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May 18, 2007

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

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

Dear Ms. Jewell:

Enclosed for filing, please find nine (9) copies of the testimony of Thomas Fassino. A computer disc containing the testimony is also enclosed. Also enclosed for filing are nine (9) copies of Kastera LLC's First Supplemental Response to City of Eagle's First Production Requests.

Very Truly Yours,
Kastera Development, LLC

A handwritten signature in black ink, appearing to read "Tom Morris", is written over the typed name.

Thomas C. Morris

TCM/bb
Enclosures

Tom C. Morris, ISB No. 2974
Kastera LLC
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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. TO)
AMEND AND REVISE CERTIFICATE OF)
CONVENIENCE AND NECESSITY NO. 143)**

CASE NO. UWI-W-06-04

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

REBUTTAL TESTIMONY OF THOMAS FASSINO

May 18, 2007.

1 Q. Please state your name and business address?

2 A. Thomas Fassino, 8850 Emerald St., Suite 164, Boise, Idaho, 83704.

3 Q. Please describe your employment with Kastera LLC?

4 A. I am currently employed by Kastera Homes LLC, a subsidiary of Kastera LLC
5 (“Kastera”) as a land use planner. I have worked on the Trailhead development for almost
6 two years now.

7 Q. Have you reviewed the Direct Testimony of Nichoel Baird Spencer?

8 A. Yes.

9 Q. On page 3, lines 19 thru 23, Ms. Spencer says, “However, some of the identified
10 landowners backed out, in part, because they could not get Kastera to explain or commit
11 how the development was to be done. The landowners were concerned about traffic,
12 densities, and other matters. Because they could not get clear explanations from Kastera,
13 they decided not to complete their annexations.” Do you agree with her testimony?

14 A. No. I believe her testimony mischaracterizes the decision of the Triple Ridge
15 homeowners who decided not to be annexed. I met with Darryl Cernusak and Mike
16 Ferrera, representing Triple Ridge homeowners, on a number of occasions to discuss the
17 Trailhead project and its potential impact on the Triple Ridge Subdivision. The last time I
18 met with Darryl and Mike was on January 22, 2007. Immediately thereafter on January
19 23, 2007, Darryl sent a letter on behalf of the three affected homeowners to City of Eagle
20 representatives, outlining why they did not want to be annexed. (*Note – the City of
21 Eagle is currently searching for a copy of this letter). I believe the letter expresses that the
22 homeowners were simply not comfortable with the whole planning process. I do not
23 believe there is any reference to Kastera not providing them with information or

1 commitments about the Trailhead development. On the contrary, I believe the letter
2 actually praises Kastera for their openness in the process. It is my belief that the decision
3 by Triple Ridge homeowners not to seek annexation had more to do with their conclusion
4 that the result of annexation would be higher taxes for homeowners without any
5 appreciable increase in services.

6 Q. Have you reviewed the Direct Testimony of Mayor Nancy Merrill?

7 A. Yes.

8 Q. On page 2, Lines 11 thru 14, Mayor Merrill claims that the Trailhead
9 development is included in the City's Master Water Plan. Is that the case?

10 A. No, only 120 of the total 660 acres are included in the City's Master Water Plan.
11 The remaining 540 acres are not now, nor have they ever been, included in the City's
12 Master Water Plan.

13 Q. Mayor Merrill references that the Trailhead property is included in the City's
14 comprehensive plan for future planning purposes. Is the Trailhead property currently also
15 included in Ada County's planning?

16 A. Yes. The City's comprehensive plan is only a proposal and has not been adopted.
17 Ada County has also included the Trailhead property in its master planning. The City and
18 the County have competing plans for this property.

19 Q. Does the City of Eagle have a legal basis to force Kastera to seek annexation into
20 the City?

21 A. No. There is no law or ordinance that requires Kastera to annex into the City in
22 order to develop its Trailhead property. The City is seeking to indirectly do what it
23

1 cannot directly do. By requiring Kastera to seek annexation in order to get water to its
2 project, the City is attempting to force annex the Trailhead development.

3 Q. Do you think the discussion regarding annexation is relevant to who should
4 provide water to the Trailhead project?

5 A. I believe it is entirely irrelevant. If Kastera obtains water for its project from
6 United Water, the City can still maintain the core values and concepts that make Eagle
7 what it is today. These so called core values are wholly unrelated to water service. The
8 best evidence of that is United Water already provides water service to some
9 homeowners within the City of Eagle, without in anyway affecting the core values
10 identified by Mayor Merrill.

11 Q. Who does Kastera want to provide water service to its Trailhead development?

12 A. United Water.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 18th DAY OF MAY, 2007, SERVED THE FOREGOING REBUTTAL TESTIMONY IN CASE NO. UWI-W-06-04, BY THE METHOD INDICATED BELOW, AND ADDRESSED TO THE FOLLOWING:

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