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2007 MAY 18 PM 3:20
PUBLIC UTILITIES COMMISSION

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May 18, 2007

Via Hand Delivery

Jean Jewell, Secretary
Idaho Public Utilities Commission
472 W. Washington St.
Boise, Idaho 83720

Re: Case No. UWI-W-06-04

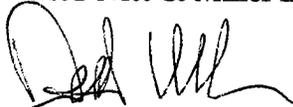
Dear Ms. Jewell:

Enclosed for filing, please find nine (9) copies of the Rebuttal Testimony and exhibits of Gregory P. Wyatt, and the Rebuttal Testimony of Scott Rhead, with a copy of each designated as "Reporter's Copy". A computer disc containing the testimony is also enclosed.

An additional copy of the documents and this letter is included for return to me with your file stamp thereon.

Very Truly Yours,

McDevitt & Miller LLP



Dean J. Miller

DJM/hh
Enclosures

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Attorneys for United Water Idaho Inc.

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF UNITED WATER IDAHO INC., TO) **CASE NO. UWI-W-06-04**
AMEND AND REVISE CERTIFICATE OF)
CONVENIENCE AND NECESSITY NO 143)

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

REBUTTAL TESTIMONY OF GREGORY P. WYATT

May 18, 2007

1 Q. Please state your name.

2 A. Gregory P. Wyatt.

3 Q. Are you the same Gregory P. Wyatt who provided Direct Testimony in this
4 proceeding?

5 A. Yes, I am.

6 Q. What is the purpose of your Rebuttal Testimony?

7 A. I will respond to certain statements contained in the Amended Direct Testimony
8 of Mayor Nancy Merrill.

9 Q. On page 2 of her testimony Mayor Merrill indicates the City has been preparing to
10 serve the Trailhead area because of its "partial location within the City's impact
11 area, its consideration in the City's Comprehensive plan, and its inclusion in the
12 City's Master Water Plan." Please respond.

13 A. First, Trailhead is not within the area of the City's Master Water Plan. Attached as
14 Exhibit 2 is the City's water planning map indicating that the northern border of
15 the water planning area is south of Homer road. This is confirmed in Mr.
16 Brewer's testimony at page 2, lines 16-17. The Trailhead development is north of
17 Homer Road. The City's own Comprehensive Plan, adopted February 13, 2007, at
18 page 16 states, "In 2005, the City adopted a Water System Master Plan that
19 defines existing and future service areas. The Master Plan identifies major
20 infrastructure requirements in the service area including storage tanks and water
21 transmission mains from Linder Road to Highway 16 and from Homer Road to
22 Highway 20/26." Eagle's own Comprehensive Plan confirms that Trailhead is
23 outside of the City's water planning area. Second, the portion of property

1 intended to be developed by Trailhead, and for which United Water has filed its
2 request for service area expansion in this proceeding, is outside the City's area of
3 impact. Attached as Exhibit 3 is the City's Area of Impact Map which is Map 1.2
4 incorporated in the City's Comprehensive Plan adopted February 13, 2007. In
5 shows the north boundary of the area of impact as Homer Road. Thus, I do not
6 understand the Mayor's reference to "consideration in the City's Comprehensive
7 Plan" as cities may only prepare comprehensive plans for areas within their
8 impact area. Finally, I am not sure what is meant by the phrase "been preparing to
9 serve." I have seen no tangible evidence of preparations for service.

10 Q. On page 2—3 Mayor Merrill argues that Trailhead should be part of the City
11 because it will use City amenities and will have the advantage of the benefits of
12 the City without paying for them. Please respond.

13 A. Mayor Merrill does not define the words "amenities" or "benefits" so there is no
14 way to know the substance of the so-called "amenities" or "benefits."

15 Q. Does the City of Eagle currently provide water service to the majority of its
16 residents?

17 A. No. The City of Eagle currently provides water service to only a small portion of
18 its residents; those who live in the Lexington and Brookwood subdivisions area.
19 At the end of April 2007, the City's water system served 1,328 customers, which
20 when converted to population using a 3X multiplier, equates to a population of
21 less than 4,000 persons, or only 19% of the 20,951 City of Eagle, 2007 population
22 estimated by the Community Planning Association (COMPASS) as found on the
23 COMPASS website.

1 Q. If the City of Eagle currently serves water to only about 19% of its residents, who
2 provides water service to the remaining City residents?

3 A. Predominantly, water service is provided to Eagle City residents by Eagle Water
4 Company and United Water Idaho. Eagle Water Company's 2007 Annual Report
5 to the Idaho Public Utilities Commission indicates that they provide water service
6 to 2,885 residential customers or a population of about 8,655, using the 3X
7 multiplier. United Water Idaho currently serves 1,672 customers within Eagle
8 City limits, representing a population of about 5,000. The remaining population
9 within the City of Eagle likely receives their water service from individual and
10 private wells.

11 Q. Does the City of Eagle provide sewer services to its residents?

12 A. No. Sewer service to the residents of Eagle is provided by the Eagle Sewer
13 District, which is not a part of the City of Eagle.

14 Q. Does the City of Eagle provide roadway services to its residents?

15 A. No. Roadway services within Eagle and all of Ada County are provided by the
16 Ada County Highway District (ACHD).

17 Q. What "amenities" then might be provided by the City of Eagle?

18 A. I as I stated previously, as used by Mayor Merrill in her testimony it is impossible
19 to know what the word is intended to encompass. However I searched the City's
20 website and found that they do offer five parks with one more under development.
21 They also offer a library.

22 Q. Where are these parks located in relation to the Trailhead development?

1 A. All but one of the parks are located south of Floating Feather Road and east of
2 Eagle Road with all but one clustered between Eagle Road and Highway 55.
3 From Trailhead the closest park is about 3 miles away. In reality, the City of
4 Eagle's parks are closer to some residents of the cities of Boise and Garden City
5 than they are to Trailhead.

6 Q. You mentioned that the City of Eagle has a library. Please identify its location
7 and proximity to Trailhead.

8 A. The Eagle City Library is located at 100 North Stierman Way in Eagle, which is
9 east of Eagle Road and just north of East State Street. The library is over four
10 miles away from Trailhead.

11 Q. At pages 2—3 of her testimony Mayor Merrill discusses the City's
12 comprehensive planning efforts. Please respond.

13 A. By definition a Comprehensive Plan applies only within a City's area of impact,
14 so its planning efforts have no application to the portion of Trailhead for which
15 United Water has filed its request to serve, which is outside the City's area of
16 impact.

17 Q. On page 3 of her testimony Mayor Merrill refers to Exhibit 201 and states that it
18 indicates properties surrounding Trailhead that are in some phase of being
19 included within the City. Have you reviewed Exhibit 201 and does it show
20 properties along with their phases of being included within the City?

21 A. I have reviewed the exhibit and it appears to indicate the City's planning area and
22 area of impact, but does not indicate anything related to phases of lands with

1 regard to inclusion within the City of Eagle. Also, since Trailhead lies outside of
2 the City's Impact Area, the City's Comprehensive Plan maps could not refer to it.

3 Q. On page 3-4 of her testimony Mayor Merrill describes the development of a City
4 Comprehensive Plan and indicates that Exhibit 202 is a portion of the Plan
5 addressing water. Have you reviewed Exhibit 202 and does it relate to water?

6 A. I have reviewed the exhibit and the only significant portion relating to water is
7 page 19 from the Plan which identifies five items referring to water rates and
8 Eagle's future water system.

9 Q. What do you make of Exhibit 202?

10 A. The City appears to have an ambitious goal of developing its own municipal
11 water system, but is in the very early stages of implementation. I believe
12 developers who are ready to construct now would not want to be exposed to the
13 risk and uncertainty that may result from the City's desire to embark on such a
14 complex venture as designing, constructing and eventually operating a municipal
15 water system.

16 Q. On page 4 of her testimony Mayor Merrill responds that the Trailhead
17 development has been included in the City's Comprehensive Planning process,
18 and that Trailhead will be located in the City of Eagle. Please comment.

19 A. This statement can not possibly be accurate because of the aforementioned fact
20 that the City of Eagle's Comprehensive Plan addresses only areas within the
21 City's Impact Area, which Trailhead is not. Additionally, as previously noted, the
22 City's own Comprehensive Plan and water planning map confirms that Trailhead
23 is outside of the City's water planning area.

1 Q. Mayor Merrill also indicates on page 4 of her testimony that United Water did not
2 participate in development of the City's Plan. Please comment.

3 A. If United Water received notice of the planning effort, it was only a general public
4 notice. United Water's participation was not specifically requested by the City
5 and our views were not solicited. In any event, whether United Water did or did
6 not participate does not seem relevant to the question of which water provider is
7 currently better prepared to provide service to Trailhead.

8 Q. On page 4-5 of her testimony Mayor Merrill indicates the City will participate in
9 Trailhead's Ada County plat approval proceeding and "recommend that the
10 county disallow the application and direct the developer to file a request for
11 annexation with the City and include using City water." The Mayor indicates
12 there could be "significant detrimental effects on the City" and "it would disrupt
13 the City's planning process and would negatively affect the City's water system
14 development, roads and open spaces." Do you concur?

15 A. No. I see no way that water service to Trailhead by United Water could result in
16 the detrimental effects and planning process disruption the Mayor refers to. In the
17 first place, Mayor Merrill provides no specifics as to how the purported
18 detrimental effects and planning process disruption would occur. As stated
19 previously, Trailhead is outside of the City's Impact Area and thus not considered
20 in its Comprehensive Plan. Additionally, the City's own Water Master Plan
21 shows no future water facilities north of Homer Road, which is south of
22 Trailhead. Finally, as previously noted, United Water currently serves about 25%

1 of Eagle residents without any identified detrimental effects or disruptions to the
2 City of Eagle.

3 Q. On page 5 of her testimony Mayor Merrill also says the City can provide water
4 less expensively than United Water. Do you agree?

5 A. It is true that currently the City's tariff rate for water service is somewhat less
6 than United Water's. The City's current rates, however, may not include recovery
7 of the costs associated with the City's ambitious plan to build a municipal water
8 system. These costs are unknown but potentially huge. Whether those costs are
9 eventually recovered through consumption rates, connection fees, surcharges, or
10 some other mechanism, they will create upward pressure on the City's overall
11 cost of service.

12 Q. Does that conclude your testimony?

13 A. Yes it does.

CERTIFICATE OF SERVICE

I hereby certify that on the 18th day of May, 2007, I caused to be served, via the method(s) indicated below, true and correct copies of the foregoing document, upon:

Jean Jewell, Secretary
Idaho Public Utilities Commission
472 West Washington Street
P.O. Box 83720
Boise, ID 83720-0074
jjewell@puc.state.id.us

Hand Delivered
U.S. Mail
Fax
Fed. Express
Email

Bruce M. Smith
MOORE SMITH BUXTON & TURCKE
950 W. Bannock, Suite 520
Boise, ID 83702-5716

Hand Delivered
U.S. Mail
Fax
Fed. Express
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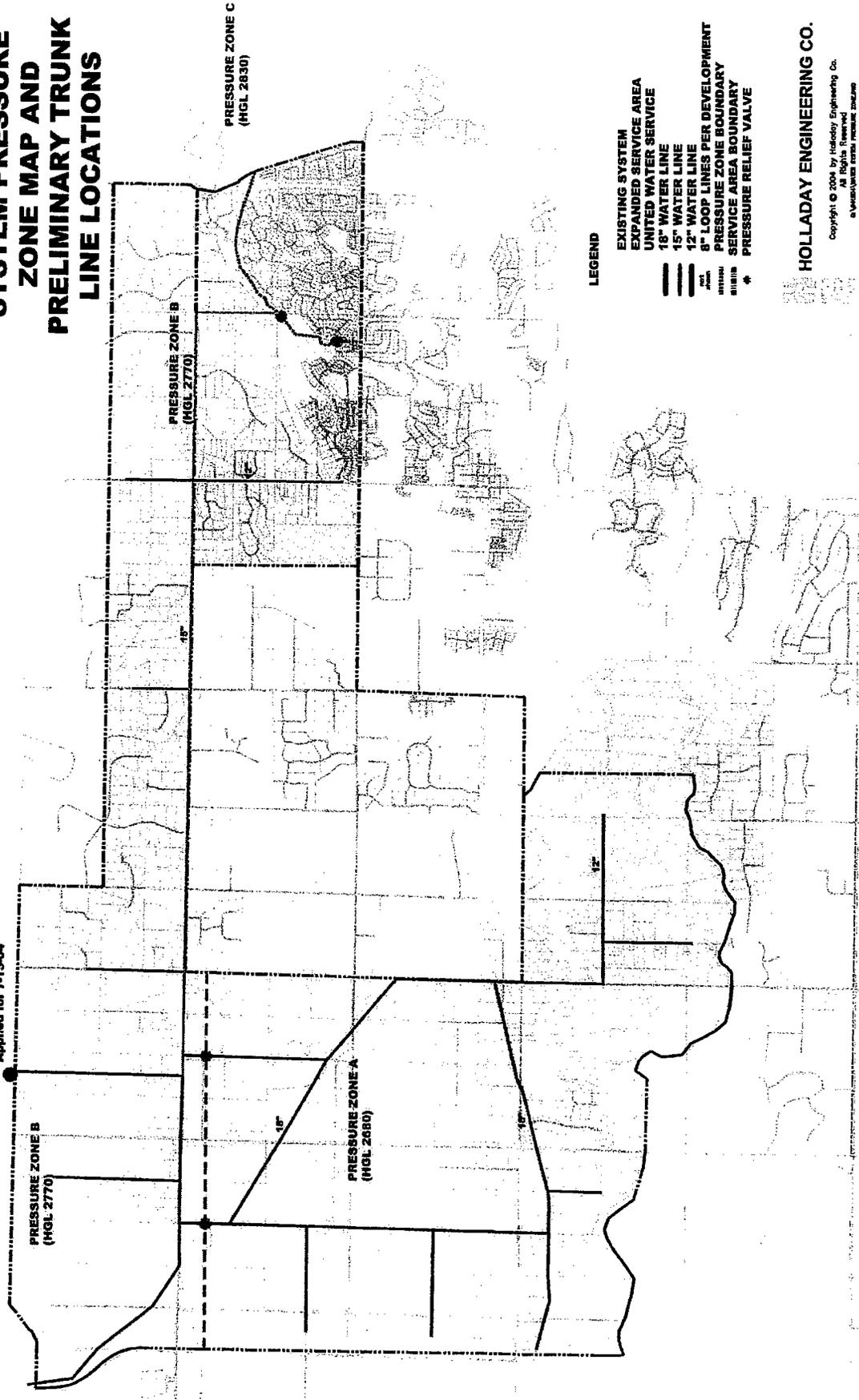
Thomas Morris
Kastera Homes
372 S. Eagle Road, Suite 375
Eagle, ID 83616
tom.morris@kastera.com

Hand Delivered
U.S. Mail
Fax
Fed. Express
Email

BY Heather Houde

CITY OF EAGLE WATER SYSTEM PRESSURE ZONE MAP AND PRELIMINARY TRUNK LINE LOCATIONS

STORAGE
RESERVOIR SITE
Applied for 7-15-04



LEGEND

- EXISTING SYSTEM
- EXPANDED SERVICE AREA
- UNITED WATER SERVICE
- 18" WATER LINE
- 15" WATER LINE
- 12" WATER LINE
- 8" LOOP LINES PER DEVELOPMENT
- PRESSURE ZONE BOUNDARY
- SERVICE AREA BOUNDARY
- PRESSURE RELIEF VALVE

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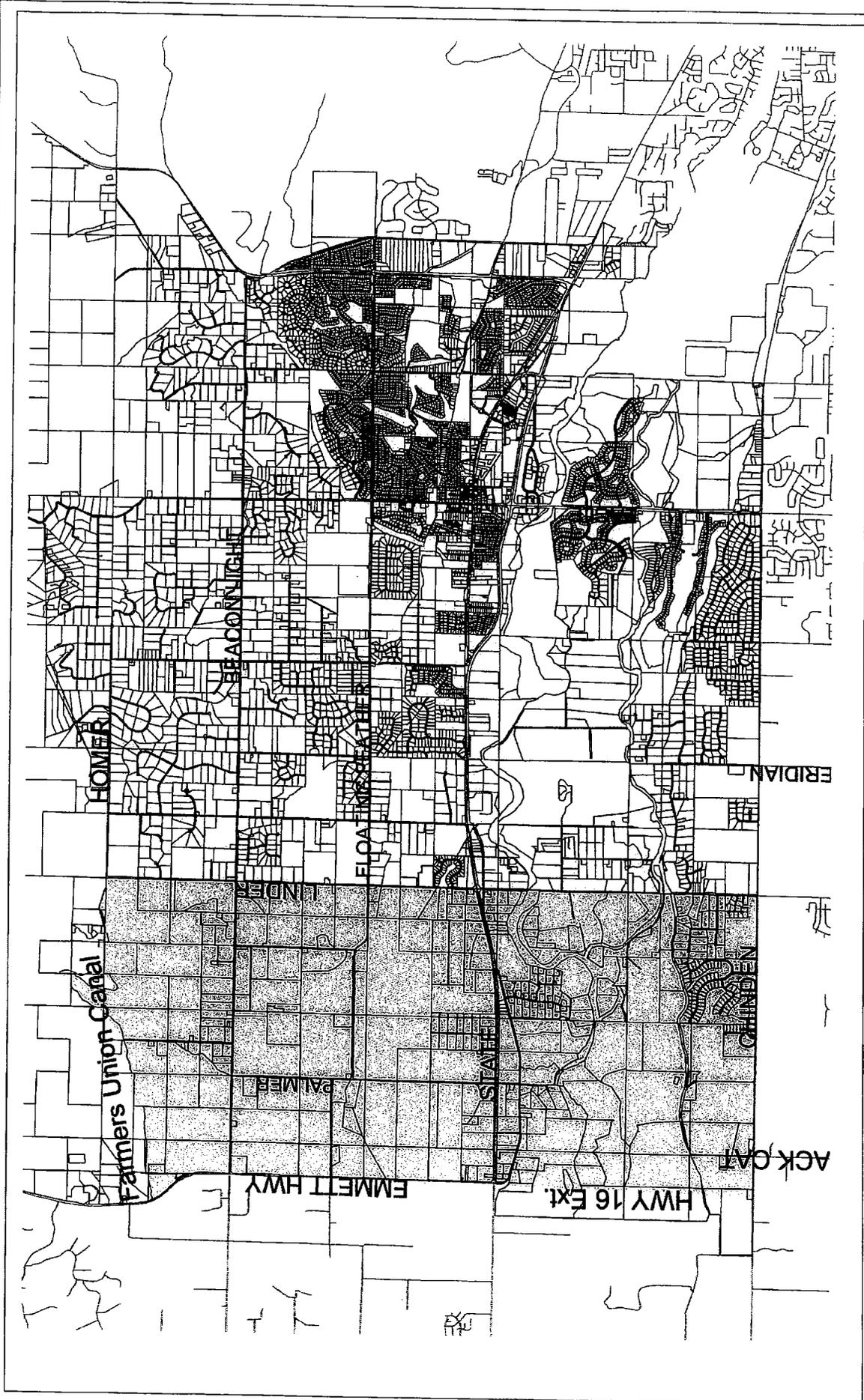


Exhibit No. 3
 Case No. UWI-W-06-04
 Greg Wyatt, Manager
 Page 1 of 1

Eagle Area of City Impact
Soaring 2025: Western Area Plan
CITY OF EAGLE, IDAHO
 Ord. 475: Effective July 8, 2004

Legend

- Roads
- Existing AOI
- Expanded AOI



MAP 1.2