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IDAHO PUBLIC
UTILITIES COMMISSION

Attorney for City of Eagle, Idaho

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

DIRECT TESTIMONY OF MAYOR NANCY MERRILL

1. Please state your name and identify your position with the City of Eagle.

Response: My name is Nancy Merrill, and I am the Mayor of the City of Eagle.

2. Are you familiar with the location of the proposed Trailhead development?

Response: Yes, I am. The Trailhead development is located at the northern edge of the City limits. Some of the area is within the City's Area of Impact as approved by Ada County and some is in the county.

3. Is it the City of Eagle's intent and desire to provide municipal water service to the Trailhead Community development?

Response: Yes, the City for some time has been aware of the pending development of this property and has had extensive discussions with the owners and developers from some time about annexation and service. Because of this and its proximity to the City, its partial location within the City's impact area, its consideration in the City's Comprehensive Plan, and its inclusion in the City's Master Water Plan, the City has been preparing to serve this area and include it within the City.

4. In addition to providing water to Trailhead, are there other issues and planning efforts that involve the Trailhead Community development and the City?

Response: Yes, because Trailhead is partially within the City's Area of Impact and is generally surrounded by other developments that will be included in the City, Trailhead will, in effect, be part of the City of Eagle. It will use City amenities, its traffic will affect the City and its citizens, and its homeowners will use the amenities that the City offers. Furthermore, because properties within the City of Eagle have traditionally higher values, it will be able to use that circumstance to its benefit. Homebuyers in Trailhead will be able to take advantage of the benefits of the City without paying for them. As shown at Exhibit 201, it is surrounded by properties in some phase of being included within the City. Trailhead should be part of the City of Eagle.

5a. When you refer to the City's planning efforts, can you describe in general terms what you mean?

Response: As with any local governmental body, the City of Eagle develops a Comprehensive Plan pursuant to Idaho Code. This plan deals with features such as planning and zoning matters, transportation, and City services. In effect, the Comprehensive Plan and associated documents detail how the City is to look and feel, how it is to grow, and how it will provide for its citizens.

The City of Eagle takes this obligation very seriously. That is why the City of Eagle is one of the most desirable places to live in the Treasure Valley. We care about the City of Eagle and believe the results of that caring and attention reflects

the importance that people who live there place on maintaining the core values and concepts that make Eagle what it is today. These planning efforts include items such as providing City services, including water. We would like to think we would have the support of the Public Utilities Commission in helping the City develop according to its planning efforts. A copy of portions of the City's Comprehensive Plan addressing water is attached as Exhibit 202.

5b. Has this planning process included the land which is being developed as the Trailhead development?

Response: Yes, it has. Trailhead, for all practical purposes, will be located in the City of Eagle. How it is developed will have a significant influence on the City. We hope and intend to see that it is developed consistent with the City's Comprehensive Plan.

5c. Did United Water participate or comment on development of the City's Comprehensive Plan?

Response: No, not that I am aware of, although the City did notify United Water that it was developing its plan.

6. Is the City capable of providing water service to the Trailhead Community development?

Response: Yes, it is. The City is committed to working with the developer to incorporate this development into the City. Even though Eagle understands that the developer intends to file an application with the county, the City of Eagle will participate in that proceeding. It will likely recommend that the county disallow the application and direct the developer to file a request for annexation with the City and use City water services.

7. Why would the City take that position?

Response: Trailhead will, for all practical purposes, be in the City. If not developed consistent with the City's Comprehensive Plan, it could have significant detrimental effects on the City. It would disrupt the City's planning process and would negatively affect the City's development, roads, and open spaces.

8. What is the City's policy on how water is to be provided to new developments within the City?

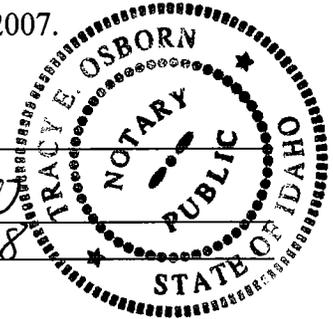
Response: The City believes that new developments should provide their own water in order not to impose burdens and costs on existing customers. Since the City does not seek to generate profits from its water system, the City believes it can provide water to its citizens less expensively than a for-profit entity such as United Water. We believe water customers would appreciate that.

Dated this 4th day of May, 2007.

Nancy E Merrill
Nancy Merrill
Mayor of the City of Eagle

SUBSCRIBED AND SWORN to before me this 4th day of May, 2007.

Tracy E. Osborn
Notary Public for IDAHO
Residing at *Helena, Idaho*
My Commission Expires: *12/23/08*



CERTIFICATE OF SERVICE

I hereby certify that on this 4 day of May, 2007 I served a true and correct copy of the foregoing document via the method indicated below to:

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