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IDAHO PUBLIC
UTILITIES COMMISSION

January 9, 2006
Ms. Jean Jewell
Commission Secretary
Idaho Public Utilities Commission
472 W. Washington
Boise, Idaho 83702

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

Dear Ms. Jewell,

Please forward to the commission the following response to the reconsideration request submitted by Eagle Water Company on January 5, 2006 (or January 3, 2006) concerning the above mentioned water case.

Item No. 1 states “. *The 12-inch mainline from Well No. 6 is irrelevant to Eagle Water's service of the Covenant Hill Subdivision*”. This statement is absolutely false. In our letter of November 25, 2005, we correctly pointed out to the Commission that if this were truly the case, **then DEQ would not continue to condition** the “Will Serve Letter” acceptance on Eagle Water's assurances of the timing of the construction for the offsite 12-inch loop from Eagle Water's Well No. 6. Please see DEQ's letter dated November 21, 2005. **This certainly indicates that for final DEQ approval of Covenant Hill, the Eagle Water offsite 12-inch loop is necessary.**

Item No. 2 states “*Eagle Water never received the August 17th letter allegedly sent to it by Hillview Development Corporation*”. This is an odd assertion by Eagle Water. Hillview Development has not alleged that it sent a letter to Eagle Water on August 17th. The letter in question was from Tomlinson Consulting, Inc and was **hand delivered** by Richard Tomlinson to Eagle Water's office. A copy was also **hand delivered** by Richard Tomlinson to MTC Inc. (Eagle Water's engineer). Mr. Jim Rees of MTC Inc. acknowledges receipt of the letter from Richard Tomlinson and has had several discussions with him about the letter. Why Eagle Water does not acknowledge receipt of the letter we can only speculate. Also, the letter was merely a summary of the items that were discussed with Eagle Water's president, Robert DeShazo, in a meeting on August 10, 2005. Additionally this letter was included in our submittal to the PUC on October 5, 2005 therefore Eagle Water most certainly had reviewed it by then. Even in the PUC staff comments on November 9, 2005, the PUC mentions they previously discussed with Eagle Water issues which were essentially the substance of the letter submitted to Eagle Water on August 17, 2005.

Item No. 3 references “. *a letter from Eagle Fire Department verifying that fire flow requirements for the subdivision can be met by Eagle Water*”. The only letter we can find in the record from Eagle Fire Department that was submitted to the PUC by Eagle Water is a letter from the Eagle Fire Department to Eagle Water on November 10, 2005. This letter does not contain any reference to Covenant Hill Subdivision. It addresses a fire flow test from October 2002, in a subdivision (Clear Creek Crossing) which is approximately **3/4 of mile** east of the proposed entrance to Covenant Hill. This fire flow may be unreliable as there have been numerous connections made to the Eagle Water system since October 2002.

Item No. 4 references a letter issued “. on November 4, 2005, providing a cost estimate for service to Covenant Hill Subdivision”. This is the first time we have seen this letter. If it were truly issued on November 4, 2005, we would like to know to whom it was issued, and why it was not submitted to the PUC along with the numerous submittals made by Eagle Water to the PUC after November 4, 2005, and prior to the PUC’s Final Order of December 13, 2005.

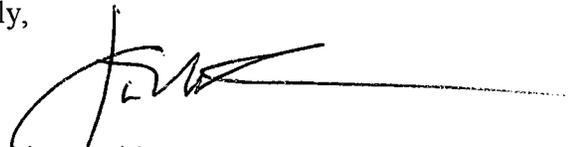
Item No. 5 references a letter from Jim Rees. This letter acknowledges that Hillview Development **did not** get a “will serve” letter from Eagle Water due to DEQ’s concerns. It also acknowledges that “. Service to Covenant Hill Subdivision would not adversely affect water supply or cause undue hardship to existing Eagle Water customers if the loop to well Six (6) is completed” . This statement actually **confirms that the offsite loop is most certainly necessary to serve Covenant Hill** and counter to Eagle Water’s claim in Item No. 1 of their grounds for reconsideration that “. The 12-inch mainline from Well No. 6 is irrelevant”.

In conclusion, we want to reiterate that Covenant Hill subdivision cannot remain in two separate water service areas. We strongly believe the Commission made the best and proper ruling which allowed United Water to be the single water service provider to Covenant Hill. When we were submitting information in October and November of 2005, we were worried about being delayed by this issue with Eagle Water Company. It is now January 2006 and **we continue to be delayed by Eagle Water** due to their last minute request for reconsideration. We have final design plans completed and we have final bids for the entire Covenant Hill project. We have commenced construction on the site. However we are not being allowed to finalize our contract with United Water until the PUC’s decision is made. This is beginning to cause Hillview Development the unnecessary delay that we wrote about in our November 25, 2005, letter to the P.U.C.

We once again appreciate you taking the time to consider our response and hope you will allow us to proceed on course with Covenant Hill in accordance with your final order of December 13, 2005. If you have any questions or comments please feel free to contact us at the following:

Hillview Development Corporation
150 E. Aikens, Suite A
Eagle, Idaho 83616
(208) 939-2730
(208) 939-2737 FAX

Sincerely,



Jim Merkle, President
Hillview Development Corporation