

thence, along the West Line of said Section 3, North 00°47'09" West, 2502.08 feet, to a point on the boundary of that parcel of land described in Warranty Deed Inst. No. 97007691;

thence, along the boundary of said Parcel, the following 5 (five) calls:

- 1). North 89°12'51" East, 25.00 feet;
 - 2). North 00°47'09" West, 103.00 feet;
 - 3). North 40°48'59" East, 25.43 feet;
 - 4). South 89°27'15" East, 2619.91 feet, to a found 5/8" rebar, PLS 8251;
 - 5). South 89°26'22" East, 2661.23 feet, to a found 5/8" rebar, PLS 8251 on the line common to said Sections 3 and 2;
- thence, along said common line, South 00°52'51" East, 1301.64 feet, to the North 1/16 corner marked by a found 5/8" rebar, PLS 8251;
- thence along the North Line of the SW1/4NW1/4 of said Section 2, South 89°22'46" East, 318.52 feet, to a found 5/8 inch rebar, with a plastic cap marked "Hodge PLS 8575";
- thence South 00°37'14" West, 287.27 feet, to a set 5/8 inch rebar, with an orange plastic cap marked "TVEI PLS 10782" (hereafter noted simply as a "set 5/8 inch rebar";
- thence South 89°22'46" East, 151.64 feet, to a set 5/8 inch rebar;
- thence North 00°37'14" East, 287.27 feet, to a set 5/8 inch rebar on the North Line of said SW1/4NW1/4 of Section 2;
- thence, along said North Line, South 89°22'46" East, 854.99 feet, to the Northeast corner of said SW1/4NW1/4, marked by a found 5/8" rebar, PLS 8251;
- thence, along the East Line thereof, South 00°39'31" East, 1330.03 feet, marking the Southeast corner of said SW1/4NW1/4;
- thence along the South Line thereof, North 89°25'02" West, 1320.09 feet, to the 1/4 Corner common to said Sections 2 and 3. Marked with a brass cap monument, as per Corner Perpetuation Record Inst. No. 100101083;
- thence along the line common to said Sections 2 and 3, South 00°49'31" East, 1331.81 feet, to a set 5/8 inch rebar marking the South 1/16 corner;
- thence, along the South Line of the N1/2SE1/4 of said Section 3, North 89°18'39" West, 2571.57 feet, to a found 5/8 inch rebar, marked PLS 8251 on the northerly right-of-way of the Union Pacific Railroad;
- thence, along said right-of-way, North 76°40'09" West, 926.19 feet, to a 8494.62 foot radius curve to the right;
- thence, along said right-of-way and the arc of said curve, 1992.34 feet, through a central angle of 13°26'18", and having a chord which bears, North 69°57'00" West, 1987.78 feet, to a point on the West Line of said Section 3;
- thence, along said West Line, North 00°47'17" West, 464.65 feet; to the POINT OF BEGINNING.

Containing 500.13 acres, more or less.

LEGAL DESCRIPTION

A RESUBDIVISION OF LOT 61, BLOCK 1, OF ARROWROCK RANCH SUBDIVISION NO. 1 AS RECORDED IN BOOK 93 OF PLATS AT PAGES 11157 THROUGH 11160, ADA COUNTY RECORDS, SAID PARCEL BEING WITHIN THE S 1/2 OF THE NW 1/4 OF SECTION 3, T1N, R1E, B.M., ADA COUNTY, IDAHO, AS FOLLOWS:

COMMENCING AT THE WEST 1/4 CORNER OF SAID SECTION 3, MARKED BY A 5/8" REBAR/CAP PLS 8251 AS PER CORNER RECORD INST. NO. 100101317, ADA COUNTY RECORDS;

THENCE, ALONG THE SOUTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 3, SOUTH 89°21'55" EAST, A DISTANCE OF 25.01 FEET, TO A FOUND 5/8" REBAR/CAP PLS 10782 ON THE EAST RIGHT OF WAY OF SOUTH CLOVERDALE ROAD SAID POINT BEING THE SOUTHWEST CORNER OF SAID LOT 61 AND THE POINT OF BEGINNING;

THENCE, ALONG THE EAST RIGHT OF WAY OF SOUTH CLOVERDALE ROAD, NORTH 00°47'09" WEST A DISTANCE OF 1224.89 FEET TO A FOUND 5/8" REBAR/CAP PLS 10782;

THENCE ALONG THE NORTH LINE OF SAID LOT 61, BLOCK 1, SOUTH 89°27'40" EAST A DISTANCE OF 2166.87 FEET TO A FOUND 5/8" REBAR/CAP PLS 10782;

THENCE ALONG THE EAST LINE OF SAID LOT 61, BLOCK 1, SOUTH 00°40'07" WEST A DISTANCE OF 1228.14 FEET TO A FOUND 5/8" REBAR/CAP PLS 10782 ON THE SOUTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 3;

THENCE, ALONG THE SOUTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 3, NORTH 89°21'55" WEST A DISTANCE OF 2135.77 FEET TO THE POINT OF BEGINNING

CONTAINING 60.57 ACRES, MORE OR LESS.

ALL OF THE LOTS SHOWN ON THIS PLAT WILL BE ELIGIBLE TO RECEIVE WATER SERVICE FROM INTERMOUNTAIN SEWER AND WATER CORP., AND INTERMOUNTAIN SEWER AND WATER CORP. HAS AGREED, IN WRITING, TO SERVE ALL OF THE LOTS IN THIS SUBDIVISION. (I.C. 50-1334)

S. CLOVERDALE ROAD AS SHOWN ON THIS PLAT IS HEREBY DEDICATED TO THE PUBLIC. THE EASEMENTS AND PRIVATE ROADS (W. PRECEPT LN. AND W. TOUCHROCK LN.), AS SHOWN, ON THIS PLAT, ARE NOT DEDICATED TO THE PUBLIC, BUT THE RIGHT TO USE SAID EASEMENTS IS HEREBY PERPETUALLY RESERVED FOR PUBLIC UTILITIES AND SUCH OTHER USES AS DESIGNATED HEREON AND NO PERMANENT STRUCTURES ARE TO BE ERRECTED WITHIN THE LINES OF SAID EASEMENTS.



STATE OF IDAHO
DEPARTMENT OF
ENVIRONMENTAL QUALITY

RECEIVED

2008 FEB -5 AM 11:32

1410 North Hilton • Boise, Idaho 83706 • (208) 373-0502

IDAHO PUBLIC UTILITIES COMMISSION
Butch Otter, Governor
Toni Hardesty, Director

TSP&S-163/2007

July 19, 2007

Greg Johnson
Westpark Company, Inc.
P. O. Box 344
Meridian, Idaho 83642

RE: Arrowrock Ranch Subdivision Drinking Water System (PWS # 4010247, Ada County)
Approved Manuals and As-Built Drawings

Dear Mr. Johnson:

The attached Demonstration of Financial, Technical and Managerial Capacity, Operations Manual and as-built drawings (inside Operations Manual) for the above-referenced project appear to meet state of Idaho standards for such documents, and are hereby approved.

Please contact me with any questions at 373-0514, or via e-mail at peter.bair@deq.idaho.gov.

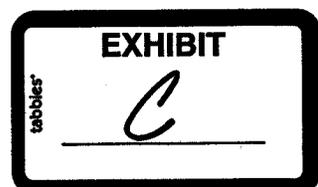
Sincerely,


Peter S. Bair, P.E.
Technical II Engineer

PSB:sjt

Attachments: Approved copy of Demonstration of Financial, Technical and Managerial Capacity, Operations Manual and as-built drawings inside Operations Manual

- C: Todd Crutcher, E.I.T., Boise Regional Office
SPF Water Engineering, LLC, 600 East River Park Lane, Suite 105, Boise, Idaho 83706 (approved copy of Demonstration of Financial, Technical and Managerial Capacity, Operations Manual and as-built drawings inside Operations Manual)
- BRO Source File, Arrowrock Ranch Drinking Water System (approved copy of Demonstration of Financial, Technical and Managerial Capacity, Operations Manual and as-built drawings inside Operations Manual)
- TSP&S Reading File



New Water System Capacity Demonstration Submittal Form
System Name Arrowrock Ranch

RECEIVED

OCT 23 2005

This form serves as a checklist of the required elements and points to their location in the submittal package.

DEPARTMENT OF ENVIRONMENTAL QUALITY
 BOISE REGIONAL OFFICE

<u>Element</u>	<input checked="" type="checkbox"/>	<u>Location</u>
#1 System Ownership & Management		
Legal Owner	<input checked="" type="checkbox"/>	<u>Pg. 1, Exhibit 1-1</u>
Deeds, Plats, Easements	<input checked="" type="checkbox"/>	<u>Pg. 1, Exhibits 1-2, 1-3</u>
Responsible Person (Operator)	<input checked="" type="checkbox"/>	<u>Pg. 2, Exhibits 1-4, 1-5, 1-6</u>
By-Laws, Covenants, etc.	<input checked="" type="checkbox"/>	<u>Pg. 2</u>
Consolidation	<input checked="" type="checkbox"/>	<u>Pg. 2</u>
Organizational Function	<input checked="" type="checkbox"/>	<u>Pg. 2, Exhibits 1-4, 1-5, 1-6</u>
Change of Ownership	<input checked="" type="checkbox"/>	<u>Pg. 3</u>
Employee Policies & Procedures	<input checked="" type="checkbox"/>	<u>Pg. 5</u>
Attorney & Engineer	<input checked="" type="checkbox"/>	<u>Pg. 5</u>
Fiscal Controls	<input checked="" type="checkbox"/>	<u>Pg. 6, Exhibit 1-7</u>
#2 Service Area & Facilities (Map)	<input checked="" type="checkbox"/>	<u>Pg. 6, Exhibits 1-2, 1-3</u>
#3 Component Inventory & Capital Plan	<input checked="" type="checkbox"/>	<u>Pg. 7, Exhibit 3-1</u>
#4 Water Usage Projection	<input checked="" type="checkbox"/>	<u>Pg. 7</u>
#5 Water Right & Initial Monitoring Results	<input checked="" type="checkbox"/>	<u>Pg. 8, Exhibit 5-1</u>
#6 Monitoring & Compliance Plans	<input checked="" type="checkbox"/>	<u>Pg. 8, Exhibit 6-1</u>
#7 Operation & Maintenance Manual	<input checked="" type="checkbox"/>	<u>See Operations Manual</u>
#8 Cross-Connection Control Program	<input checked="" type="checkbox"/>	<u>See Operations Manual</u>
#9 Emergency Response Plan	<input checked="" type="checkbox"/>	<u>See Operations Manual</u>
#10 Source Protection Plan	<input checked="" type="checkbox"/>	<u>Pg. 9</u>
#11 Five-Year System Operating Budget	<input checked="" type="checkbox"/>	<u>Pg. 9, Exhibit 11-1</u>

Demonstration of Financial, Technical, and Managerial Capacity for a New Public Water System

ARROWROCK RANCH

PWS No. 4010247

Ada County, Idaho

October 2005

Prepared By:

SPF Water Engineering, LLC
Timothy L. Farrell, P.E.
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Demonstration of Financial, Technical, and Managerial Capacity
for a New Public Water System

New Water System Capacity Demonstration Submittal Form

ARBOR RIDGE, LLC

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LIST OF EXHIBITS

EXHIBIT 1-1	Articles of Organization of Arbor Ridge, LLC
EXHIBIT 1-2	Deeds of Ownership
EXHIBIT 1-3	Final Plat for Arrowrock Ranch Subdivision
EXHIBIT 1-4	Declaration of Covenants, Conditions and Restrictions for Arrowrock Ranch Subdivision
EXHIBIT 1-5	Articles of Incorporation of Arrowrock Ranch Association, Inc.
EXHIBIT 1-6	Bylaws of Arrowrock Ranch Association, Inc.
EXHIBIT 1-7	Development Cost Breakdown for Arrowrock Ranch Subdivision
EXHIBIT 3-1	Component Inventory and Replacement Plan
EXHIBIT 5-1	Water Rights
EXHIBIT 6-1	List of Regulated Contaminants
EXHIBIT 11-1	Annual Operating Budget

ELEMENT #1 – System Ownership & Management

The Arrowrock Ranch water system will ultimately supply domestic water and fire protection to 100 residential homes and the wastewater treatment plant in Ada County, Idaho. The proposed subdivision is generally located at the southeast corner of the intersection of Cloverdale and Kuna Mora roads. The legal description of the subject property generally is the NW1/4, Section 3, T1N, R1E.

The water system will be composed of two new water supply wells. Well No. 1 is being constructed with 12-inch casing and 12-inch well screens. Well No. 2 is constructed with 18-inch casing and 10-inch well screens. Both wells will be developed to produce water from the same water bearing zone, approximately 275 – 400 feet below ground level (“bgl”). Well No. 1 will serve as the primary source of supply, and Well No. 2 is equipped with two well pumps capable of supplying both domestic demands and fire protection capacity.

The distribution system will be supplied from a common well facility through a 12-inch water main. An 8-inch looped system will provide adequate hydraulic capacity to assure 1,000 gpm will be supplied to all fire hydrants at a minimum pressure of 20 psi. All homes will be metered to enforce water conservation measures. Service lines will be single 1-inch polyethylene with single meter boxes. All homes will be provided with a minimum pressure of 40 psi at the meter box.

A sequencing batch reactor (“SBR”) will treat all wastewater collected within the proposed subdivision. Effluent from the treatment facility will then be land applied at an approved site.

1. Legal Owner

The legal owner of the Domestic Water System for Arrowrock Ranch Subdivision (which Domestic Water System includes applicable water rights) is Arbor Ridge, LLC, an Idaho limited liability company (the “Developer”), whose principal address is 660 East Franklin, Suite 240, Meridian, Idaho 83642, and whose telephone number is (208) 888-9946. The Articles of Organization for Arbor Ridge, LLC, attached as **Exhibit 1-1**, were filed with the Idaho Secretary of State on December 6, 2000, as document number 365038.

2. Deeds, Plats, Easements

As described in the deeds attached as **Exhibit 1-2**, the property that is planned for development as Arrowrock Ranch Subdivision is presently owned in part by the Developer, Arbor Ridge, LLC, and in part by, collectively, LaVar K. and Wilma M. Thornton and Layne and Lori Thornton (“Thornton”). The Developer has an option to purchase the property presently owned by Thornton.

The final plat for Arrowrock Ranch Subdivision, attached as **Exhibit 1-3**, has been approved by Ada County.

3. Responsible Person

The responsible person for the Domestic Water System, also known as the “**Certified Operator**”, is:

Valley Hydro, Inc.
Tom Mehiel
Distribution Operator Class III
Cert. No. DWD3-11130
1904 E. Beech St.
Caldwell, ID 83605
Home (208) 454-2706, Mobile (208) 941-5989, Fax (208) 376-6934
e-mail: bshpigg@cableone.net

The Certified Operator periodically will prepare technical and managerial reports in connection with the Domestic Water System.

4. Articles, Bylaws, Covenants, etc.

Arbor Ridge, LLC has created the Declaration of Covenants, Conditions and Restrictions for Arrowrock Ranch Subdivision (the “**Declaration**”), which Declaration is attached as **Exhibit 1-4**. The Declaration, the Articles of Incorporation, attached as **Exhibit 1-5**, and the Bylaws, attached as **Exhibit 1-6**, for Arrowrock Ranch Association, Inc. (the “**Association**”) are the constituent documents for Arrowrock Ranch Subdivision and the Association.

5. Feasibility of obtaining service from an existing water system

The public water supply closest to Arrowrock Ranch Subdivision is the water system that serves Kuna, Idaho. The Kuna City water supply is located approximately 2 1/2 miles from Arrowrock Ranch Subdivision. Due to the distance involved, it is not feasible to interconnect the Kuna City water system with Arrowrock Ranch Subdivision.

6. Water system management

The Developer, owner of the Domestic Water System, will continue to work closely with the Certified Operator in connection with the Domestic Water System management. The professional Certified Operator will supply the Developer with the information necessary to make decisions in connection with the Domestic Water System. Contact between the Developer and the Certified Operator will occur through regular face-to-face meetings supplemented with the constant ability for contact through telephone, e-mail and facsimile. Such contact helps ensure that issues such as equipment problems, performance shortfalls, and pending needs for repair and replacement are addressed

timely. The Developer, with input from the Certified Operator, will develop an orderly record-keeping system to ensure legal, financial and regulatory records of the Domestic Water System are maintained in good order.

Customers of the Domestic Water System, which customers are also members of the Association, will be provided with an overview of the continuing operation of the Domestic Water System and will be notified of any issues and events in connection with the Domestic Water System at the regularly scheduled and special meetings of the Association. Schedules and notice requirements in connection with such meetings are provided further in the constituent documents of the Association (**Exhibits 1-4 through 1-6**). At such meetings, members of the Association are given the opportunity to obtain information on the Domestic Water System and to supply information and comments to the Developer as well as the Certified Operator. Outside of the regularly scheduled and special meetings of the Association, both the Developer and the Certified Operator also will maintain close contact with the board of directors of the Association, which board, in turn, has close contact with the Association members and Domestic Water Service customers.

7. **Change of ownership**

It is anticipated that the ownership of the Domestic Water System may change. As provided in Article 9 of the Declaration, the Developer may transfer the Domestic Water System to the Association or another public or private entity. Article 9 addresses the relevant issues and procedures in connection with such transfer. Specifically, the Declaration provides:

9.12 Transfer of Water System. During the development phase of the project, the Water System shall be owned by Grantor; provided, however, Grantor, in its sole discretion, shall convey fee simple title to the Water System to the Association or other public or private entity (“other Water Provider”) following Grantor’s receipt of written authorization for such transfer from the Idaho Department of Environmental Quality. Modifications to Water System facilities for the purposes of providing water service to nearby developments shall be made at the sole expense of the Grantor. If the Water System will be transferred to an entity other than the Association, documentation of the other Water Provider’s technical, financial, and managerial capacity to operate the Water System must be provided to DEQ prior to the transfer. The Grantor may transfer ownership of the Water System after 90 percent (90%) of lots within the subdivision have requested water service.

In the event the Water System is transferred to the Association or other Water Provider, as the case may be, Grantor shall notify the Association or other Water Provider, as the case may be, in writing of the transfer and the Association or other Water Provider, as the case may be, shall be responsible for the ownership, operation and maintenance of the Water System. When Grantor transfers the Water System to the Association or other Water Provider, as the case may be, such transfer shall be free and clear of all encumbrances and liens, except current real property taxes that shall be

prorated to the date of such transfer, reservations, covenants, conditions and restrictions then of record including those set forth in this Declaration.

When Grantor transfers the Water System to the Association or other Water Provider, as the case may be, the Association or other Water Provider, as applicable, shall contact the Idaho Department of Water Resources, Western Regional Office, to arrange for any and all water rights appurtenant to the Water System to be assigned to the Association or other Water Provider, as applicable. If any water rights appurtenant to the Water System have not been licensed, the Grantor shall contact the Idaho Department of Water Resources, Western Regional Office, to arrange for any and all permits appurtenant to the Water System to be assigned to the Association or other Water Provider, as applicable.

If the transfer of the Water System to the Association or other Water Provider, as the case may be, occurs prior to corrosion control treatment evaluation, Grantor shall be responsible for all corrosion control testing and treatment costs.

If Grantor has transferred the Water System to the Association, the Association shall have the right to transfer, sell or convey the Water System to a public or private entity, conditioned only upon reasonable assurances that the Water System shall be owned, operated and maintained in a manner that shall provide service from the Water System to Owners on a continuing basis with quality of service equal to the Community-Wide Standard, and service that meets all applicable governmental laws, ordinances and regulations. For purposes of this Article IX, Grantor is hereby appointed and made attorney-in-fact for the Association, with full power of attorney to consummate any such transfer of the Water System.

If the Water System is transferred to the Association, and if the Association is contemplating dissolution during any time that the Association owns and operates the Water System, the Association shall contact the Idaho Department of Environmental Quality. The Association shall contract with an entity approved in writing by the Idaho Department of Environmental Quality to own and operate the Water System, prior to the Association's dissolution. During any time that the Association owns and operates the Water System, the Association shall not dissolve without written approval of the Idaho Department of Environmental Quality.

If Grantor does not convey the Water System to the Association or other Water Provider, Grantor shall have the right to transfer, sell or convey the Water System to a public or private entity, conditioned only upon approval in writing by the Idaho Department of Environmental Quality and reasonable assurances that the Water System shall be owned, operated and maintained in a manner that shall provide service from the Water System to Owners on a continuing basis with good quality of service that meets all applicable governmental laws, ordinances and regulations. No transfer of the Water System shall occur until the Idaho Department of Environmental Quality has certified that the existing Water System is in substantial compliance with state laws, regulations and/or rules.

If Grantor transfers ownership of the Water System to the Association, the Association shall collect Regular Assessments, and may collect Limited Assessments, as set forth in Section 9.2. The amount of such Assessments shall be reviewed annually by the Association, and may be adjusted annually based on actual operation and maintenance expenses and projected future capital expenditures. Such Assessments shall include a reasonable reserve amount for future capital expenditures for facilities maintenance and replacement. If Grantor transfers ownership of the Water System to the Association, the Association shall maintain a separate bank account in connection with the Water System and all charges and/or Assessments and reserve funds collected by the Association relating to the Water System shall be deposited therein, and revenue in excess of paid operation and maintenance costs shall be held in reserve for future capital expenditures.

If Grantor transfers ownership of the Water System to another Water Provider, such other Water Provider may propose an alternative rate structure, accounting procedures, and/or auditing procedures, conditioned only upon approval in writing by the Idaho Department of Environmental Quality and reasonable assurances that the Water System shall be owned, operated and maintained in a manner that shall provide service from the Water System to Owners on a continuing basis with good quality of service that meets all applicable governmental laws, ordinances and regulations.

8. Policies for Management of Water System Employees

The Arrowrock Ranch Subdivision Domestic Water System is not large enough to require a full time employee. The Developer intends to contract with the Certified Operator, which Certified Operator will monitor the operation of the Domestic Water System and perform the necessary water quality testing. Because the Developer intends to contract with the Certified Operator, no policies or procedures are needed for the management of employees.

9. Attorney & Engineer

Engineer:

SPF Water Engineering, LLC
Timothy L. Farrell, P.E.
600 East River Park Lane, Suite 105
Boise, Idaho 83706
(208) 383-4140, Fax (208) 383-4156
e-mail: tfarrell@spfwater.com

Attorney:

Spink Butler, LLP
JoAnn C. Butler, Esq.
251 E. Front Street, Suite 200
Boise, ID 83702
(208) 388-1000, Fax (208) 388-1001
email: jbutler@sb-attorneys.com

10. Description of Fiscal Controls

Even before discussing fiscal controls in connection with the completed Domestic Water System, it is important to demonstrate that the Developer has the financial ability to pay for the cost of designing, permitting and constructing Arrowrock Ranch Subdivision, including the Domestic Water System. The Developer has received a commitment for development financing from Mountain West Bank (Loan No. 817300460). A cost breakdown of development components, including the Domestic Water System, which breakdown describes payments to date, is provided in **Exhibit 1-7**. The Domestic Water System is identified as line item number 3. Greg Johnson, Managing Member of Arbor Ridge, LLC, will be responsible for establishing a bank account, signing checks and making payments, and preparing financial reports in connection with the Domestic Water System.

Bookkeeping for the Domestic Water System will track monthly income and expenditures, and will track the established reserve fund to be used exclusively in connection with the Domestic Water System's operation, repair, monitoring, and replacement costs. If the Developer does transfer the Domestic Water System to the Association, the Association will continue to account for the Domestic Water System income, expenditures and reserves separately from other Association activities. As provided in the Declaration, an annual operating statement and balance sheet for all Association activities, including the Domestic Water System, would be prepared for distribution to the members of the Association and customers of the Domestic Water System.

ELEMENT #2 – Service Area & Facilities Map

Arrowrock Ranch Subdivision is generally located at the southeast corner of the intersection of Cloverdale and Kuna Mora Roads. The legal description of Arrowrock Ranch Subdivision is found in the deeds attached as **Exhibit 1-2**. The boundary of the service area for the Arrowrock Ranch Domestic Water System is defined by the final plat of Arrowrock Ranch Subdivision (see **Exhibit 1-3**). The Arrowrock Ranch Domestic Water System will ultimately supply domestic water, irrigation water for building lots (not common area) and fire protection to 101 residential homes in Ada County, Idaho.

An operating map of the Domestic Water System describes major components of the Domestic Water System and is contained in the Arrowrock Ranch Water System "Operations and Maintenance Manual", October 2005.

ELEMENT #3 – Component Inventory & Capital Replacement Plan

The facility components inventory and annualized capital replacement plan is included in **Exhibit 3-1**. The preliminary capital plan is based on initial construction costs only. Once the Domestic Water System is constructed, actual system costs will be input into this cost model to produce a reasonable estimate of annual capital reserve requirements. Due to the dynamic nature of phased growth within Arrowrock Ranch Subdivision, the cost model should be updated on a yearly basis until full build out of the Subdivision. The annualized cost of replacement, along with operational costs, must be paid by homeowners to guarantee future funds are available for both operation and future capital requirements. The cost model has been created assuming an inflation factor of 3% and an interest rate of 6%.

ELEMENT #4 – Water Usage Projection

Domestic Water System demands for Arrowrock Ranch Subdivision will be composed of three components: domestic, irrigation and fire protection demands. Design demands have been estimated using equations found in A Study of Residential Water Use as recommended by the Idaho Department of Environmental Quality (“DEQ”) staff for metered water systems. Domestic water usage for each home within Arrowrock Ranch Subdivision would include potable water plus 0.5 acres of irrigation water. In addition to domestic supply, 1,000 gpm of fire protection capacity would be required for Arrowrock Ranch Subdivision.

For design and well construction purposes, water demands have been calculated (see **Table 4-1** below) using 101 residential customers and also include an irrigation component to avoid underestimating peak instantaneous demands.

Table 4-1.

Arrowrock Ranch Water System (Design Demands)		
Residential Customers	101	Totals
Average Lot Size	32,670 (ft ²)	0.75 acre
Average Day Demand (peak season)	1.4 gpm/Customer	140 gpm
Peak Day Demand	2.28 gpm/Customer	230 gpm
Peak Hour Demand	4.73 gpm/Customer	480 gpm

Once actual water demand data is measured for existing customers within Arrowrock Ranch Subdivision, future water demand requirements will be calculated based on actual water usage.

Water Use Projections	Year				
	1	2	3	4	5
Customers	15	40	65	90	101
Average Use/day/customer (gallons)	2,000	2,000	2,000	2,000	2,000
Water Use/year (gallons)	10,950,000	29,200,000	47,450,000	65,700,000	73,730,000

Note: Above projections assume 100% occupancy.

ELEMENT #5 – Water Right & Initial Monitoring

An application to appropriate water in the State of Idaho was filed with the Idaho Department of Water Resources (“DWR”) in July 2003. The application requests 1.43 cfs of water for domestic supply and 2.25 cfs of water for fire protection purposes. Please refer to **Exhibit 5-1** to review the complete application. Initial monitoring has been collected from Well No. 2 and the results of lab reports are included in the companion document, Arrowrock Ranch Water System, Operations Manual, October 2005. Additional monitoring will be collected as required by DEQ when Well No. 1 is complete and will be provided to DEQ and the customers of the Domestic Water System.

ELEMENT #6 – Monitoring & Compliance Plans

As required by the Idaho Rules for Public Drinking Water Systems, the Certified Operator of the Domestic Water System must sample and test the System monthly for coliform bacteria (and more frequently if contamination is found). Each well source must be sampled and tested annually for nitrate. It is contemplated that DEQ will advise the Domestic Water System operator of additional sampling required to meet the requirements of the Safe Drinking Water Act. All sampling will be done by a certified operations company retained by the Developer and analyzed by Analytical Laboratories, Inc., of Boise, Idaho.

All required chemical contaminant sampling will be taken from a specific homeowner’s tap to guarantee consistency of sampling over time. Please refer to **Exhibit 6-1**, for a complete list of regulated contaminants and corresponding maximum contaminant levels (“MCL”) that will be tested for on a schedule as determined by DEQ.

ELEMENT #7 – Operation & Maintenance

See Companion Document – Arrowrock Ranch Water System, Operations Manual, October 2005.

ELEMENT #8 – Cross-Connection Control Program

See Companion Document – Arrowrock Ranch Water System, Operations Manual, October 2005, Chapter 5.

ELEMENT #9 – Emergency Response Plan

See Companion Document – Arrowrock Ranch Water System, Operations Manual, October 2005, Chapter 4.

ELEMENT #10 – Source Protection Plan

Each wellhead shall be protected with the following restrictions:

1. No parking of equipment or vehicles, storage of pesticides, herbicides, fertilizers, petroleum products or other toxic or hazardous materials shall be permitted within a 50-foot radius of each wellhead in accordance with the Idaho Rules for Public Drinking Water Systems.
2. Petroleum products and other chemicals shall not be used on roads within 50 feet of each wellhead.
3. No standing water or storm water runoff shall be permitted within a 50-foot radius of each wellhead.
4. Design and construction of all water facilities shall be in full compliance with all DEQ and DWR standards established to minimize the potential for groundwater contamination including:
 - a. IDAPA 37.03.09: “Well Construction Standards”
 - b. IDAPA 58.01.08-550: “Design Standards for Public Water Systems”

ELEMENT #11 – Five-Year System Operating Budget

The annual operation and capital budget projections for the Domestic Water System are found in **Exhibit 11-1**. The operation and capital budget was calculated using an inflation factor of 3% and interest rate of 6%. An estimated user fee of \$39.49 per month, or \$473.93 per year is required to meet the capital reserve and annual operating budget expenditures of the Domestic Water System. At this time, all cost data has been estimated and will be updated after actual cost data is available.

ISW-W-08-01

**SEE FILE FOR 10 MAPS
WHICH ARE PART OF
ATTACHMENT C, WHICH
WERE TOO LARGE
TO BE SCANNED**

ISW-W-08-01

ATTACHMENT E,

A LIST OF CUSTOMERS,

IS CONFIDENTIAL AND

WAS FILED SEPARATELY