

ORIGINAL

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IDAHO PUBLIC
UTILITIES COMMISSION

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION
OF UNITED WATER IDAHO INC., FOR AN
AMENDMENT TO ITS CERTIFICATE OF
PUBLIC CONVENIENCE AND NECESSITY
NO. 142 AND FOR AN ACCOUNTING ORDER.

Case No. UWI-W-04- 03

**APPLICATION AND REQUEST
FOR MODIFIED PROCEDURE**

COMES NOW United Water Idaho Inc., (“United”, “the Company”) pursuant to Idaho Code Section 61-526 and IPUCRP 112 and 201 in support of this Application respectfully shows as follows to wit:

I.

Applicant is a public utility water corporation within the meaning of the Idaho Public Utility Law, is duly organized and existing under the laws of the State of Idaho and engaged in conducting a general water business in and about Boise City, Ada County, Idaho and in Canyon County, having its principal office and place of business at 8248 West Victory Road, P.O. Box 190420, Boise, Idaho 83719-0420.

II.

Communications in reference to this application should be addressed to:

Gregory P. Wyatt
UNITED WATER IDAHO INC.
P.O. Box 190420
Boise, Idaho 83719-0420
208/362-7325
208/362-7069 (fax)

Dean J. Miller, Esq.
MCDEVITT & MILLER LLP
420 West Bannock Street
P.O. Box 2564-83701
Boise, Idaho 83702
208/343-7500
208/336-6912 (fax)

III.

A certified copy of Applicant's Articles of Incorporation, together with all amendments to date, is on file with the Commission.

IV.

For over 100 years, Applicant, together with its predecessors in interest, has owned and operated and now owns and operates an extensive and integrated water system in Boise City, Idaho, and in certain territory within Ada County in the vicinity of, but outside the present corporate limits of said Boise City, and renders general water service within such territory and to the inhabitants thereof. Applicant also provides service to isolated subdivisions in Canyon County, Idaho.

V.

In Order No. 27976, dated March 29, 1999, the Commission approved an expansion of United's Certificate of Public Convenience and Necessity to provide service to the Carriage Hill subdivision ("Carriage Hill") in Canyon County, Idaho, near the City of Nampa ("Nampa"). The expansion was pursuant to a Residential or Multiple Family Housing Non-Contiguous Water System Agreement dated November 20, 1998.

VI.

On or about December 7, 1998 Carriage Hill, doing business as Carriage Hill, L.L.C., an Idaho limited liability company, executed a Design-Build Promissory Note, a true copy of which is attached hereto as Exhibit A, in favor of United Water Works Inc., a Delaware corporation, in the original principal amount of \$350,000.00. The purpose of said note was to provide funds to assist Carriage Hill in the construction of the water system within the subdivision.

VII.

On or about August 15, 2003 the City of Nampa indicated its desire to enter into negotiations with United and Carriage Hill in connection with the ownership, operation and maintenance of the domestic water system and the connection of the system to Nampa's municipal water system.

VIII.

On August 25, 2003 Carriage Hill requested a waiver from the Idaho Department of Environmental Quality to allow an additional 10 lots in the subdivision to be connected to the water system prior to the installation of a second source of supply, which second source of supply will take the form of connection to Nampa's municipal water system. As of the date of this Application approximately 30 lots in the subdivision have been connected to the domestic water system.

IX.

Thereafter, Nampa and Carriage Hill entered into that Certain Annexation and LID Agreement, a true copy of which is attached hereto as Exhibit B. Contemporaneously therewith United and Nampa executed a Purchase Agreement (Agreement) whereby United agreed to sell and Nampa agreed to buy the Carriage Hill domestic water system. A true copy of the Agreement is attached hereto as Exhibit C.

X.

Thereafter, Nampa adopted a Resolution declaring its intent to acquire the water system and to create Local Improvement District No 140 for Nampa, Idaho. A true copy of Resolution No. 20-2004 is attached hereto as Exhibit D. Pursuant to Idaho Code 50-1710 it is anticipated that Nampa will adopt an ordinance creating the local improvement district on or after August 16, 2004. This Application is contingent upon the adoption of said ordinance.

XI.

Acquisition of the Carriage Hill domestic water system by Nampa is consistent with the public convenience and necessity because:

- Nampa has adequate source of supply and operational capability to provide safe and reliable water service to the subdivision;
- Connection of Nampa's distribution system to the Carriage Hill domestic water system will provide a second source of supply as required by DEQ rules thus insuring reliable water supply to the subdivision and permitting further expansion of the subdivision; and
- The rates charged by Nampa for domestic water service are lower than the rates charged by United, and customers within the subdivision will therefore experience a decrease in the cost of domestic water service.

XII.

Pursuant to the Agreement the purchase price for the sale of the domestic water system is \$375,000. Subject to final adjustment at closing an amount equal to approximately \$339,000 shall be paid to United Water Works to discharge the accrued interest and principal owing pursuant to the Build-Design Promissory Note, above referenced. An amount equal to approximately \$36,000 shall be paid to United.

XIII.

Exhibit E, attached hereto, sets forth United's proposed journal entries to account for the approximately \$36,000 to be received by United at closing. This accounting proposal is consistent with established regulatory accounting principles, and United requests that the Commission approve it.

XIV.

As evidenced by letters from Nampa and Carriage Hill, attached hereto as Exhibits F and G, Nampa and Carriage Hill have reviewed this Application and support the relief requested.

XV.

Contemporaneously with the filing of this Application, United is providing notice to the Carriage Hills customers of the intended sale. A true copy of the customer notification is attached hereto as Exhibit H.

Request for Modified Procedure

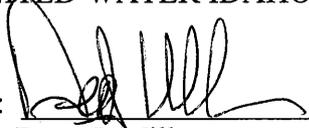
United does not believe a hearing is required to consider the issues herein presented and pursuant to IPUCRP 201 requests that this matter be processed by modified procedure.

WHEREFORE, United respectfully requests that the Commission enter its orders:

1. Determining that this matter be processed pursuant to Modified Procedure;
2. Approving the modification of United's Certificate of Public Convenience and Necessity by eliminating the Carriage Hill subdivision therefrom;
3. Approving the accounting proposal set forth above; and
4. Granting such other relief as is appropriate in the circumstance.

DATED this 9 day of August, 2004.

UNITED WATER IDAHO INC.

By: 

Dean J. Miller
Attorney for Applicant

EXHIBIT A

DESIGN-BUILD PROMISSORY NOTE

\$350,000.00

December 7, 1998

FOR VALUE RECEIVED, the undersigned, Carriage Hill, L.L.C., an Idaho limited liability company ("Maker") promises to pay to the order of United Waterworks Inc., a Delaware corporation ("United Water") at 2000 First State Boulevard, Wilmington, Delaware 19804, or at such other place as holder may from time to time in writing designate, the principal sum of Three Hundred Fifty Thousand and no/100 Dollars (\$350,000.00), in lawful money of the United States of America, and to pay interest on the unpaid balance thereof from time to time outstanding at the rate of Eight and one-quarter percent (8.25%) per annum.

The principal amount of this note and all interest payable hereunder with respect thereto shall be paid over a term of ten (10) years, in forty (40) equal quarterly installments, due and payable on the fifth day of February, May, August and November each year commencing with the fifth day of February, 2000 and continuing with respect to each and every succeeding quarter through November 5, 2010 (the "Maturity Date") of Twelve Thousand Nine Hundred Sixty-Seven and 27/100 Dollars (\$12,967.27) each with the final payment of all outstanding principal and accrued but unpaid interest on the Maturity Date.

There shall be added to each and every payment of principal and/or interest received by the holder more than ten (10) days after the due date thereof a late charge of three percent (3%) of the amount so overdue, for the purpose of defraying the administrative expense incident to handling such delinquent payments. The undersigned acknowledges that the exact amount of such administrative expense of holder would be difficult to calculate and that such late charge represents a reasonable estimate of a fair average compensation for the loss that may be sustained by the holder due to the failure of the undersigned to make timely payments. Such late charge shall be paid without prejudice to the right of the holder to collect any other amounts provided to be paid or to declare a default hereunder.

The undersigned waives presentment and demand for payment, notice of intent to demand or accelerated maturity, notice of demand or acceleration of maturity, protest or notice of protest and nonpayment, bringing of suit and diligence in taking any action to collect any sums owing hereunder or in proceeding against any of the rights and properties securing payment hereof. The undersigned agrees that the time for any payment hereunder may be extended from time to time without notice and consent, and extension of time for the payment of this note or any installment hereof shall not affect the liability of the undersigned under this note.

If default be made in the payment in full of any sum provided for herein when due and payable, then the holder may, at its option, declare the unpaid principal balance and accrued interest on this note due and payable upon providing the undersigned with five (5) days' written notice of its intent to so accelerate the due date of any and all such amounts unless such default is therefore cured by the undersigned, and, unless so cured by the undersigned, the holder may foreclose all liens securing payment hereof, if any, pursue any and all other rights, remedies and recourses available to it, or pursue any combination of the foregoing, all remedies hereunder being cumulative.

Failure to exercise any of the foregoing options upon the happening of one or more of the foregoing events shall not constitute a waiver of the right to exercise the same or any other option at any subsequent time in respect of the same or any other event. The acceptance by the holder of any payment hereunder that is less than payment in full of all amounts due and payable at the time of such payment shall not constitute a waiver of the right to exercise any of the foregoing options at that time or at any subsequent time, or nullify any prior exercise of any such option, without the express written consent of the holder.

The undersigned agrees to pay all reasonable costs of collection hereof actually incurred, including the holder's reasonable attorneys' fees, whether or not any suit or action shall be instituted to enforce this note. In the event of litigation arising out of or in connection with this note, the prevailing party shall be entitled to its reasonable attorneys' fees incurred at trial and on all appeals.

Notwithstanding any provision of this note to the contrary, it is the intent of the undersigned and the holder hereof that the holder shall never be entitled to receive, collect or apply, as interest on the principal amount of the indebtedness any amount in excess of the maximum rate of interest that may be charged by applicable law; and in the event the holder ever receives, collects or applies as interest any such excess, the amount that would be excessive interest shall be deemed a partial prepayment of principal and treated hereunder as such; and, if the principal amount of the indebtedness secured hereby is paid in full at such time, an amount equal to the excessive interest shall forthwith be paid to the undersigned. If the holder credits the principal hereunder or refunds excessive interest in accordance with the amount of the indebtedness above, it shall not be subject to any penalty provided by law for contracting for, charging or receiving interest in excess of the maximum lawful rate.

This note may be prepaid in part or in full at any time by the undersigned without penalty; provided, however, that until all amounts due and payable hereunder have been paid in full, the amount of the quarterly installments due and payable hereunder shall remain unchanged and shall not be recalculated to reflect the effect of any such prepayment.

Whenever used herein, the singular number shall include the plural and the plural the singular, and the use of any gender shall include all genders. The words "undersigned" and "holder" shall include their respective heirs, executors, administrators, legal representatives, successors, assigns and beneficiaries.

All notices, demands, requests, and other communications under this note shall be in writing and shall be deemed properly served or delivered, if delivered by hand to the party to whose attention it is directed, or when sent, two (2) days after deposit in the U.S. mail, postage prepaid, by registered or certified mail, return receipt requested, or upon transmission when sent via facsimile, or one (1) day after deposit with a nationally recognized air carrier providing next day delivery, addressed as follows:

If to Maker: Carriage Hill, L.L.C.
2800 E. Boise Avenue
Boise, Idaho 83706
(208) 336-4262
(208) 342-2274 (facsimile)

If to holder: 200 Old Hook Road
Harrington Park, New Jersey 07640
Attn: President
(201) 767-9300
(201) 767-6579 (facsimile)

or at such other address or to such other party which any party entitled to receive notice hereunder designates to the other in writing as provided above.

This note is being delivered in the State of Idaho and is to be governed by and construed in accordance with the laws of the State of Idaho.

IN WITNESS WHEREOF, this note has been executed by the undersigned effective as of the day first above written.

MAKER:

CARRIAGE HILL, L.L.C., an Idaho
limited liability company

By: The Development Group, Inc., an Idaho
corporation, its Managing Member

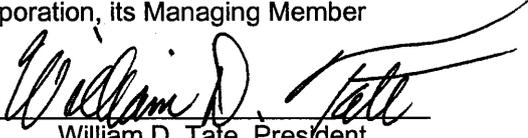
By: 
William D. Tate, President

EXHIBIT B

CARRIAGE HILL-NAMPA AGREEMENT

THIS CARRIAGE HILL-NAMPA AGREEMENT (this "LID Agreement") is made effective this 12th day of March, 2004, by and among the City of Nampa, an Idaho municipal corporation ("Nampa"), Carriage Hill, L.L.C., an Idaho limited liability company ("Carriage Hill"), Triangle Dairy, Inc., an Idaho corporation ("Triangle"), and Edward Derwyn Shank and Grace E. Shank (collectively, "Shank").

RECITALS

A. On January 21, 1998 Carriage Hill received preliminary subdivision plat approval from Canyon County in connection with a single-family residential subdivision, more particularly described on **Exhibit A**, attached hereto and made a part hereof ("**Carriage Hill Subdivision**"), which consists of 198.84 acres located west of Middleton Road and north of Greenhurst Road in southwest Canyon County in the Nampa Area of City Impact, which is that particular area of Canyon County that eventually will be annexed into Nampa. A portion of Carriage Hill Subdivision, which portion is defined as the LID Area below, is owned by Triangle and Shank. Carriage Hill is the contract-purchaser of the LID Area.

B. On or about November 20, 1998, Carriage Hill and United Water Idaho Inc., an Idaho corporation ("**UWID**"), entered into that certain Residential or Multiple Family Housing Non-contiguous Water System Agreement (the "**Water System Agreement**"), which Water System Agreement provides for, without limitation: the permitting and construction of the "**Domestic Water System**," as defined in that certain Purchase Agreement, dated concurrently herewith, by and between UWID and Nampa (the "**Purchase Agreement**").

C. On March 9, 1999, the final subdivision plat for the first phase of Carriage Hill Subdivision was recorded in Canyon County. On December 29, 1999, Carriage Hill transferred to UWID that portion of the Domestic Water System constructed in connection with the first phase of Carriage Hill Subdivision.

D. On February 11, 2002, the final subdivision plat for the second phase of Carriage Hill Subdivision was recorded in Canyon County. On December 18, 2003, Carriage Hill transferred to UWID that portion of the Domestic Water System constructed in connection with the second phase of Carriage Hill Subdivision.

E. Nampa has extended its municipal water system to the intersection of Middleton Road and Iowa Street in Nampa's City limits in the vicinity of Carriage Hill Subdivision.

F. On August 15, 2003, Nampa indicated its desire to enter into negotiations with UWID and Carriage Hill in connection with ownership, operation and maintenance of the Domestic Water System, and the connection of the Domestic Water System to Nampa's municipal water system. Thereafter, the parties hereto entered into that certain Memorandum of Understanding, dated October 15, 2003, as amended (the "**MOU**"), which MOU contemplated, *inter alia*, the negotiation and execution of the Purchase Agreement and this LID Agreement.

G. Carriage Hill, Triangle and Shank have made application to Nampa requesting that the LID Area be annexed into the City of Nampa. Carriage Hill, Triangle, and Shank have requested that the City of Nampa establish a LID, as defined below, on the LID Area contingent upon the LID Area being annexed into the City of Nampa.

REQUEST
TYPE *B&A* FEE *30*
NAMPA CITY OF

RECORDED
MAR 30 PM 1 06
CANYON COUNTY RECORDER
[Signature]

200423253

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and agreed, and in consideration of the recitals above, which are incorporated herein, and in consideration of the premises and the mutual representations, covenants, and agreements hereinafter contained, Carriage Hill and Nampa represent, covenant, and agree as follows:

1. INTERTIE; FURTHER COOPERATION.

a. Intertie. Nampa, at Nampa's sole cost and expense, shall develop design plans for an intertie between Nampa's potable water system and the Domestic Water System (the "**Intertie**") and submit such design plans to all applicable reviewing governmental agencies as soon as practicable following the annexation of the Carriage Hill Subdivision. Nampa, or Nampa's designee, at Nampa's sole cost and expense, shall commence and complete construction of the Intertie as soon as practicable following receipt of approval from all applicable reviewing governmental agencies. The parties hereto acknowledge that the Intertie shall not connect to the Domestic Water System unless and until Nampa takes possession of the Domestic Water System.

b. Further Cooperation. Carriage Hill shall reasonably and timely cooperate in connection with Nampa's efforts to obtain, without limitation, all necessary permits, information, and consents required by the appropriate federal, state and/or local governmental authorities, agencies or officials in connection with the design and construction of the Intertie. Carriage Hill shall provide Nampa, at no cost to Nampa, any and all easements reasonably necessary in connection with the Intertie that lie on real property owned by Carriage Hill.

2. ANNEXATION; FURTHER COOPERATION.

Carriage Hill has made application to Nampa in connection with the annexation of the Carriage Hill Subdivision into the City of Nampa. Nampa shall use all good faith efforts to annex the Carriage Hill Subdivision and to rezone the LID Area, defined below, to a zoning designation that allows residential density of up to seven (7) dwelling units per acre. Carriage Hill and Nampa shall reasonably and timely cooperate with one another in connection with Carriage Hill's application for annexation.

3. LOCAL IMPROVEMENT DISTRICT; FURTHER COOPERATION.

a. As soon as practicable after the date hereof, Nampa shall use all good faith efforts to adopt a Local Improvement District ("**LID**") to cover that portion of Carriage Hill Subdivision that previously has not been finally platted (the "**LID Area**"). The LID shall:

- (i) Be equal to Two Hundred Fifty Thousand and no/100ths Dollars (\$250,000.00).
- (ii) Encumber the land that comprises the LID Area and not be tied to specific individuals.

A portion of the proceeds of the LID in the amount of Two Hundred Fifty Thousand and 00/100ths Dollars (\$250,000.00) shall be paid to UWID as more further provided in the Purchase Agreement.

In addition, Carriage Hill and Nampa shall reasonably document a "**latecomer's agreement**" between Nampa and Carriage Hill, which latecomer's agreement provides that, in

connection with the building permit for each and every residential lot in the LID Area, Nampa shall pay to Carriage Hill an amount equal to Twelve Hundred and no/100ths Dollars (\$1,200.00). Such payment by Nampa to Carriage Hill will continue until all residential lots in the LID Area have been sold and all payments made irregardless of the time limit of the LID. Further, Carriage Hill and Nampa shall cooperate to document the agreement of Nampa and Carriage Hill that Nampa shall reimburse Carriage Hill for the cost of the construction of certain water and sewer system extensions constructed by Carriage Hill immediately south of Carriage Hill Subdivision within one (1) year of the adoption of the LID, which costs are equal to Seventeen Thousand Four Hundred Forty-one and 50/100ths Dollars (\$17,441.50).

b. Further Cooperation. Carriage Hill shall reasonably and timely cooperate with Nampa's efforts to adopt the LID as provided further herein.

4. REPRESENTATIONS OF CARRIAGE HILL.

Carriage Hill hereby represents and warrants to Nampa that as of the date hereof and/or as of the Closing Date:

a. Authority. That Carriage Hill is an Idaho limited liability company that has been duly organized and is validly existing and in good standing as a limited liability company under the laws of the State of Idaho, and has full power and authority to: (i) enter into this LID Agreement; and (ii) carry out and consummate the transactions contemplated by this LID Agreement.

b. Effect of Transactions. That neither the execution of this LID Agreement nor the consummation of the transactions contemplated hereby will: (i) result in a breach of or a default under any agreement, document or instrument to which Carriage Hill is a party or by which Carriage Hill is bound; or (ii) violate any existing statute, law, regulation, restriction, order, writ, injunction or decree of any court, administrative agency or governmental body to which Carriage Hill is subject.

5. REPRESENTATIONS OF NAMPA.

Nampa hereby represents and warrants to Carriage Hill that as of the date hereof and as of the Closing Date:

a. Authority. That Nampa is an Idaho municipal corporation that has been duly organized and is validly existing and in good standing as a municipal corporation under the laws of the State of Idaho, and has full power and authority to: (i) enter into this LID Agreement; and (ii) carry out and consummate the transactions contemplated by this LID Agreement.

b. Effect of Transactions. That neither the execution of this LID Agreement nor the consummation of the transactions contemplated hereby will: (i) result in a breach of or a default under any agreement, document or instrument to which Nampa is a party or by which Nampa is bound; or (ii) violate any existing statute, law, regulation, restriction, order, writ, injunction or decree of any court, administrative agency or governmental body to which Nampa is subject.

6. DEFAULT AND REMEDIES.

a. Default by Nampa. If Nampa should fail to consummate the transaction contemplated herein for any reason other than default by Carriage Hill, Carriage Hill may elect any one or more of the following remedies: (i) to enforce specific performance of this LID Agreement; (ii) to bring a suit for damages for breach of this LID Agreement; (iii) to terminate this LID Agreement whereupon Nampa will reimburse Carriage Hill for Carriage Hill's out-of-pocket expenses incurred with respect to this transaction, including reasonable attorney's fees; or

(iv) pursue any and all remedies at law or equity. No delay or omission in the exercise of any right or remedy accruing to Carriage Hill upon the breach by Nampa under this LID Agreement shall impair such right or remedy or be construed as a waiver of any such breach theretofore or thereafter occurring. The waiver by Carriage Hill of any condition or the breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of any other term, covenant, condition or any subsequent breach of the same or any other term, covenant or condition contained herein.

b. Default by Carriage Hill. If Carriage Hill should fail to consummate the transaction contemplated herein for any reason other than default by Nampa, Nampa may elect any one or more of the following remedies: (i) to enforce specific performance of this LID Agreement; (ii) to bring a suit for damages for breach of this LID Agreement; (iii) to terminate this LID Agreement whereupon Carriage Hill will reimburse Nampa for Nampa's out-of-pocket expenses incurred with respect to this transaction, including reasonable attorney's fees; or (iv) pursue any and all remedies at law or equity. No delay or omission in the exercise of any right or remedy accruing to Nampa upon the breach by Carriage Hill under this LID Agreement shall impair such right or remedy or be construed as a waiver of any such breach theretofore or thereafter occurring. The waiver by Nampa of any condition or the breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of any other term, covenant, condition or any subsequent breach of the same or any other term, covenant or condition contained herein.

7. NOTICES.

All notices, demands, requests, and other communications under this LID Agreement shall be in writing and shall be properly served or delivered if delivered by hand to the party to whose attention it is directed, or when sent, three (3) days after deposit in the U.S. mail, postage prepaid, or when received when sent via facsimile, addressed as follows:

If to Nampa:	411 Third Street South Nampa, Idaho 83651 Attn: Paul Raymond, P.E. 208/465-2261 (fax)
If to Carriage Hill:	P.O. Box 1184 Nampa, Idaho 83653-1184 Attn: Sandra J. Johnson 208/461-9428 (fax)
If to Shank:	c/o Carriage Hill P.O. Box 1184 Nampa, Idaho 83653-1184 Attn: Edward Derwyn and Grace Shank
If to Triangle:	c/o Carriage Hill P.O. Box 1184 Nampa, Idaho 83653-1184 Attn: William D. Tate

or at such other address or to such other party which any party entitled to receive notice hereunder designates to the other in writing as provided above.

8. MISCELLANEOUS.

a. Successors. This LID Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their successors and assigns; provided, however, this LID

Agreement shall not be assigned by any party without the written consent of the other parties hereto, not to be unreasonably withheld.

b. Time for Performance. Wherever under the terms and provisions of this LID Agreement the time for performance falls upon a Saturday, Sunday, or Legal Holiday, such time for performance shall be extended to the next business day.

c. Entire Contract. This LID Agreement embodies the entire contract between the parties hereto with respect to the subject matter hereof. No modification or amendment to or of this LID Agreement of any kind whatsoever shall be made or claimed by Seller or Buyer shall have any force or effect whatsoever unless the same shall be endorsed in writing and be signed by the party against which the enforcement of such modification or amendment is sought, and then only to the extent set forth in such instrument.

d. Representation. All parties hereto have either been represented by separate legal counsel or have had the opportunity to be so represented. Thus, in all cases, the language herein shall be construed simply and in accordance with its fair meaning and not strictly for or against a party, regardless of which party prepared or caused the preparation of this LID Agreement.

e. Captions. The captions at the beginning of the several paragraphs, respectively, are for convenience in locating the context, but are not part of the text.

f. Governing Laws. This LID Agreement shall be governed by the laws of the State of Idaho.

g. Prevailing Party. If either party shall default in the full and timely performance of this LID Agreement and said default is cured with the assistance of an attorney for the other party and before the commencement of a suit thereon, as a part of curing said default, the reasonable attorneys' fees incurred by the other party shall be reimbursed to the other party upon demand. In the event that either party to this LID Agreement shall file suit or action at law or equity to interpret or enforce this LID Agreement hereof, the unsuccessful party to such litigation agrees to pay to the prevailing party all costs and expenses, including reasonable attorney's fees, incurred by the prevailing party, including the same with respect to an appeal.

h. Time of Essence. All times provided for in this LID Agreement or in any other instrument or document referred to herein or contemplated hereby, for the performance of any act will be strictly construed, it being agreed that time is of the essence of this LID Agreement.

i. Rights. This LID Agreement shall not confer any rights or remedies upon any person other than the parties hereto and their respective successors and permitted assigns.

j. Counterparts. This LID Agreement may be executed in one or more counterparts each of which shall be deemed an original but all of which together will constitute one and the same instrument.

k. Interpretation. In the event any term or provisions of this LID Agreement shall be held illegal, invalid or unenforceable or inoperative as a matter of law, the remaining terms and provisions of this LID Agreement shall not be affected thereby but each such term and provision shall be valid and shall remain in full force and effect.

l. Survival. The terms, provisions, agreements and indemnities shall survive the closing of the transaction contemplated herein and the delivery of the deed, and this LID Agreement shall not be merged therein, but shall remain binding upon and for the parties hereto until fully observed, kept or performed.

m. Authority. Each party represents to the other that it has authority to execute this LID Agreement and to perform all of the terms and conditions required of them as provided under this LID Agreement.

IN WITNESS WHEREOF, the undersigned, being duly authorized, have executed this Carriage Hill-Nampa Agreement as of the date set forth first above.

NAMPA:

By: Stephen Kren
Tom Dale, Mayor

ATTEST:

By: Wiana Lembing
City Clerk

CARRIAGE HILL:

Development Group, Inc., an Idaho corporation

By: William D. Tate
William D. Tate, President

TRIANGLE:

Triangle Dairy, Inc., an Idaho corporation

By: William D. Tate
William D. Tate, Vice President

SHANK:

Edward Derwyn Shank
Edward Derwyn Shank

Grace E. Shank
Grace E. Shank

Schedule of Exhibits:

Exhibit A: Legal Description of Carriage Hill Subdivision

State of Idaho)

Canyon County)

On this 19th day of April, 2004, before me, the undersigned, a Notary Public in and for said State, personally appeared Stephen Kren and Diana Lambing known to me to be the Council President and the City Clerk, of the City of Nampa, Idaho, a municipal corporation, who executed the foregoing instrument.

In Witness Whereof, I have hereunto set my hand and affixed by official seal, the day and year in this certificate first above written.

 _____

Deborah L. Bishop

Residing at: Nampa, Canyon County, Idaho

My Commission Expires: 6/13/2007

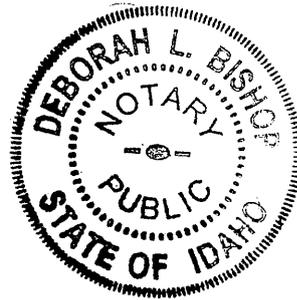


EXHIBIT A

LEGAL DESCRIPTION OF CARRIAGE HILL SUBDIVISION



HUBBLE ENGINEERING, INC.

9550 Bethel Court ■ Boise, Idaho 83709

208/322-8992 ■ Fax 208/378-0329

Project No. 9420100

May 5, 1999

**CARRIAGE HILL PROJECT DESCRIPTION
NAMPA, IDAHO**

A parcel of land located in the NE1/4, SE1/4, and SW1/4 of Section 31, T.3N., R.2W., B.M., Canyon County, Idaho, more particularly described as follows:

BEGINNING at the 1/4 corner common to Section 32 and the said Section 31, from which the southeast corner of said Section 31 bears South 00°22'13" East, 2582.70 feet;

thence South 89°16'20" West, 302.20 feet to a point;

thence South 19°37'40" East, 96.90 feet to a point;

thence South 40°24'03" East, 92.27 feet to a point;

thence South 36°30'19" East, 118.29 feet to a point;

thence South 00°54'00" East, 445.00 feet to a point;

thence South 36°02'38" East, 234.96 feet to a point on the East boundary of said Section 31;

thence along said East boundary South 00°22'13" East, 395.95 feet to the South 1/16 corner;

thence along the South boundary of the North 1/2 of the SE1/4 South 88°52'57" West, 2644.66 feet to the C-S 1/16 corner;

thence along the North-South mid-section line North 00°23'55" West, 812.33 feet to a point;

thence departing said line North 33°00'10" West, 587.74 feet to a point on the East-West mid-section line;

thence along said line North 89°15'43" East, 316.70 feet to the center of said Section 31, said point being common to the southwest corner of Verde Hills Sub-division, as same is recorded in Book 13 of Plats at Page 20, records of Canyon County, Idaho;

thence continuing along said line and the exterior boundary of said Verde Hills Sub-division North 89°16'20" East, 1647.60 feet to a point;

Carriage Hill Project Description

Page 1 of 4

EXHIBIT A

thence North 13°59'20" West, 77.28 feet to a point;

thence North 34°24'00" West, 133.60 feet to a point;

thence North 5°34'00" West, 104.25 feet to a point;

thence 94.53 feet along the arc of a curve to the left, having a radius of 117.25 feet, a central angle of 46°11'20", and a long chord bearing North 28°39'40" West, 91.99 feet to a point;

thence North 51°45'19" West, 6.00 feet to a point;

thence 95.41 feet along the arc of a curve to the left, having a radius of 129.11 feet, a central angle of 42°20'20", and a long chord bearing North 72°55'30" West, 93.25 feet to a point;

thence South 85°54'20" West, 44.60 feet to a point;

thence 83.62 feet along the arc of a curve to the right, having a radius of 91.27 feet, a central angle of 52°29'20", and a long chord bearing North 67°51'00" West, 80.72 feet to a point;

thence North 41°36'18" West, 0.40 feet to a point;

thence 83.38 feet along the arc of a curve to the left, having a radius of 89.40 feet, a central angle of 53°26'18", and a long chord bearing North 68°19'20" West, 80.39 feet to a point;

thence South 84°57'40" West, 213.75 feet to a point;

thence South 71°53'40" West, 190.00 feet to a point;

thence South 77°06'40" West, 258.00 feet to a point;

thence 179.63 feet along the arc of a curve to the right, having a radius of 100.51 feet, a central angle of 102°23'39", and a long chord bearing North 51°41'30" West, 156.66 feet to a point;

thence North 00°29'39" West, 19.50 feet to a point;

thence 76.53 feet along the arc of a curve to the left, having a radius of 106.47 feet, a central angle of 41°11'00", and a long chord bearing North 21°05'10" West, 74.89 feet to a point;

thence North 41°40'33" West, 2.00 feet to a point;

thence 78.18 feet along the arc of a curve to the right, having a radius of 150.10 feet, a central angle of 29°50'40", and a long chord bearing North 26°45'20" West, 77.30 feet to a point;

thence North 11°50'00" West, 42.84 feet to a point;

thence 94.45 feet along the arc of a curve to the left, having a radius of 116.38 feet, a central angle of 46°30'00", and a long chord bearing North 35°05'00" West, 91.88 feet to a point;

thence North 58°20'00" West, 240.00 feet to a point;

thence North 46°33'00" West, 166.06 feet to the northwest corner of said Verde Hills Sub-division lying on the North-South mid-section line;

thence along said line North 00°23'42" West, 1658.07 feet to the North 1/4 corner of said Section 31;

thence along the North boundary of said Section 31 North 90°00'00" East, 1687.90 feet to a point in the center of the Deer Flat Nampa Edwards Canal;

thence along the center of said canal South 47°38'42" East, 140.20 feet;

thence 165.19 feet along the arc of a curve to the right having a radius of 1000 feet, a central angle of 9°27'52" and a long chord bearing South 42°54'46" East, 165.00 feet to a point;

thence South 38°10'42" East, 643.40 feet to a point;

thence 203.14 feet along the arc of a curve to the right, having a radius of 1200 feet, a central angle of 9°41'58" and a long chord bearing South 33°19'43" East, 202.90 feet to a point;

thence South 28°28'42" East, 438.20 feet to a point;

thence South 40°00'42" East, 20.46 feet to a point on the South boundary of the North 1/2 of the Northeast 1/4;

thence departing the center of the Deer Flat Nampa Edwards Canal along said South boundary South 89°38'23" West, 675.66 feet;

thence South 00°22'36" East, 257.70 feet to a point;

thence 89°38'23" East, 263.00 feet to a point;

EXHIBIT C

PURCHASE AGREEMENT

CANYON COUNTY
RECORDED
MAR 12 2004
BY [Signature]

200423254

THIS PURCHASE AGREEMENT (this "Agreement") is made effective this 12th day of March, 2004, by and between the City of Nampa, an Idaho municipal corporation ("Nampa" or "Buyer") and United Water Idaho Inc., an Idaho corporation ("UWID" or "Seller").

RECITALS

A. On January 21, 1998 Carriage Hill, L.L.C., an Idaho limited liability company ("Carriage Hill") received preliminary subdivision plat approval from Canyon County in connection with a single-family residential subdivision, more particularly described on Exhibit A, attached hereto and made a part hereof ("Carriage Hill Subdivision"), which consists of 198.84 acres located west of Middleton Road and north of Greenhurst Road in southwest Canyon County in the Nampa Area of City Impact.

B. On or about November 20, 1998, Carriage Hill and UWID entered into that certain Residential or Multiple Family Housing Non-contiguous Water System Agreement (the "Water System Agreement"), which Water System Agreement provides for, without limitation: the permitting and construction of the Domestic Water System, defined below, including the source of supply; the transfer of the Domestic Water System from Carriage Hill to UWID; and, after such transfer, the operation and maintenance of the Domestic Water System by UWID.

C. On November 30, 1998, Carriage Hill executed that certain Design-Build Promissory Note in favor of United Waterworks Inc., a Delaware corporation ("UWW") in the original principal amount of Three Hundred Fifty Thousand and no/100ths Dollars (\$350,000.00) (the "Promissory Note").

D. On or about November 30, 1998, the principals of Carriage Hill executed that certain Joint and Several Individuals' Guaranty in favor of UWW (the "Guaranty").

E. On March 9, 1999, the final subdivision plat for the first phase of Carriage Hill Subdivision was recorded in Canyon County. On December 29, 1999, Carriage Hill transferred to UWID that portion of the Domestic Water System constructed in connection with the first phase of Carriage Hill Subdivision.

F. On February 11, 2002, the final subdivision plat for the second phase of Carriage Hill Subdivision was recorded in Canyon County. On December 18, 2003, Carriage Hill transferred to UWID that portion of the Domestic Water System constructed in connection with the second phase of Carriage Hill Subdivision.

G. Nampa has extended its municipal water system to the intersection of Middleton Road and Iowa Street in the vicinity of Carriage Hill Subdivision.

H. On August 15, 2003, Nampa indicated its desire to enter into negotiations with UWID in connection with ownership, operation and maintenance of the Domestic Water System, and the connection of the Domestic Water System to Nampa's municipal water system. Thereafter, the parties hereto entered into that certain Memorandum of Understanding, dated October 15, 2003, as amended (the "MOU"), which MOU contemplated, *inter alia*, the negotiation and execution of this Agreement.

I. On November 14, 2003, Nampa completed the inspection of the Domestic Water System as contemplated by the MOU.

J. Concurrently herewith, Nampa and Carriage Hill have entered into that certain Annexation and LID Agreement (the "LID Agreement"), which, LID Agreement, *inter alia*, describes the local improvement district process that must be completed as a condition precedent to Nampa's obligation to close the transaction contemplated by this Agreement..

REQUEST NAMP
TYPE B&A FEE 6900
CITY OF

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and agreed, and in consideration of the recitals above, which are incorporated herein, and in consideration of the premises and the mutual representations, covenants, and agreements hereinafter contained, Seller and Buyer represent, covenant, and agree as follows:

1. DOMESTIC WATER SYSTEM.

Seller agrees to sell, assign, transfer and convey and Buyer agrees to purchase and have assigned, transferred and conveyed, all for a purchase price and subject to and upon each of the terms and conditions hereinafter set forth, the "**Domestic Water System**," which shall mean all tangible personal property and real property used in connection with the operation and maintenance of the Domestic Water System including, without limitation, the wells, pumps, motors, measuring devices, electrical and control equipment, valves, distribution lines, service lines between the distribution line and the meter box, fire hydrants, services and customer meter setters, meter boxes, lids and meters, the Well Lot, more particularly described in the warranty deed attached as **Exhibit B** and made a part hereof (the "**Well Lot**"), easements for access to the Well Lot and improvements, the well house, groundwater and groundwater rights, and any and all easements necessary for the maintenance and operation of the Domestic Water System, all as required and approved by, without limitation, the Idaho Department of Environmental Quality ("**IDEQ**"), Idaho Department of Water Resources ("**IDWR**"), and the Idaho Public Utilities Commission ("**IPUC**"), as applicable. The Domestic Water System also includes intangible property used and useful in connection with the operation and maintenance of the Domestic Water System including, without limitation, customer lists and records, well logs, maintenance records, tariffs and rules and regulations governing the rendering of service and extension of service to future development, franchises, permits, and certificates.

2. PURCHASE PRICE.

a. Purchase Price. Subject to the conditions precedent to closing described in paragraphs 6 and 7 below, the purchase price to be paid by Buyer to Seller on the Closing Date, defined below, for the Domestic Water System shall be Three Hundred Seventy-five Thousand and no/100ths Dollars (\$375,000.00) (the "**Purchase Price**"). A portion of the Purchase Price in an amount approximately equal to Thirty-seven Thousand and no/100ths Dollars (\$37,000.00) shall be paid to UWID. A portion of the Purchase Price in an amount approximately equal to Three Hundred Thirty-eight Thousand and no/100ths Dollars (\$338,000.00) shall be paid to United Water Works Inc., a Delaware corporation, whose address is: c/o UWID, 8248 Victory Road, P.O. Box 190420, Boise, Idaho 83719-0420.

b. Payment Medium. The Purchase Price shall be paid in cash, wire transfer or official bank check on the Closing Date, defined below.

3. TITLE MATTERS.

a. Documents Evidencing Title. Within twenty (20) business days of the complete execution of this Agreement, Seller shall cause to be delivered to Buyer a commitment for an owner's title insurance policy, with standard form coverage, together with legible copies of all exception documents, issued by Transnation Title Insurance Company (the "**Title Insurer**") in the amount of that portion of the Purchase Price allocated to the Well Lot, which is hereby acknowledged and agreed to be Forty Thousand and no/100ths Dollars (\$40,000.00) (the "**Title Commitment**") showing marketable and insurable title to the Well Lot subject only to: (i) title exceptions pertaining to liens or encumbrances of a definite or ascertainable amount which may be removed by the payment of money or otherwise on the Closing Date, and which Seller shall so remove at that time; (ii) permitted exceptions as set forth in **Exhibit C**, attached hereto and made a part hereof (the "**Permitted Exceptions**"); and (iii) such other exceptions as may be approved in writing by Buyer

b. Title Defects. If the Title Commitment delivered to Buyer by Seller as provided in paragraph 3(a) above, discloses material liens or encumbrances other than the Permitted Exceptions ("**Unpermitted Exceptions**"), or if prior to Closing the Title Commitment is amended to reflect Unpermitted Exceptions, Seller shall have the Unpermitted Exceptions removed from the Title Commitment, or have the Title Insurer irrevocably commit to insure against loss or damage that may be occasioned by such Unpermitted Exceptions no later than the Closing Date; provided, however, that the Title Insurer's commitment to insure over any Unpermitted Exceptions shall be subject to approval by Buyer, not to be unreasonably withheld. If Seller fails to have the Unpermitted Exceptions removed or insured over, as approved by Buyer, prior to Closing, Buyer may elect to: (i) cure any Unpermitted Exception which is a lien or encumbrance of a definite or ascertainable amount and deduct the cost of cure from the Purchase Price; or (ii) take title as it then is with the right to deduct the cost of insuring over the Unpermitted Exceptions from the Purchase Price to be paid in cash on the Closing Date. Buyer may elect one or both of (i) or (ii), as the case may be.

4. "AS IS."

Except for the representations and warranties of Seller set forth in this Agreement, it is understood and agreed that Buyer has completed Buyer's inspection of the Domestic Water System and that Buyer is purchasing the Domestic Water System "as is" and "where is" as of the Closing Date, and with all faults and defects, latent or otherwise, and that **Seller is making no representations or warranties, either express or implied, by operation of law or otherwise, with respect to: the quality, physical condition or value of the Domestic Water System; or the Domestic Water System's suitability or fitness for a particular purpose.**

5. REPRESENTATIONS OF UWID.

UWID hereby represents and warrants to Nampa that as of the date hereof and/or as of the Closing Date:

a. Authority. That UWID is an Idaho corporation that has been duly organized and is validly existing and in good standing as a corporation under the laws of the State of Idaho, and has full power and authority to: (i) transfer title to the Domestic Water System; (ii) enter into this Agreement; and (iii) carry out and consummate the transactions contemplated by this Agreement.

b. Effect of Transactions. That neither the execution of this Agreement nor the consummation of the transactions contemplated hereby will: (i) result in a breach of or a default under any agreement, document or instrument to which UWID is a party or by which UWID is bound; or (ii) violate any existing statute, law, regulation, restriction, order, writ, injunction or decree of any court, administrative agency or governmental body to which UWID is subject.

c. Ownership. That UWID is the owner of the Domestic Water System. That there shall be no change in the ownership, operation or control of the Domestic Water System from the date hereof to the Closing Date.

d. Contracts. That none of the following contracts or obligations are outstanding: (i) contracts, agreements, or other obligations for the sale, exchange, transfer or, encumbrance of all or any portion of the Domestic Water System; or (ii) refundable customer deposits, recapture agreements, contracts, agreements, service contracts, maintenance agreements, leases, licenses, invoices, bills, understandings of any nature, written or oral, formal or informal, affecting or relating to the service, maintenance, revenue collection, use or other functions pertaining to the Domestic Water System or the operation thereof which may not be terminated upon thirty (30) days' notice, and unless UWID delivers a written notice to Seller to the contrary, shall be terminated effective as of the Closing Date.

e. Customers. That UWID shall provide Nampa at Closing a complete list of all UWID's customers' names and addresses.

f. Insurance. That all premiums due on all fire and hazard, liability and other insurance policies held by UWID, if any, in connection with the Domestic Water System have been and shall be paid when due by UWID, and the policies remain and shall remain uncanceled and in full force and effect through the Closing Date, and that any and all proceeds of any insurance received on account of any damage to the Domestic Water System shall be applied to the repair of the Domestic Water System.

g. Condemnation. That to UWID's knowledge, there are no condemnation or judicial proceedings, administrative actions or examinations, claims or demands of any type which have been instituted or which are pending or threatened against the Domestic Water System, or any part thereof. In the event UWID receives notice of any such proceeding, action, examination or demand, UWID shall promptly deliver a copy of such notice to Nampa.

h. No Liens. That to UWID's knowledge, there are and shall be no liens or claims against the Domestic Water System for federal or state taxes or any other charges whatsoever, and that no portion of the Domestic Water System is affected by any special assessments, whether or not constituting a lien thereon.

i. Liabilities. That all debts, liabilities and obligations of UWID arising from the ownership and operation of the Domestic Water System including, but not limited to, salaries, taxes and accounts payable, have been paid as they become due and mature and will continue to be so paid from the date hereof until the Closing Date, and that no debts, liabilities or obligations will be outstanding as of the Closing Date, except for accrued payables incurred in the ordinary course of business that UWID shall pay in a timely manner. To UWID's knowledge, there are and will be no unrecorded mechanics' or materialmen's liens or any claims for such liens affecting the Domestic Water System, and as of the Closing Date, there will be no work or material performed or furnished for which payment will not have previously been made.

j. Access. That to UWID's knowledge, there is currently adequate access to and from the Domestic Water System from adjoining private or public streets, highways, roads and ways, and no fact or condition exists which would result in the termination of the current access to and from the Domestic Water System to the adjoining public or private streets, highways, roads and ways.

k. Governmental Laws. That to UWID's knowledge: UWID and the Domestic Water System, and the use and operation thereof, are in compliance with all applicable governmental laws, ordinances, regulations, certificates, licenses, permits and authorizations, and there are presently in effect all certificates, licenses, permits and other authorizations necessary for the use, occupancy and operation of the Domestic Water System as it is presently being operated; there exists no condition with respect to the operation, use or occupancy of the Domestic Water System which violates any public utility, environmental, zoning, building, health, fire or similar law, ordinance or regulation; and there has been no notice of any violation of any public utility, environmental, zoning, building, health, fire or similar law, ordinance or regulation relative to the maintenance, operation, use or occupancy of the Domestic Water System. UWID shall promptly comply with any notices received after the date hereof and shall promptly deliver to Buyer a copy of any such notice together with evidence of compliance therewith.

l. Maintenance. That from and after the date hereof and until the Closing, UWID shall maintain or cause to be maintained the Domestic Water System in good condition and repair, and shall continue to make or cause to be made ordinary repairs, replacements and maintenance between the date hereof and the Closing with respect to the Domestic Water System and shall deliver the same in as good working order and repair as exists on the date hereof, further reasonable wear and tear excepted.

6. REPRESENTATIONS OF NAMPA

Nampa hereby represents and warrants to UWID that as of the date hereof and as of the Closing Date:

UWID-NAMPA PURCHASE AGREEMENT- 4

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a. Authority. That Nampa is an Idaho municipal corporation that has been duly organized and is validly existing and in good standing as a municipal corporation under the laws of the State of Idaho, and has full power and authority to: (i) acquire title to the Domestic Water System; (ii) enter into this Agreement; and (iii) carry out and consummate the transactions contemplated by this Agreement.

b. Effect of Transactions. That neither the execution of this Agreement nor the consummation of the transactions contemplated hereby will: (i) result in a breach of or a default under any agreement, document or instrument to which Nampa is a party or by which Nampa is bound; or (ii) violate any existing statute, law, regulation, restriction, order, writ, injunction or decree of any court, administrative agency or governmental body to which Nampa is subject.

7. CONDITIONS PRECEDENT TO CLOSING.

a. Conditions Precedent to Nampa's Obligations. This Agreement, and Nampa's obligation to close the transaction contemplated herein, is subject to the following express conditions precedent. Notwithstanding anything to the contrary that may be contained herein, each of the following conditions precedent may be waived in writing by Nampa, such conditions being for the exclusive protection and benefit of Nampa.

(i) That there shall not have been any material damage, destruction, or loss adversely affecting the Domestic Water System.

(ii) All approvals required in connection with the transfer of the Domestic Water System shall have been obtained from the IDEQ and the IDWR.

(iii) The City of Nampa has formally annexed the Carriage Hill Subdivision; has, with Carriage Hill, entered into a development agreement reasonably acceptable to the City of Nampa and Carriage Hill; and has formally adopted the Local Improvement District, as defined in the LID Agreement.

In the event of a failure of any condition precedent set forth in this paragraph 7(a), Nampa may declare this Agreement null and void, and the parties shall have no further obligations or liabilities hereunder.

b. Condition Precedent to UWID's Obligations. This Agreement, and UWID's obligation to close the transaction contemplated herein, is subject to the following express condition precedent. Notwithstanding anything to the contrary that may be contained herein, the following condition precedent may be waived in writing by UWID, such condition being for the exclusive protection and benefit of UWID.

(i) All approvals required in connection with the transfer of the Domestic Water System shall have been obtained from the IPUC, the IDEQ and the IDWR.

In the event of a failure of the condition precedent set forth into this paragraph 7(b), UWID may, at its sole discretion, declare this Agreement null and void, and the parties shall have no further obligations or liabilities hereunder.

8. INTERTIE; UWID AND NAMPA FURTHER COOPERATION.

a. Intertie. Nampa, at Nampa's sole cost and expense, shall develop design plans for an intertie between Nampa's potable water system and the Domestic Water System (the "Intertie") and submit such design plans to all applicable reviewing governmental agencies as soon as practicable following the annexation of the Carriage Hill Subdivision. Nampa, or Nampa's designee, at Nampa's sole cost and expense, shall commence and complete construction of the Intertie as soon as practicable following receipt of approval from all applicable reviewing governmental agencies. The parties hereto acknowledge that the Intertie shall not connect to the Domestic Water System unless and until Nampa takes possession of the Domestic Water System.

b. Further Cooperation. UWID shall reasonably cooperate with Nampa in connection with Nampa's efforts to obtain, without limitation, all necessary permits, information, and consents required by the appropriate federal, state and/or local governmental authorities, agencies or officials in connection with the design and construction of the Intertie. Nampa and UWID shall cooperate with one another in connection with customer notification and communication.

9. CLOSING AND RELATED MATTERS.

a. Closing Date; Time of the Essence. The Closing shall take place not later than thirty (30) days after receipt of the state and local regulatory approvals set forth in paragraph 7 (the "**Closing Date**").

b. UWID's Deposits. On the Closing Date, UWID shall deliver the following documents to the Escrowee:

(i) Warranty Deed executed by UWID conveying the Well Lot to Nampa subject only to the Permitted Exceptions, which Warranty Deed shall be substantially similar in form to the Warranty Deed attached hereto as **Exhibit D** and made a part hereof.

(ii) Bill of Sale executed by UWID conveying the Domestic Water System to Nampa, which Bill of Sale shall be substantially similar in form to the Bill of Sale attached hereto as **Exhibit E** and made a part hereof.

(iii) Copies of all leases, certificates, court filings, licenses, permits and/or agreements in connection with the use of, and water rights appurtenant to or used in connection with, the Domestic Water System.

(iv) A UWID-approved Closing Statement, which Closing Statement shall provide for the payment from UWID to Carriage Hill of any and all unpaid refunds for Domestic Water System hookups through the Closing Date.

(v) Such other documents as the Title Insurer, Nampa or Nampa's attorneys may reasonably require in order to effectuate or further evidence the intent of any provision in this Agreement.

All of the documents and instruments to be delivered by UWID hereunder shall be in form and substance reasonably satisfactory to counsel for Buyer.

c. Nampa's Deposits. On the Closing Date, Nampa shall deliver the following documents to the Escrowee:

(i) A Nampa-approved Closing Statement

(ii) Cash or certified funds in an amount sufficient to meet Nampa's obligations hereunder.

(iii) Such other documents as the Title Insurer, UWID, or UWID's attorneys, may reasonably require in order to effectuate or further evidence the intent of any provision of this Agreement.

All of the documents and instruments to be delivered by Nampa hereunder shall be in form and substance reasonably satisfactory to counsel for UWID.

d. Escrow Closing. The closing of the transactions contemplated herein (the "**Closing**") shall take place at the office of the Transnation Title Insurance Company, 847 Parkcentre Way, Suite 3, Nampa, Idaho 83651 (the "**Escrowee**"). Closing shall be conducted with the Escrowee, using form escrow instructions then in use by the Escrowee, modified to reflect the terms and conditions of the transactions contemplated herein. This Agreement shall not be

merged into such escrow instructions, and the same shall always be deemed auxiliary to this Agreement. The provisions of this Agreement shall always be deemed controlling as between the parties hereto. Escrowee shall close the transactions contemplated herein upon the irrevocable commitment of Title Insurer to issue the title insurance policies required under paragraph 3(a) above and upon receipt of all deposits referenced in this paragraph. The respective attorneys for the parties hereto are hereby authorized to enter into and execute such escrow instructions and any amendments thereto.

e. Possession. Possession of the Domestic Water System shall be delivered to Buyer on the Closing Date.

10. PRORATIONS AND ADJUSTMENTS.

The following items shall be paid, prorated and/or adjusted as of the Closing Date:

a. Taxes. General real estate taxes and all other levies and charges against the Well Lot for the year in which the Closing Date shall occur, which are accrued but not yet due and payable. Such taxes shall be prorated on the basis of the most recent ascertainable tax bill.

b. Utilities. All charges for utilities shall be paid by UWID to the Closing Date. Bills received after the Closing Date which relate to expenses incurred or services performed allocable to the period prior to the Closing Date shall be paid by UWID as and when due.

c. Title Coverage. The premium for standard coverage title insurance in connection with the Well Lot shall be paid by UWID.

d. Sales Tax. Nampa shall not be liable for any state, county, federal income, excise or sales tax liabilities of UWID. Recording fees for the Warranty Deed shall be paid by Nampa.

e. Escrow. The cost of escrow shall be divided equally between UWID and Nampa.

f. Meters. On the day of the Closing Date, UWID, and Nampa if Nampa so chooses, shall have all customer meters read so as to avoid any post-closing proration of accounts receivable and unbilled revenue. All such revenue earned by UWID as determined by the meter readings on the Closing Date shall be due and payable to UWID.

g. Other. Such other items as are customarily prorated in a transaction of the type contemplated in this Agreement. Unless otherwise provided above, if any taxes, expenses and charges to be prorated cannot be determined on the Closing Date, the proration shall be based on the latest available information, with an ultimate adjustment to be made promptly when actual amounts are available.

11. DEFAULT AND REMEDIES.

a. Default by Nampa. If Nampa should fail to consummate the transaction contemplated herein for any reason other than default by UWID, UWID may elect any one or more of the following remedies: (i) to enforce specific performance of this Agreement; (ii) to bring a suit for damages for breach of this Agreement; (iii) to terminate this Agreement whereupon Nampa will reimburse UWID for UWID's out-of-pocket expenses incurred with respect to this transaction, including reasonable attorney's fees; or (iv) pursue any and all remedies at law or equity. No delay or omission in the exercise of any right or remedy accruing to UWID upon the breach by Nampa under this Agreement shall impair such right or remedy or be construed as a waiver of any such breach theretofore or thereafter occurring. The waiver by UWID of any condition or the breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of any other term, covenant, condition or any subsequent breach of the same or any other term, covenant or condition contained herein.

b. Default by UWID. If UWID should fail to consummate the transaction contemplated herein for any reason other than default by Nampa, Nampa may elect any one or more of the following remedies: (i) to enforce specific performance of this Agreement; (ii) to bring a suit for damages for breach of this Agreement; (iii) to terminate this Agreement whereupon UWID will reimburse Nampa for Nampa's out-of-pocket expenses incurred with respect to this transaction, including reasonable attorney's fees; or (iv) pursue any and all remedies at law or equity. No delay or omission in the exercise of any right or remedy accruing to Nampa upon the breach by UWID under this Agreement shall impair such right or remedy or be construed as a waiver of any such breach theretofore or thereafter occurring. The waiver by Nampa of any condition or the breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of any other term, covenant, condition or any subsequent breach of the same or any other term, covenant or condition contained herein.

12. BROKERAGE.

Each of the parties represents and warrants to the other that it has not incurred and will not incur any liability for finder's or brokerage fees or commissions in connection with this Agreement and the transaction(s) contemplated herein. The parties agree to indemnify, defend and hold the each other harmless from and against any and all claims or demands with respect to any finder's or brokerage fees or commissions or other compensation asserted by any person, firm or corporation in within five (5) days connection with this Agreement or the transaction(s) contemplated herein.

13. INTERVENING DAMAGE OR LOSS.

a. Casualty. UWID shall deliver the Domestic Water System to Nampa in substantially the same condition on the Closing Date as on the date hereof, excepting therefrom ordinary wear and tear. If, prior to the Closing Date, any improvements are damaged or destroyed by fire or other casualty, then UWID shall immediately notify Nampa as provided in this Agreement. Nampa shall, following delivery of such notice, elect to: (i) complete the purchase of such Domestic Water System with the Purchase Price being reduced by an amount equal to the fair market value of the improvements (or portion thereof) damaged or destroyed; or (ii) complete the purchase of the Domestic Water System upon UWID delivering to Nampa a duly executed assignment of all insurance proceeds payable as a result of such fire or casualty, in form and substance reasonably satisfactory to Nampa; and UWID paying the amount of any deductible under the applicable insurance policy. Notwithstanding anything to the contrary in the foregoing, in the event that the replacement value of the damaged or destroyed improvements in connection with the Domestic Water System is less than \$10,000.00, the same shall be considered without effect, without adjustment to the Purchase Price or assignment of insurance proceeds.

b. Condemnation. Should any entity having the power of condemnation bring an action or otherwise indicate an intent prior to the Closing Date to acquire all or any portion of, or any interest in, the Domestic Water System, then UWID shall immediately notify Nampa as provided in this Agreement. Nampa shall complete the purchase of the Domestic Water System with UWID immediately appointing Nampa its attorney-in-fact to negotiate with said condemning entity as to Nampa's interest in the Domestic Water System and assigning to Nampa all amounts to be awarded for such Domestic Water System.

14. NOTICES.

All notices, demands, requests, and other communications under this Agreement shall be in writing and shall be properly served or delivered if delivered by hand to the party to whose attention it is directed, or when sent, three (3) days after deposit in the U.S. mail, postage prepaid, or when received when sent via facsimile, addressed as follows:

If to UWID: 8248 W. Victory Road
P.O. Box 190420
Boise, ID 83719-0420
Attn: Gregory P. Wyatt
208/362-7069 (fax)

If to Nampa: 411 Third Street South
Nampa, Idaho 83651
Attn: Paul Raymond, P.E.
208/465-2261 (fax)

or at such other address or to such other party which any party entitled to receive notice hereunder designates to the other in writing as provided above.

15. BULK SALES.

It is the opinion of the parties that any bulk sales laws or regulations do not apply to the transactions contemplated by this Agreement. However, should any claim or legal proceeding be made or commenced by a creditor based on the applicability of any bulk sales law or regulation to the transactions, UWID shall indemnify, defend and hold harmless Nampa from the claim of such creditor under such bulk sales laws or regulations for any debt or obligation not expressly hereunder assumed by Nampa.

16. MISCELLANEOUS.

a. Successors. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their successors and assigns; provided, however, this Agreement shall not be assigned by any party without the written consent of the other parties hereto, not to be unreasonably withheld.

b. Time for Performance. Wherever under the terms and provisions of this Agreement the time for performance falls upon a Saturday, Sunday, or Legal Holiday, such time for performance shall be extended to the next business day.

c. Entire Contract. This Agreement embodies the entire contract between the parties hereto with respect to the subject matter hereof. No modification or amendment to or of this Agreement of any kind whatsoever shall be made or claimed by UWID or Nampa shall have any force or effect whatsoever unless the same shall be endorsed in writing and be signed by the party against which the enforcement of such modification or amendment is sought, and then only to the extent set forth in such instrument.

d. Representation. All parties hereto have either been represented by separate legal counsel or have had the opportunity to be so represented. Thus, in all cases, the language herein shall be construed simply and in accordance with its fair meaning and not strictly for or against a party, regardless of which party prepared or caused the preparation of this Agreement.

e. Captions. The captions at the beginning of the several paragraphs, respectively, are for convenience in locating the context, but are not part of the text.

f. Governing Laws. This Agreement shall be governed by the laws of the State of Idaho.

g. Prevailing Party. If either party shall default in the full and timely performance of this Agreement and said default is cured with the assistance of an attorney for the other party and before the commencement of a suit thereon, as a part of curing said default, the reasonable

attorneys' fees incurred by the other party shall be reimbursed to the other party upon demand. In the event that either party to this Agreement shall file suit or action at law or equity to interpret or enforce this Agreement hereof, the unsuccessful party to such litigation agrees to pay to the prevailing party all costs and expenses, including reasonable attorney's fees, incurred by the prevailing party, including the same with respect to an appeal.

h. Time of Essence. All times provided for in this Agreement or in any other instrument or document referred to herein or contemplated hereby, for the performance of any act will be strictly construed, it being agreed that time is of the essence of this Agreement.

i. Rights. This Agreement shall not confer any rights or remedies upon any person other than the parties hereto and their respective successors and permitted assigns.

j. Counterparts. This Agreement may be executed in one or more counterparts each of which shall be deemed an original but all of which together will constitute one and the same instrument.

k. Interpretation. In the event any term or provisions of this Agreement shall be held illegal, invalid or unenforceable or inoperative as a matter of law, the remaining terms and provisions of this Agreement shall not be affected thereby but each such term and provision shall be valid and shall remain in full force and effect.

l. Survival. The terms, provisions, agreements and indemnities shall survive the closing of the transaction contemplated herein and the delivery of the deed, and this Agreement shall not be merged therein, but shall remain binding upon and for the parties hereto until fully observed, kept or performed.

m. Authority. Each party represents to the other that it has authority to execute this Agreement and to perform all of the terms and conditions required of them as provided under this Agreement.

IN WITNESS WHEREOF, the undersigned, being duly authorized, have executed this Purchase Agreement as of the date set forth first above.

SELLER:

UWID:

United Water Idaho Inc., an Idaho corporation

By: 
Gregory P. Wyatt, Vice President

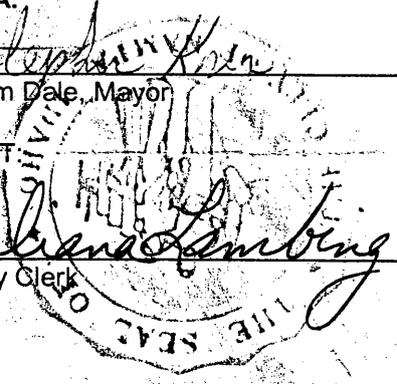
BUYER:

NAMPA:

By: 
Tom Dale, Mayor

ATTEST:

By: 
City Clerk



Schedule of Exhibits:

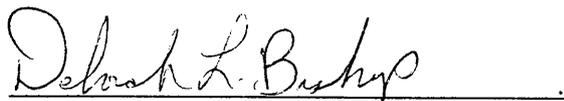
- Exhibit A: Legal Description of Carriage Hill Subdivision**
- Exhibit B: Legal Description of the Well Lot**
- Exhibit C: Permitted Exceptions**
- Exhibit D: Warranty Deed**
- Exhibit E: Bill of Sale**

State of Idaho)

Canyon County)

On this 19th day of April, 2004, before me, the undersigned, a Notary Public in and for said State, personally appeared Stephen Kren and Diana Lambing known to me to be the Council President and the City Clerk, of the City of Nampa, Idaho, a municipal corporation, who executed the foregoing instrument.

In Witness Whereof, I have hereunto set my hand and affixed by official seal, the day and year in this certificate first above written.



Deborah L. Bishop

Residing at: Nampa, Canyon County, Idaho

My Commission Expires: 6/13/2007

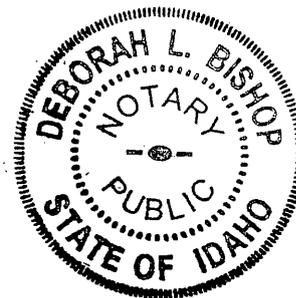


EXHIBIT A

LEGAL DESCRIPTION OF CARRIAGE HILL SUBDIVISION



HUBBLE ENGINEERING, INC.

9550 Bethel Court ■ Boise, Idaho 83709

208/322-8992 ■ Fax 208/378-0329

Project No. 9420100

May 5, 1999

**CARRIAGE HILL PROJECT DESCRIPTION
NAMPA, IDAHO**

A parcel of land located in the NE1/4, SE1/4, and SW1/4 of Section 31, T.3N., R.2W., B.M., Canyon County, Idaho, more particularly described as follows:

BEGINNING at the 1/4 corner common to Section 32 and the said Section 31, from which the southeast corner of said Section 31 bears South 00°22'13" East, 2582.70 feet;

thence South 89°16'20" West, 302.20 feet to a point;

thence South 19°37'40" East, 96.90 feet to a point;

thence South 40°24'03" East, 92.27 feet to a point;

thence South 36°30'19" East, 118.29 feet to a point;

thence South 00°54'00" East, 445.00 feet to a point;

thence South 36°02'38" East, 234.96 feet to a point on the East boundary of said Section 31;

thence along said East boundary South 00°22'13" East, 395.95 feet to the South 1/16 corner;

thence along the South boundary of the North 1/2 of the SE1/4 South 88°52'57" West, 2644.66 feet to the C-S 1/16 corner;

thence along the North-South mid-section line North 00°23'55" West, 812.33 feet to a point;

thence departing said line North 33°00'10" West, 587.74 feet to a point on the East-West mid-section line;

thence along said line North 89°15'43" East, 316.70 feet to the center of said Section 31, said point being common to the southwest corner of Verde Hills Sub-division, as same is recorded in Book 13 of Plats at Page 20, records of Canyon County, Idaho;

thence continuing along said line and the exterior boundary of said Verde Hills Sub-division North 89°16'20" East, 1647.60 feet to a point;

Carriage Hill Project Description

Page 1 of 4

EXHIBIT A

thence North 13°59'20" West, 77.28 feet to a point;

thence North 34°24'00" West, 133.60 feet to a point;

thence North 5°34'00" West, 104.25 feet to a point;

thence 94.53 feet along the arc of a curve to the left, having a radius of 117.25 feet, a central angle of 46°11'20", and a long chord bearing North 28°39'40" West, 91.99 feet to a point;

thence North 51°45'19" West, 6.00 feet to a point;

thence 95.41 feet along the arc of a curve to the left, having a radius of 129.11 feet, a central angle of 42°20'20", and a long chord bearing North 72°55'30" West, 93.25 feet to a point;

thence South 85°54'20" West, 44.60 feet to a point;

thence 83.62 feet along the arc of a curve to the right, having a radius of 91.27 feet, a central angle of 52°29'20", and a long chord bearing North 67°51'00" West, 80.72 feet to a point;

thence North 41°36'18" West, 0.40 feet to a point;

thence 83.38 feet along the arc of a curve to the left, having a radius of 89.40 feet, a central angle of 53°26'18", and a long chord bearing North 68°19'20" West, 80.39 feet to a point;

thence South 84°57'40" West, 213.75 feet to a point;

thence South 71°53'40" West, 190.00 feet to a point;

thence South 77°06'40" West, 258.00 feet to a point;

thence 179.63 feet along the arc of a curve to the right, having a radius of 100.51 feet, a central angle of 102°23'39", and a long chord bearing North 51°41'30" West, 156.66 feet to a point;

thence North 00°29'39" West, 19.50 feet to a point;

thence 76.53 feet along the arc of a curve to the left, having a radius of 106.47 feet, a central angle of 41°11'00", and a long chord bearing North 21°05'10" West, 74.89 feet to a point;

thence North 41°40'33" West, 2.00 feet to a point;

Carriage Hill Project Description

Page 2 of 4

EXHIBIT A

thence 78.18 feet along the arc of a curve to the right, having a radius of 150.10 feet, a central angle of 29°50'40", and a long chord bearing North 26°45'20" West, 77.30 feet to a point;

thence North 11°50'00" West, 42.84 feet to a point;

thence 94.45 feet along the arc of a curve to the left, having a radius of 116.38 feet, a central angle of 46°30'00", and a long chord bearing North 35°05'00" West, 91.88 feet to a point;

thence North 58°20'00" West, 240.00 feet to a point;

thence North 46°33'00" West, 186.06 feet to the northwest corner of said Verde Hills Sub-division lying on the North-South mid-section line;

thence along said line North 00°23'42" West, 1658.07 feet to the North 1/4 corner of said Section 31;

thence along the North boundary of said Section 31 North 90°00'00" East, 1687.90 feet to a point in the center of the Deer Flat Nampa Edwards Canal;

thence along the center of said canal South 47°38'42" East, 140.20 feet;

thence 165.19 feet along the arc of a curve to the right having a radius of 1000 feet, a central angle of 9°27'52" and a long chord bearing South 42°54'46" East, 165.00 feet to a point;

thence South 38°10'42" East, 643.40 feet to a point;

thence 203.14 feet along the arc of a curve to the right, having a radius of 1200 feet, a central angle of 9°41'58" and a long chord bearing South 33°19'43" East, 202.90 feet to a point;

thence South 28°28'42" East, 438.20 feet to a point;

thence South 40°00'42" East, 20.46 feet to a point on the South boundary of the North 1/2 of the Northeast 1/4;

thence departing the center of the Deer Flat Nampa Edwards Canal along said South boundary South 89°38'23" West, 675.66 feet;

thence South 00°22'36" East, 257.70 feet to a point;

thence 89°38'23" East, 263.00 feet to a point;

thence South 00°22'36" East, 32.80 feet to a point;
thence North 89°38'23" East, 127.00 feet to a point;
thence South 00°22'36" East, 160.00 feet to a point;
thence North 89°38'23" East, 305.00 feet to a point on the East boundary of said Section 31;
thence along the East boundary South 00°22'36" East, 840.54 feet to the Point of Beginning. Containing 198.84 acres, more or less.

SUBJECT TO: Rights-of-way for Middleton Road, Iowa Avenue, and other easements of record or use.

Prepared by:
HUBBLE ENGINEERING, INC.



DTP/vw/CarriageHill

D. Terry Peugh, P.L.S.

39 MAY 7 PM 3 55
G NOEL HALES
CANYON COUNTY RECORDER
BY *[Signature]*
REQUEST TYPE *Misc* FEE *129.00*
Spink & Butler

RECORDED

9918078

Carriage Hill Project Description

Page 4 of 4
EXHIBIT A

EXHIBIT B
LEGAL DESCRIPTION OF THE WELL LOT

Lot 14, Block 1 of Carriage Hill Subdivision No. 1 as recorded in Canyon County, Idaho as Instrument No. 9909068.

EXHIBIT C

PERMITTED EXCEPTIONS

1. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession, or claiming to be in possession, thereof.
2. Easements, liens, encumbrances, or claims thereof, which are not shown by the public records.
3. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey of the land would disclose, and which are not shown by the public records.
4. Any lien, or right to a lien, imposed by the law for services, labor, or material heretofore or hereafter furnished, which lien, or right to a lien, is not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) Indian treaty or aboriginal rights, including, but not limited to, easements or equitable servitudes; or, (d) water rights, claims or title to water, whether or not the matters excepted under (a), (b), (c) or (d) are shown by the public records.
6. Taxes or assessments which are not now payable or which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records; proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
7. Any service, installation, connection, maintenance or construction charges for sewer, water, electricity, or garbage collection or disposal or other utilities unless shown as an existing lien by the public records.
8. Defects, liens, encumbrances, adverse claims or other matters, if any created, first appearing in the public records or attaching subsequent to the effective date hereof but prior to the date the proposed insured acquires of record for value the estate or interest or mortgage thereon covered by this Commitment.
9. Liens and assessments of the NAMPA MERIDIAN IRRIGATION DISTRICT, and the rights, powers, and easements of said district as by law provided.
10. Powerline easement as granted to IDAHO POWER COMPANY, a corporation, by instrument recorded July 5, 1957, as Instrument No. 445799, of Official Records; including the right from time to time to cut, trim, and remove trees, brush, overhanging branches and other obstructions which may injure or interfere with the Grantee's use, occupation, or enjoyment of this easement and the operation, maintenance and repair of Grantee's electrical system.
11. Terms, conditions, provisions and obligations set forth in that certain Development Agreement for Carriage Hill Subdivision between COUNTY OF CANYON, a political subdivision of the State of Idaho, and CARRIAGE HILL, LLC, an Idaho Limited Liability Company, recorded August 31, 1998, as Instrument No. 9832513, of Official Records.
12. Protective Covenants, Conditions, Restrictions and/or Easements, and other matters imposed by Instrument recorded May 7, 1999, as Instrument No. 9918078, of Official Records.

This exception omits any covenant, condition or restriction based on race, color, religion, sex, handicap, familial status, or national origin as provided in 42 U.S.C. Section 3604, unless and only to the extent that the covenant (a) is not in violation of state or federal law, (b) is exempt under 42 U.S.C. Section 3607, or (c) relates to a handicap, but does not discriminate against handicapped people.

Amended by instrument recorded May 7, 1999, as Instrument No. 9918079, of Official Records.

Amended by instrument recorded August 17, 2000, as Instrument No. 200028959, of Official Records.

Amended by instrument recorded March 25, 2002, as Instrument No. 200213690, of Official Records.

13. Liens, Levies and Assessments, if any, of CARRIAGE HILL SUBDIVISION NO. 1 NEIGHBORHOOD ASSOCIATION, INC. as provided for in instrument recorded May 7, 1999, as Instrument No. 9918078, of Official Records and in any amendments or supplements thereto.

14. Easements, reservations, restrictions and dedications, if any, as shown on the official plat of said subdivision.

15. Acts of Buyer.

EXHIBIT D

After recording send to:

JoAnn C. Butler
Spink Butler, LLP
P.O. Box 639
Boise, Idaho 83701

FOR RECORDING INFORMATION

WARRANTY DEED

United Water Idaho Inc., an Idaho corporation, hereinafter referred to as "Grantor," for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, does hereby grant, bargain, sell, convey, and warrant unto the City of Nampa, an Idaho municipal corporation, hereinafter referred to as "Grantee," whose address is 411 Third Street South, Nampa, Idaho 83651, the real property located in Canyon County, Idaho, more particularly described as follows, hereinafter referred to as the "Premises."

Lot 14, Block 1, Carriage Hill Subdivision No. 1, Canyon County, Idaho, according to the plat filed in Book 26 of Plats, Page 29, records of said County; as Amended by Affidavit Authorizing Correction to Plat recorded May 7, 1999, as Instrument #9918077, including all ground water and ground water rights, pumps, buildings, sources of supply, and other improvements in connection with such groundwater and groundwater rights, and sources of supply; and excluding surface water and surface water rights, ditch and ditch rights, minerals and mineral rights, and irrigation equipment.

TO HAVE AND TO HOLD the Premises, together with its tenements, hereditaments and appurtenances thereto belonging or in any way appertaining, the reversion and reversions, remainder and remainders, rents, issues and profits thereof, including, without limitation, all water and water rights, ditches and ditch rights, water storage rights, the right to ground water, middle rights, easements, and rights of way, unto Grantee and Grantee's heirs, successors and assigns forever. And Grantor does hereby covenant to and with Grantee that Grantor is the owner in fee simple of the Premises; that the Premises are free from all liens, claims and encumbrances, and that Grantor shall warrant and defend the same from all claims whatsoever.

IN WITNESS WHEREOF, the undersigned have caused their names to be hereunto ascribed this ____ day of _____, 2004.

UNITED WATER IDAHO INC.,
an Idaho corporation

By: _____
Gregory P. Wyatt, Vice President

EXHIBIT E

BILL OF SALE

United Water Idaho Inc., an Idaho corporation, whose address is 8248 Victory Road, Boise, Idaho 83709 ("Seller"), for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, does hereby sell, assign, transfer, and set over to City of Nampa, whose address is 411 Third Street South, Nampa, Idaho 83651 ("Buyer"), the following property described on Exhibit A, attached hereto and made a part hereof (the "**Property**").

Seller hereby represents and warrants to Buyer that Seller is the absolute owner of the Property, that the Property is free and clear of liens, charges and encumbrances, that Seller shall defend the same from all claims whatsoever, and that Seller has full right, power and authority to sell said Property and to make this Bill of Sale; provided, however, Seller has neither made nor makes any warranties, whether expressed or implied, concerning the condition of the Property, and Buyer takes and receives the Property "**AS IS,**" "**WHERE IS,**" with "**ALL FAULTS.**"

IN WITNESS WHEREOF, Seller has signed this Bill of Sale this ____ day of _____, 2004.

UNITED WATER IDAHO INC.,
an Idaho corporation

By: _____
Gregory P. Wyatt, Vice President

EXHIBIT E

EXHIBIT A TO BILL OF SALE

Physical Description of Domestic Water System

Distribution System:

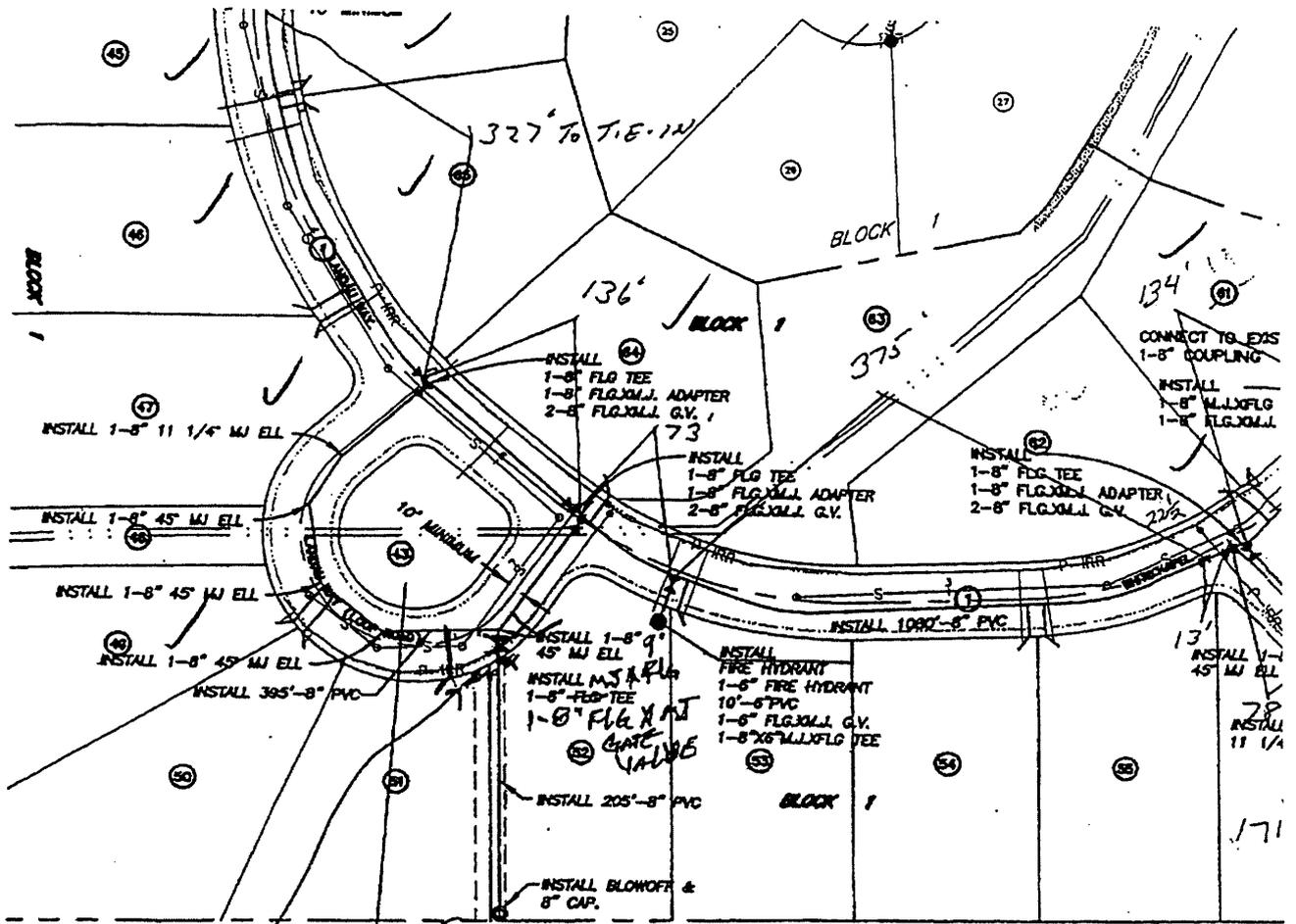
1839' - 8" PVC Water Main
1281' - 12" PVC Water Main
29 - 1" Domestic Services
1 - 3" Irrigation Service
5 - 6' Fire Hydrants

Source of Supply:

16' x 32' Well House
18" Supply Well
Mechanical Piping
2 - Submersible Pumps
Communication, Control, Telemetry Equipment

Land:

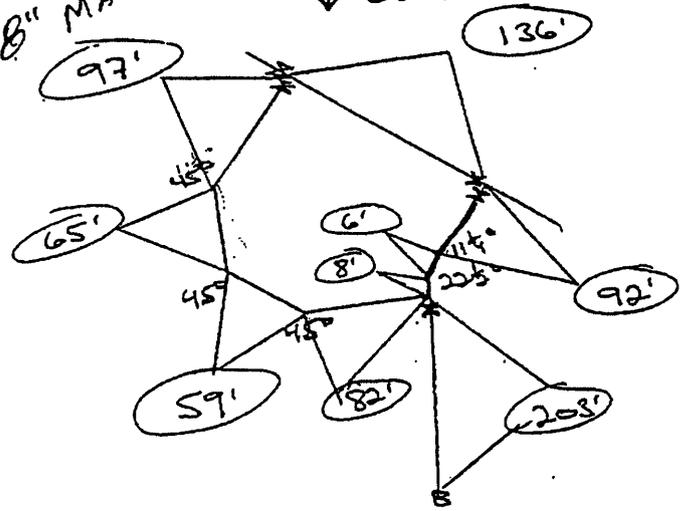
Well Lot
Associated Landscaping
Irrigation System



DO NOT TAKE SERVICES FROM 8" MAIN THRU EASEMENT

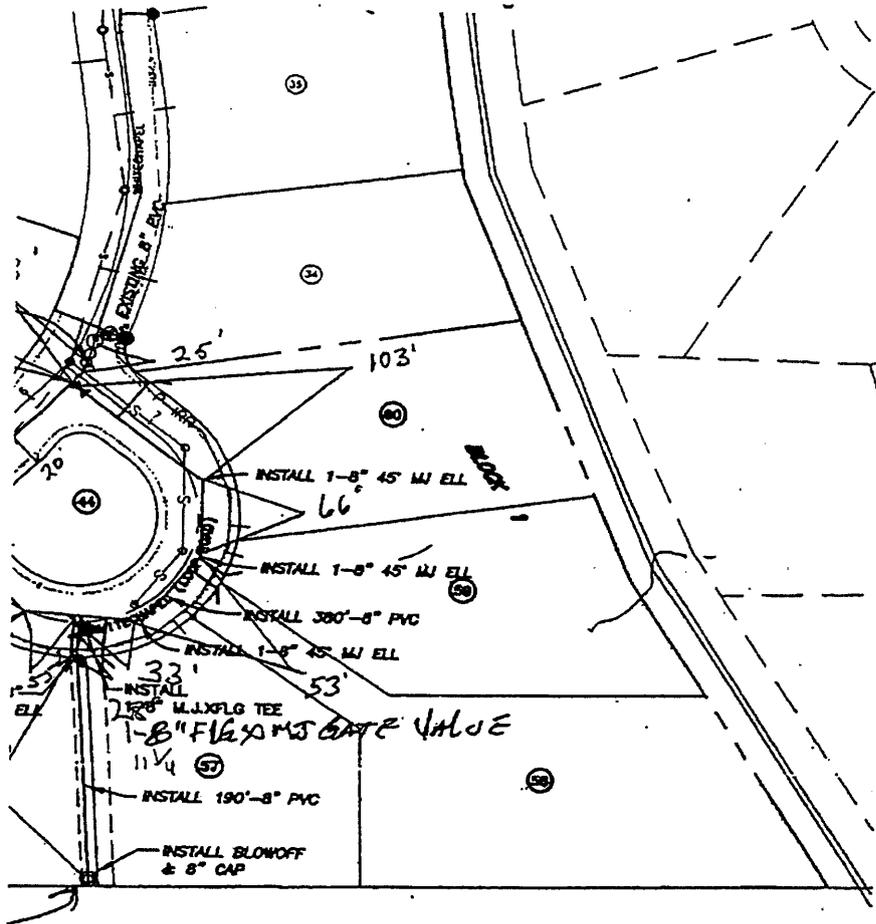
Center main in EASEMENT

MAID LINES 11' OFF SEWER



D. J. [Signature]
2/18/02

EXHIBIT "A"



- 327
- 136
- 73
- 375
- 13
- 134
- 13
- 25
- 103
- 66
- 53
- 33
- 28
- 171
- 55
- 78
- 97
- 65
- 59
- 82
- 8
- 9
- 203

2282'-8" PVC

PROJE

To Eng (TP)
MI 2849

CEA C03D405

As-built

R. Isgrig

(Completed by C. Casp)
A-Built

5/22/92 DEVELOPER:
CARRIAGE HILL, LLC
P.O. BOX 1184
NAMPA, ID 83653

United Water.

EXHIBIT D

RESOLUTION NO. 20-2004

A RESOLUTION DECLARING THE INTENTION OF THE CITY COUNCIL OF THE CITY OF NAMPA, IDAHO, TO ACQUIRE FROM UNITED WATER IDAHO, INC. THE WATER SOURCE FOR CARRIAGE HILLS SUBDIVISION PHASE II, NAMPA, IDAHO; TO CREATE LOCAL IMPROVEMENT DISTRICT NO. 140 FOR NAMPA, IDAHO FOR THE PURPOSE OF PURCHASING THE WATER SOURCE FOR CARRIAGE HILLS SUBDIVISION PHASE II FROM UNITED WATER IDAHO, INC. BY SPECIAL ASSESSMENTS TO BE LEVIED AND ASSESSED AGAINST THE PROPERTY WITHIN CARRIAGE HILLS SUBDIVISION PHASE II BENEFITED BY SUCH ACQUISITION; DECLARING SAID ACQUISITION TO BE NECESSARY AND DESIRABLE; STATING THE TOTAL COST OF THE LOCAL IMPROVEMENT DISTRICT FOR THE ACQUISITION AND THE METHOD OF ASSESSMENT; FIXING A TIME IN WHICH PROTESTS AGAINST THE PROPOSED ACQUISITION OR THE CREATION OF THE LOCAL IMPROVEMENT DISTRICT MAY BE FILED IN THE OFFICE OF THE CITY CLERK; FIXING A TIME WHEN SUCH PROTESTS SHALL BE HEARD AND CONSIDERED BY THE COUNCIL; AND DIRECTING NOTICE THEREOF TO BE GIVEN.

WHEREAS, the City Council of the City of Nampa, Idaho deems it to be in the best interest of the City to acquire from United Water Idaho, Inc. the water source for Carriage Hills Subdivision Phase II, hereinafter particularly described, which is currently undeveloped land within the corporate limits of the City; and

WHEREAS, the City Council of the City of Nampa, Idaho deems it necessary and desirable to create "Local Improvement District No. 140 for the Acquisition of the Water Source for Carriage Hills Subdivision Phase II" for the purpose of purchasing the water source for Carriage Hills Subdivision Phase II from United Water Idaho, Inc. and providing for the payment of the cost thereof; and

WHEREAS, the total cost of the Local Improvement District for the acquisition of the water source for Carriage Hills Subdivision Phase II from United Water Idaho, Inc. is the sum of \$250,000.00; and

WHEREAS, the City Council proposes to defray the cost of said acquisition by special assessments to be assessed on a square foot or per lot basis against the property of Carriage Hills Subdivision Phase II benefited by the acquisition of the water source for Carriage Hills Subdivision Phase II from United Water Idaho, Inc. in the Local Improvement District to be formed.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF NAMPA, IDAHO:

The City of Nampa, Idaho does hereby declare its intention to acquire from United Water Idaho, Inc. the water source for Carriage Hills Subdivision Phase II, Nampa, Idaho, to be known as:

"Local Improvement District No. 140 for the Acquisition of the Water Source for Carriage Hills Subdivision Phase II"

the cost of which is to be levied and assessed on a square foot basis against the property of Carriage Hills Subdivision Phase II, more particularly described as follows, benefited by such acquisition, to-wit:

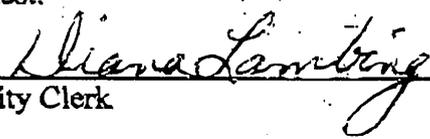
(Legal Description of Carriage Hills Subdivision Phase II)

Protests against said proposed acquisition or the creation of Local Improvement District No. 140 to be formed to pay for the cost of purchasing the water source for Carriage Hills Subdivision Phase II from United Water Idaho, Inc. may be filed in the office of the City Clerk in writing on or before Monday, the 19th day of July, 2004, at 5:00 p.m. At 7:30 p.m. on said day in the Council Chambers of City Hall, 411 - 3rd Street South, Nampa, Idaho, such protests shall be heard and considered by the City Council. The City Clerk is hereby directed to give notice of the passage of this Resolution; of the time within which protests against the proposed acquisition from United Water Idaho, Inc. of the water source for Carriage Hills Subdivision Phase II or the creation of Local Improvement District No. 140 to pay for the cost of purchasing the water source may be filed; the date when such protests will be heard and considered by the Council; and the total cost to acquire from United Water Idaho, Inc. the water source for Carriage Hills Subdivision Phase II, Nampa, Idaho; and shall therein refer to this Resolution on file in her office for further information in regard thereto. Said notice shall be published in the official newspaper of the City of Nampa, and a copy of such notice shall be mailed to each owner of property located within Carriage Hills Subdivision Phase II if the owner be known, or to his agent if his agent be known, addressed to such person at his post office address if known or, if his post office address be unknown, to the post office in Nampa, Idaho. The Clerk shall cause the last publication to be made and said notice shall be mailed at least ten days before July 19, 2004, which is the date set for the expiration of the filing of protests. She shall file in her office proof of publication of said notice and shall make and file in her office an affidavit showing the mailing of such notices.

PASSED BY THE COUNCIL OF THE CITY OF NAMPA, IDAHO, THIS 6th DAY OF July, 2004.

APPROVED BY THE MAYOR OF THE CITY OF NAMPA, IDAHO, THIS 6th DAY OF July, 2004.

Approved: 
By _____
Mayor

Attest:
By 
City Clerk



IDAHO
SURVEY
GROUP

1450 East Watertower St.
Suite 150
Meridian, Idaho 83642

Phone (208) 846-8570
Fax (208) 884-5399

Project No. 04-067

**Parcel II
Carriage Hill**

June 21, 2004

A parcel of land located in the North 1/2 of the SE 1/4 of Section 31, T. 3N., R. 2W., B.M., Canyon County, Idaho, more particularly described as follows: Commencing at the 1/4 corner common to Section 32 and the said Section 31, from which the southeast corner of said Section 31 bears South 00°22'13" East, 2582.70 feet; thence along the East-West mid-section line South 89°16'20" West, 302.20 feet to the **REAL POINT OF BEGINNING**.

Thence South 19°37'40" East, 96.90 feet;

Thence South 40°24'03" East, 92.27 feet;

Thence South 36°30'19" East, 118.29 feet;

Thence South 00°54'00" East, 445.00 feet;

Thence South 36°02'38" East, 234.96 feet to a point on the East boundary of said Section 31;

Thence along said boundary South 00°22'13" East, 395.95 feet to the South 1/16 corner common to said Sections 31 and 32;

Thence along the South boundary of the North 1/2 of the SE 1/4 South 88°52'57" West, 1223.46 feet;

Thence North 30°50'44" West, 246.17 feet;

Thence North 21°38'55" West, 195.94 feet to the southeast corner of Carriage Hill Subdivision No. 1, as same is recorded in Book 26 of Plats at Page 29, records of Canyon County, Idaho;

Thence along the easterly boundary of said subdivision and continuing North 21°38'55" West, 102.73 feet;

Thence North 9°10'01" West, 78.29 feet;

Thence North 7°00'43" West, 94.64 feet;

Professional Land Surveyors

Thence 34.45 feet along the arc of a curve to the left, having a radius of 172.00 feet, a central angle of $11^{\circ}28'39''$ and a long chord bearing North $12^{\circ}45'03''$ West, 34.40 feet;

Thence North $71^{\circ}30'38''$ East, 131.75 feet;

Thence North $38^{\circ}31'58''$ East, 100.11 feet;

Thence North $54^{\circ}11'38''$ West, 100.61 feet;

Thence North $14^{\circ}44'17''$ East, 146.36 feet;

Thence North $4^{\circ}34'33''$ East, 50.00 feet;

Thence North $85^{\circ}25'27''$ West, 67.36 feet;

Thence North $1^{\circ}28'46''$ East, 228.07 feet to a point on the East-West mid-section line;

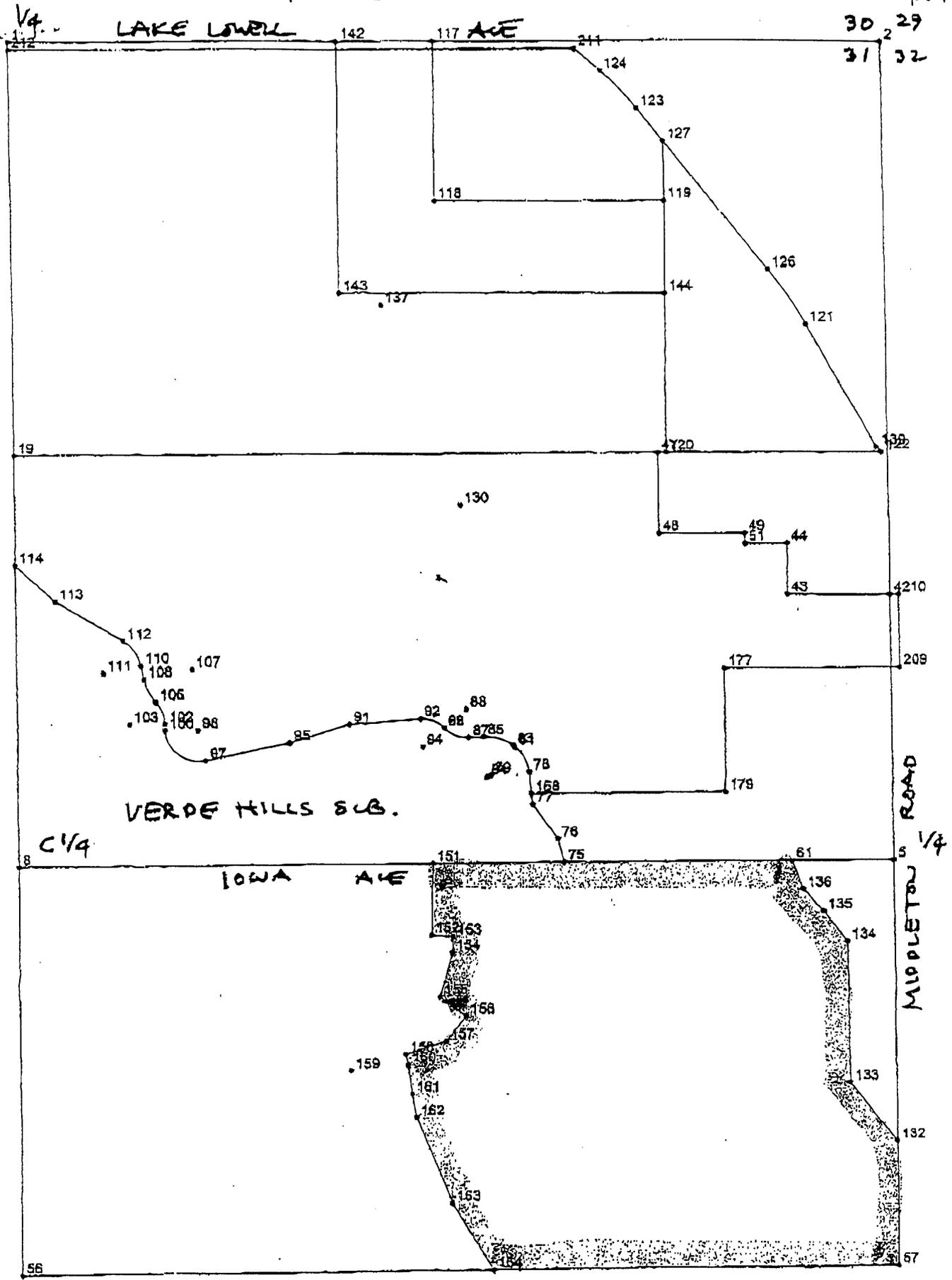
Thence departing said easterly boundary North $89^{\circ}16'20''$ East, 1095.11 feet to the Point of Beginning. Containing 37.96 acres, more or less.

Subject to right-of-way for Middleton Road and Iowa Avenue.

Prepared By:
Idaho Survey Group, P.C.



D. Terry Peugh, P.L.S.





IDAHO
SURVEY
GROUP

1450 East Watertower St
Suite 150
Meridian, Idaho 83642

Phone (208) 846-8570
Fax (208) 884-5399

Project No. 04-067

Triangle Dairy

June 21, 2004

A parcel of land located in the North 1/2 of the NE 1/4 of Section 31, T. 3N., R. 2W., B.M., Canyon County, Idaho, more particularly described as follows: BEGINNING at the 1/4 corner common to Section 30 and the said Section 31, from which the northeast corner of said Section 31 bears North 90°00'00" East, 2646.14 feet;

Thence North 90°00'00" East, 994.25 feet;

Thence South 00°00'00" East, 795.91 feet;

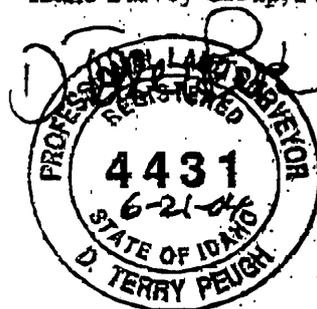
Thence North 90°00'00" East, 990.51 feet;

Thence South 00°00'00" West, 499.64 feet to a point on the south boundary of the North 1/2 of the NE 1/4;

Thence along said boundary South 89°38'23" West, 1975.78 feet to the C-N 1/16 corner;

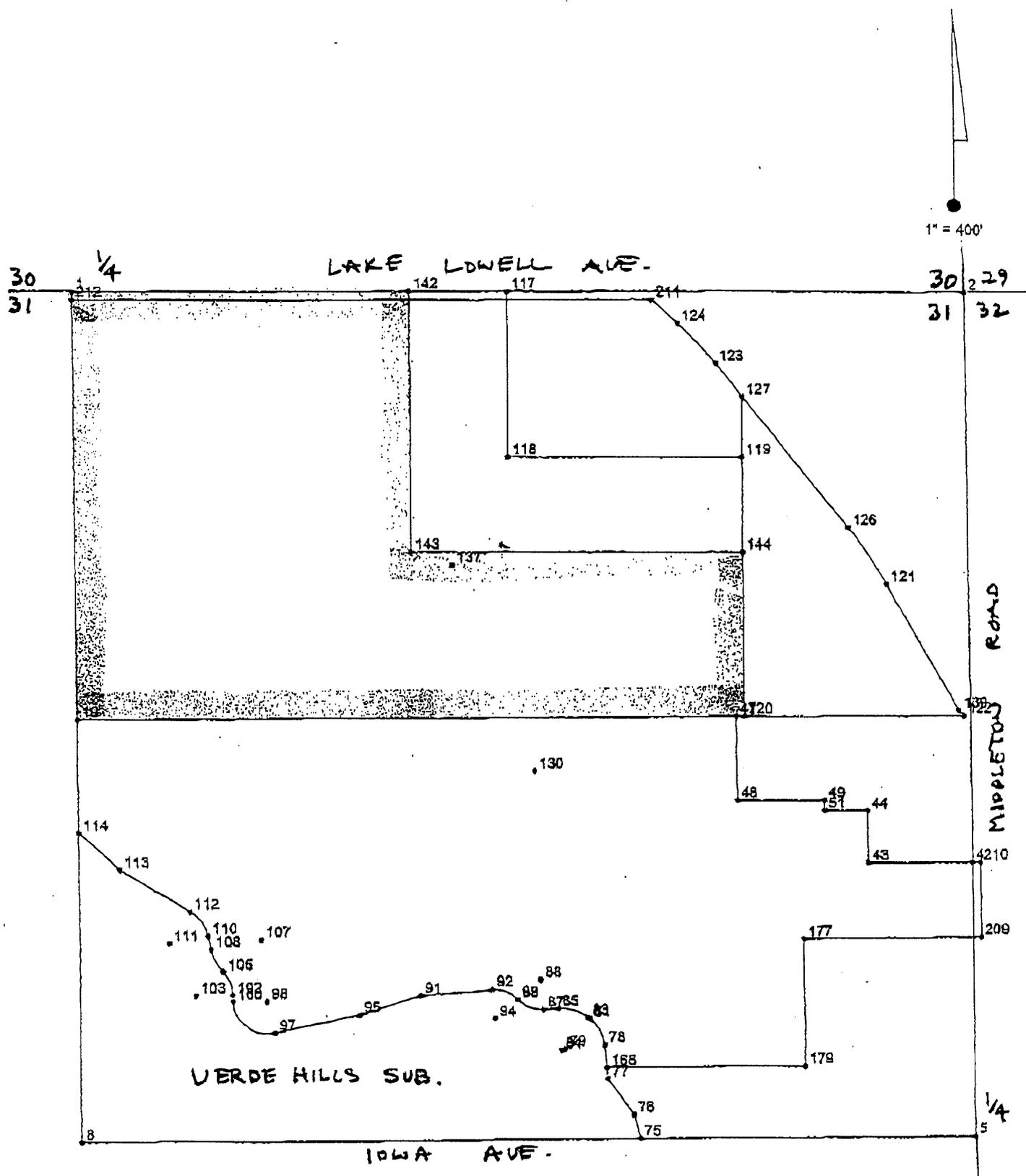
Thence North 00°23'42" West, 1308.00 feet to the Point of Beginning. Containing 41.08 acres, more or less. *Subway to road, ditch, and canal rights-of-way of record or use.*

Prepared By:
Idaho Survey Group, P.C.



D. Terry Peugh, P.L.S.

Professional Land Surveyors



LOCATION: 4652314

RX TIME 07/20 '04 09:30



**IDAHO
SURVEY
GROUP**

1450 East Watertower St.
Suite 150
Meridian, Idaho 83642

Phone (208) 846-8570
Fax (208) 884-5399

Project No. 04-067

**Parcel III
Carriage Hill**

June 24, 2004

A parcel of land located in the Northeast $\frac{1}{4}$ of Section 31, T. 3N., R. 2W., B.M., Canyon County, Idaho, more particularly described as follows: Commencing at the $\frac{1}{4}$ corner common to Section 30 and the said Section 31, from which the Northeast corner of said Section 31 bears North $90^{\circ}00'00''$ East, 2646.14 feet; thence along the North-South mid-section line South $00^{\circ}23'42''$ East, 1308.00 feet to the C-N $\frac{1}{16}$ corner and the **REAL POINT OF BEGINNING.**

Thence along the South line of the North $\frac{1}{2}$ of the NE $\frac{1}{4}$ North $89^{\circ}38'23''$ East, 1950.50 feet;

Thence South $00^{\circ}22'36''$ East, 257.70 feet;

Thence North $89^{\circ}38'23''$ East, 263.00 feet;

Thence South $00^{\circ}22'36''$ East, 32.80 feet;

Thence North $89^{\circ}38'23''$ East, 127.00 feet;

Thence South $00^{\circ}22'36''$ East, 160.00 feet;

Thence North $89^{\circ}38'23''$ East, 305.00 feet to a point on the East line of said Section 31;

Thence South $00^{\circ}22'36''$ East, 840.54 feet to the East $\frac{1}{4}$ corner of said Section 31;

Thence along the East-West mid-section line South $89^{\circ}16'20''$ West, 997.53 feet to the southeast corner of Verde Hills Subdivision, as same is recorded in Book 13 of plats at Page 20, records of Canyon County, Idaho;

Thence along the exterior boundary of said subdivision North $13^{\circ}59'20''$ West, 77.28 feet;

Thence North $34^{\circ}24'00''$ West, 133.60 feet;

Professional Land Surveyors

Thence North 5°34'00" West, 104.25 feet;

Thence 94.53 feet along the arc of a curve to the left, having a radius of 117.25 feet, a central angle of 46°11'20", and a long chord bearing North 28°39'40" West, 91.99 feet;

Thence North 51°45'19" West, 6.00 feet;

Thence 95.41 feet along the arc of a curve to the left, having a radius of 129.11 feet, a central angle of 42°20'20", and a long chord bearing North 72°55'30" West, 93.25 feet;

Thence South 85°54'20" West, 44.60 feet;

Thence 83.62 feet along the arc of a curve to the right, having a radius of 91.27 feet, a central angle of 52°29'20", and a long chord bearing North 67°51'00" West, 80.72 feet;

Thence North 41°36'18" West, 0.40 feet;

Thence 83.38 feet along the arc of a curve to the left, having a radius of 89.40 feet, a central angle of 53°26'18", and a long chord bearing North 68°19'20" West, 80.39 feet;

Thence South 84°57'40" West, 213.75 feet;

Thence South 71°53'40" West, 190.00 feet;

Thence South 77°06'40" West, 258.00 feet;

Thence 179.63 feet along the arc of a curve to the right, having a radius of 100.51 feet, a central angle of 102°23'39", and a long chord bearing North 51°41'30" West, 156.66 feet;

Thence North 00°29'39" West, 19.50 feet;

Thence 76.53 feet along the arc of a curve to the left, having a radius of 106.47 feet, a central angle of 41°11'00", and a long chord bearing North 21°05'10" West, 74.89 feet;

Thence North 41°40'33" West, 2.00 feet;

Thence 78.18 feet along the arc of a curve to the right, having a radius of 150.10 feet, a central angle of 29°50'40", and a long chord bearing North 26°45'20" West, 77.30 feet;

Thence North 11°50'00" West, 42.84 feet;

Thence 94.45 feet along the arc of a curve to the left, having a radius of 116.38 feet, a central angle of 46°30'00", and a long chord bearing North 35°05'00" West, 91.88 feet;

Thence North 58°20'00" West, 240.00 feet;

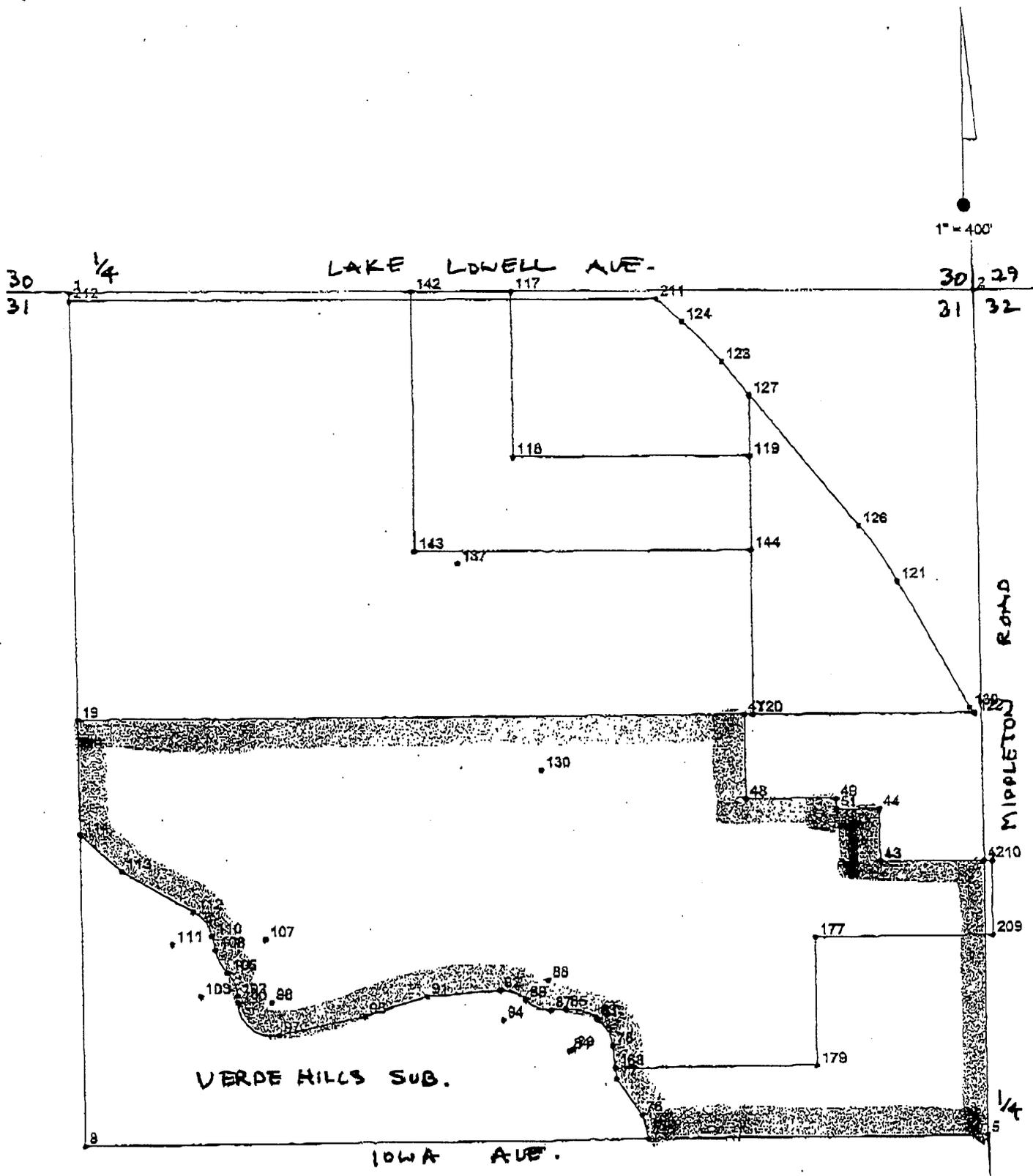
Thence North 46°33'00" West, 166.06 feet to the Northwest corner of said Verde Hills Subdivision lying on the North-South mid-section line;

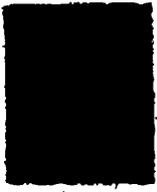
Thence along said line North 00°23'42" West, 350.07 feet to the Point of Beginning. Containing 55.11 acres, more or less.

Prepared By:
Idaho Survey Group, P.C.



D. Terry Peugh, P.L.S.





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Project No. 04-067

**Triangle Dairy
Parcel IV**

June 24, 2004

A parcel of land located in the North 1/2 of the NE 1/4 of Section 31, T. 3N., R. 2W., B.M., Canyon County, Idaho, more particularly described as follows:
Commencing at the corner common to said Sections 29, 30, 32 and the said Section 31, from which the 1/4 corner common to said Sections 30 and 31 bears South 90°00'00" West, 2646.14 feet;

Thence South 90°00'00" West, 958.24 feet to a point in the center of the Deer Flat-Nampa Canal and the **REAL POINT OF BEGINNING**.

Thence along the center of said canal South 47°38'42" East, 140.20 feet;

Thence along the arc of a 1000.00 feet radius curve to the right, said curve having an arc length of 165.19 feet, a central angle of 9°27'52", and a long chord which bears South 42°54'46" East, 165.00 feet;

Thence South 38°10'42" East, 643.40 feet;

Thence along the arc of a 1200.00 feet radius curve to the right, said curve having an arc length of 203.14 feet, a central angle of 9°41'58", and a long chord which bears South 33°19'43" East, 202.90 feet;

Thence South 28°28'42" East, 438.20 feet;

Thence South 40°00'42" East, 20.46 feet to a point on the South boundary of said North 1/2 of the NE 1/4;

Thence departing the center of said canal along the said South boundary South 89°38'23" West, 650.39 feet;

Thence departing said South boundary North 00°00'00" East, 791.01 feet;

Thence South 90°00'00" West, 699.13 feet;

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Thence North 00°00'00" East, 504.53 feet to a point on the North boundary of said Section 31;

Thence North 90°00'00" East, 402.27 feet to the Point of Beginning.

Prepared By:
Idaho Survey Group, P.C.



D. Terry Peugh, P.L.S.



**IDAHO
SURVEY
GROUP**

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Suite 150
Meridian, Idaho 83642

Phone (208) 846-8570
Fax (208) 884-5399

Project No. 04-067

Shank 10.00 Acre

June 24, 2004

A parcel of land located in the Northeast ¼ of Section 31, T. 3N., R. 2W., B.M., Canyon County, Idaho, more particularly described as follows: Commencing at the corner common to Sections 29, 30, 32 and the said Section 31, from which the ¼ corner common to said Sections 30 and 31 bears South 90°00'00" West, 2646.14 feet; thence South 90°00'00" West, 1360.52 feet to the REAL POINT OF BEGINNING.

Thence South 00°00'00" West, 504.53 feet;

Thence North 90°00'00" East, 699.13 feet;

Thence South 00°00'00" East, 291.38 feet;

Thence North 00°00'00" West, 990.51 feet;

Thence North 00°00'00" East, 795.91 feet to a point on the North boundary of said Section 31;

Thence North 90°00'00" East, 291.38 feet to the Point of Beginning. Containing 10.00 acres, more or less.

Prepared By:
Idaho Survey Group, P.C.



Professional Land Surveyor

EXHIBIT E

**United Water Idaho
Proposed Journal Entry to Record Carriage Hill Sale
(Assumes Closing As of October 15, 2004)**

**Account
Number Debit Credit**

UNITED WATER IDAHO:

Advanced Plant- Reverse original cost plant; reverse book amount of advance liability; reverse accum depr on refunds made; book cash from City of Nampa

Plant in Service	101-000		354,905.74
Advances for Construction	252-000	341,305.74	
Accumulated Depreciation	108-010	1,630.53	
Cash	131-000	11,969.47	
		354,905.74	354,905.74

Contributed Plant- Reverse original cost plant; reverse CIAC; reverse amort of CIAC

Plant in Service	101-000		127,010.79
Contributions in Aid of Construction	271-000	127,010.79	
Accumulated Depreciation	108-010	11,881.83	
Accumulated Amortization of CIAC	272-000		11,881.83
		138,892.62	138,892.62

Miscellaneous Plant & Other:

PIS Meters	101-000		3,000.00
Accumulated Depreciation	108-010	231.00	
MJ Cost #2537 & 2842	186-025		5,409.00
Legal & IPUC Filing Expenses	143-000		5,500.00
Refunds Payable to Carriage Hill @ closing	232-000		10,400.00
Cash	131-000	24,078.00	
		24,309.00	24,309.00

Total UWID Debits and Credits

518,107.36 518,107.36

Total Cash

36,047.47

EXHIBIT F

Paul Raymond, P.E.
Public Works Director



Carla Carrell
Executive Assistant

Public Works Department

August 6, 2004

Joe Miller
420 W. Bannock
Boise, ID 83702

RE: Carriage Hills Subdivision

Dear Mr. Miller:

The City of Nampa has an agreement with United Water for the city to purchase the water system at Carriage Hills Subdivision. I have reviewed the application that is being submitted to IPUC concerning this transaction.

The city has the resources and the operational expertise to provide safe and reliable water service to this subdivision. This transaction is consistent with the vision Nampa has to provide water to any parcels of property within the scope of our capabilities.

As the Public Works Director of the City of Nampa, I believe this transaction is the best move, not only for Carriage Hills Subdivision, but also for the orderly growth of the entire city.

Thank you for your assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "P. Raymond", is written over a faint, larger version of the same signature.

Paul Raymond, P.E.
Public Works Director

EXHIBIT G



July 30, 2004

Idaho Public Utilities Commission
472 W. Washington
Boise, ID 83720

RE: United Water Idaho sale of Carriage Hill water system to City of Nampa

Dear Commissioners:

I am writing this letter in support of the proposed transaction between United Water Idaho and the City of Nampa that would transfer the ownership of the water system serving the Carriage Hill subdivision from United Water to the City of Nampa. I am supporting and urge your approval of the transaction for the following reasons:

- The city of Nampa has recently annexed the Carriage Hill subdivision property owned by members of Carriage Hill LLC.
- As contemplated in the transaction, the interconnection of the existing Carriage Hill water system with the City of Nampa's water system will provide a second source of supply for the system. This second source is required by the Idaho Department of Environmental Quality rules.
- The second source of supply ensures a reliable water supply and enables our continued expansion of the subdivision.
- Without the connecting line as the second source we, as developers, will be required to spend a considerable amount of money to drill and equip a new well as the second source.
- As I understand it, Nampa's water rates are somewhat lower than United Water's rates.

I have reviewed the Application prepared by United Water and believe it correctly describes the transaction and surrounding circumstances.

If I can provide any further information, please contact me at 461-2556.

Sincerely,

CARRIAGE HILL LLC

William D. Tate
President, Development Group, Inc.
Managing Member

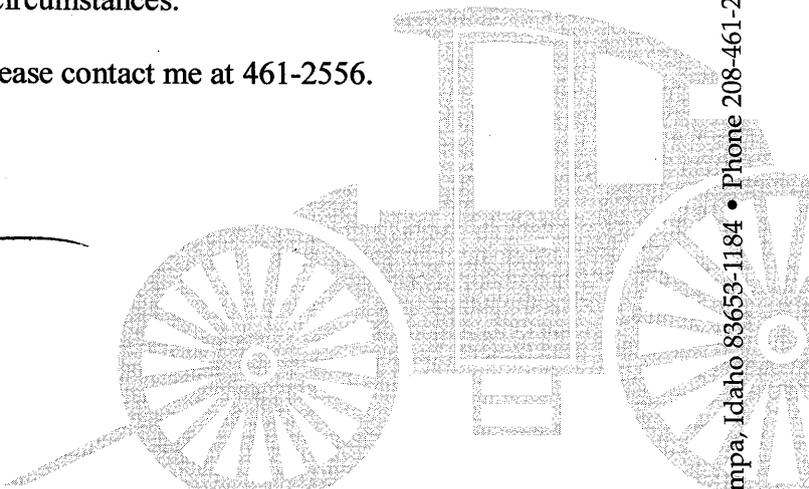


EXHIBIT H

August 6, 2004

Dear Resident of Carriage Hills Subdivision:

As you know, United Water Idaho has owned and operated the domestic water system in the Carriage Hills Subdivision since 1999. Recently, United Water and the City of Nampa entered into an agreement enabling the City of Nampa to purchase the domestic water system from United Water. We anticipated that the sale would be complete by mid-October 2004. Thereafter, the City's municipal water system will be connected to the Carriage Hills system. There, of course, should be no disruption of water service to you.

United Water believes the sale, and subsequent operation of the system by Nampa, will be beneficial for these reasons:

- ▶ Nampa has adequate source of supply and operational capability to provide safe and reliable water service to the subdivision.
- ▶ Connection of Nampa's distribution system to the Carriage Hill domestic water system will provide a second source of supply as required by Department of Environmental Quality rules thus insuring reliable water supply to the subdivision and permitting further expansion of the subdivision.
- ▶ The rates charged by Nampa for domestic water service are lower than the rates charged by United, and customers within the subdivision will therefore experience a decrease in the cost of domestic water service.

Because United Water is regulated by the Idaho Public Utilities Commission, United Water has filed an Application with the Commission for approval of the sale. A complete copy of the proposal is available at the Commission's office at 472 West Washington Street, Boise, Idaho. It will also be available on-line at the Commission's website:

<http://www.puc.state.id.us/FILEROOM/water/water.htm>

You can also file a comment on the Application via the Commission's website at:

<http://www.puc.state.id.us/scripts/polyform.dll/ipuc>

Or mail comments to:

Idaho Public Utilities Commission
P.O. Box 83720
Boise, Idaho 83720-0074.

Sincerely,

Gregory P. Wyatt, General Manager