

McDevitt & Miller LLP

Lawyers

RECEIVED

420 W. Bannock Street

P.O. Box 2564-83701

Boise, Idaho 83702

January 10, 2007

2007 JAN 10 PM 12:57
IDAHO PUBLIC
UTILITIES COMMISSION

Chas. F. McDevitt
Dean J. (Joe) Miller

(208) 343-7500
(208) 336-6912 (Fax)

Via Hand Delivery

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

Re: Case No. UWI-W-07-01

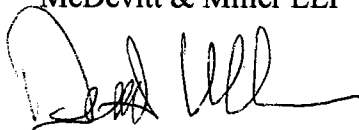
Dear Ms. Jewell:

Enclosed for filing, please find the original and seven (7) copies of United Water Idaho's Application and Request for Modified Procedure. Also enclosed are nine (9) copies of the testimony of Gregory P. Wyatt, with a copy designated as "Reporter's Copy". A computer disc containing the testimony is also enclosed.

Kindly return a file stamped copy of this letter and Application.

Very Truly Yours,

McDevitt & Miller LLP



Dean J. Miller

DJM/hh
Enclosures

Dean J. Miller (ISB No. 1968)
McDEVITT & MILLER LLP
420 West Bannock Street
P.O. Box 2564-83701
Boise, Idaho 83702
Tel: 208-343-7500
Fax: 208-336-6912
joe@mcdevitt-miller.com

RECEIVED
2007 JAN 10 PM 12: 58
IDAHO PUBLIC
UTILITIES COMMISSION

Attorneys for United Water Idaho Inc.

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)
UNITED WATER IDAHO INC., FOR)
AUTHORITY TO AMEND AND REVISE)
CERTIFICATE OF PUBLIC CONVENIENCE)
AND NECESSITY NO. 143 AND FOR)
APPROVAL OF A SPECIAL FACILITIES)
AGREEMENT WITH AVIMOR LLC.)

CASE NO. UWI-W-07-01

**APPLICATION AND REQUEST
FOR MODIFIED PROCEDURE**

COMES NOW, UNITED WATER IDAHO INC., ("United Water") and, pursuant to Idaho Code Section 61-526 and IPUCRP 112 and 201, applies to the Commission to amend and revise its Certificate of Convenience and Necessity No. 143, as amended, to include an area located in Ada County, Idaho, as hereinafter set forth, and to approve a Special Facilities Agreement ("SFA"), and in support of this Application respectfully shows as follows, to-wit:

I.

United Water 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, Boise, Idaho 83707.

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
208-362-7327
208-362-7069 (fax)

Dean J. Miller, Esq.
McDEVITT & MILLER LLP
P.O. Box 2564
Boise, Idaho 83701
208-343-7500
208-336-6912 (fax)

III.

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

IV.

For over 100 years, United Water, 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.

V.

United Water's current Certificate is Amended Certificate No. 143.

VI.

Avimor LLC (Avimor) is an Idaho Limited Liability Company engaged in development of residential planned communities. Avimor owns or has an interest in a certain tract of land located in Ada County, Idaho known as the Spring Valley Ranch and intends to develop a planned community known as Avimor (the "Project") consisting initially of approximately 700 residential and commercial building lots.

VII.

Avimor has requested that United Water provide public water service to the Project and to future developments located within the Spring Valley Ranch property. The location of the Project and the boundaries of the Spring Valley Ranch property are depicted on Exhibit A of the Special Facilities Agreement, a true copy of which is attached hereto as Exhibit 1. An exact legal description will be provided upon filing of an Amended Certificate No. 143.

VIII.

The area of requested expansion is not within the authorized territory of any other public utility water corporation under the jurisdiction of the Commission. The extension requested herein will not interfere with the operations of any other water utility corporation under the jurisdiction of the Commission. There are no known public entities, persons or corporations with whom the expansion is likely to compete. United Water will provide service to the area pursuant to its Tariff No. 1, General Metered Service, as the same exists or may hereafter be amended. In all respects service will be provided pursuant to United Water's Rules and Regulations as the same are now approved by the Commission or may hereafter be amended.

IX.

In order to provide service to the Project it is necessary for United Water to extend facilities to the project, as more fully described herein. United Water and Avimor have executed a Special Facilities Agreement specifying the terms and conditions upon which facilities will be extended.

X.

Pursuant to the SFA, the following facilities will be constructed to serve the project

- Approximately 30,500 feet of 16-inch transmission main line with associated land, easements and appurtenances from United Water's existing facilities at Hidden Springs to the Project.
- An intermediate booster station with associated land, easements and communications and control equipment along the run of transmission main line supplying the Project.
- A 600,000 gallon water storage reservoir with associated land, easements and communications and control equipment along the run of transmission main line supplying the Project for fire protection and storage.

The location of the facilities is also depicted on Exhibit A of the SFA, attached hereto.

Avimor will be responsible for the initial funding of the above construction and shall also fund required land, easements, inspection, project management and other appurtenances. Avimor's total cost of construction and installation of said system as described above is estimated to be \$6,308,805.00.

XI.

The terms and conditions of the SFA are generally consistent with the terms and conditions of other special facilities agreements approved by the Commission and with United Water's Rules and Regulations 74—77. Given, however, the unique nature and size of the Project, the following matters have been individually negotiated:

- The financial terms of the Project-on-site, off-site mains and over sizing.
- Refunds of on-site advances and over sizing.

- Off-site main reimbursement.
- Overheads.

XII.

Filed contemporaneously herewith is the Direct Testimony of Gregory P. Wyatt, General Manager of United Water Idaho which testimony explains in more detail the terms and rationale of the SFA.

XIII.

United Water does not believe that the public interest requires a hearing on the issues presented hereby and requests that the matter be processed by Modified Procedure. If, however, the Commission determines that a hearing is necessary, United Water stands ready for immediate hearing, based on the Direct Testimony of Gregory P. Wyatt.

WHEREFORE, United Water respectfully requests of the Commission:

1. That the Commission determine that a hearing is not required herein and process the matter by Modified Procedure;
2. That the Commission approve the expansion of United Water's service area as herein requested;
3. That the Commission authorize the preparation and filing of an Amended Certificate No. 143 to include the areas described herein;
4. That the Commission approve the SFA and determine that the Company's investments made pursuant to the Agreement are prudently incurred and recoverable in a future rate proceeding; and,
5. That the Commission grant such other and further relief as the Commission may determine proper herein.

DATED this 10 day of September, 2007.

UNITED WATER IDAHO INC.

By: 

Dean J. Miller

McDevitt & Miller LLP

420 West Bannock

Boise, Idaho 83702

P: 208.343.7500

F: 208.336.6912

Attorney for United Water

SPECIAL FACILITIES AGREEMENT

THIS AGREEMENT is made and entered into between **UNITED WATER IDAHO INC.**, (“Company”) and **AVIMOR, LLC**, (“Avimor”), and is dated as of the 4th day of January, 2007.

WHEREAS, United Water Idaho Inc. is a corporation organized and existing under the laws of the State of Idaho having its principal place of business at 8248 West Victory Road Boise, Idaho 83711, and is a water corporation regulated by the Idaho Public Utilities Commission (“IPUC”).

WHEREAS, Avimor is a development company, organized and existing under the laws of the State of Idaho, having its principal place of business at 485 East Riverside Drive, Suite 300, Eagle, Idaho 83616.

WHEREAS, Avimor owns and/or has an interest in a certain tract of land comprised of approximately 23,000 acres known as the Spring Valley Ranch. Avimor is interested in developing the first village of a Planned Community named Avimor consisting of approximately 700 residential and commercial building lots (the “Project”). Avimor has requested public water supply service for the Project from the Company.

WHEREAS, a pipeline, an intermediate booster station and a water storage reservoir are required to serve the proposed Project, as well as other potential developments in the vicinity of the Project, and Avimor has requested the Company to extend its system as follows and in accordance with the map or plan attached as **Exhibit A** hereto, and made a part hereof:

- a. Approximately 30,500 feet of 16-inch transmission main, land, easements, and appurtenances from the Company’s existing facilities at Hidden Springs to the Project; and
- b. One intermediate booster station, land, easements, and associated communications and control equipment along the run of transmission main line supplying the Project; and
- c. One 600,000-gallon water storage reservoir, land, easements, and associated communications and control equipment along the run of transmission main line supplying the Project for fire protection and storage.

WHEREAS, the 16-inch pipeline, the booster station and the storage reservoir, along with all associated land, easements, equipment, and associated Company costs for engineering, inspection, accounting, legal, and administrative costs, hereafter called the “System Extension” is estimated to cost a total of \$6,308,805.00.

WHEREAS, the Company is willing to make such System Extension upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the promises and of the mutual covenants and agreements herein contained, THE PARTIES HERETO AGREE AS FOLLOWS:

1. **Application for System Extension.** Avimor hereby applies to the Company for the said System Extension, and the Company agrees to allow the said System Extension upon the terms and conditions hereinafter set forth and in accordance with its Rules and Regulations approved by the IPUC.
2. **Labor and Materials In-Lieu-of-Cash.** Avimor has requested and the Company has agreed that the System Extension will be constructed on a labor and materials in-lieu-of-cash basis. Avimor hereby agrees that it will hire only those contractors that have been approved by the Company and that it will require all such contractors to comply with Avimor's Standard Construction Agreement, attached hereto and made a part hereof as **Exhibit B**. Avimor further agrees that it will require its contractors to comply, via its contract with contractor, with all terms and conditions set forth herein.

Construction of the System Extension shall be subject to the Company's inspection, testing and acceptance, however, absence of such inspection or testing by the Company shall not relieve Avimor or its contractor(s) of any of its obligations. Avimor's contractor(s) shall warrant the System Extension work in accordance with Paragraph 4 below.

3. **Insurance.** Avimor and its contractors (via their contract with Avimor) shall be required to maintain, at a minimum, insurance in accordance with the requirements as outlined in attached **Exhibit C**.
4. **Warranty.** Each of Avimor's contractors shall warrant that the work performed in installing the System Extension is free of any defect of equipment, material or workmanship. Such warranty shall extend to Avimor and to the Company and shall continue for a period of two (2) years for the transmission mainline and associated appurtenances portion of the work only, and one (1) year for the balance of the System Extension work from completion and acceptance of the facilities by the Company or within such longer period of time as may be prescribed by law. Pursuant to the warranty, Avimor's contractors, under Company supervision, shall remedy at their own expense any such failure to conform or any such defect upon receipt of written notice from the Company within a reasonable time after the discovery of any failure, defect or damage. In addition, during the aforesaid warranty period, the contractors shall remedy at their own expense, under Company supervision, any damage to real or personal property, when that damage is the result of any such defect of equipment, material or workmanship installed by the contractors. The warranty with respect to work repaired or replaced hereunder will run for a period of one year from the date of such repair or replacement or shall run for the remainder of the original warranty period, whichever is greater. During the warranty periods as defined herein, the contractors shall reimburse the Company for the costs of any emergency repairs undertaken by the Company to maintain the system in good working order. Without limiting any other provision herein contained, these warranty provisions are hereby assigned to the Company effective as of the date of execution of the contract with each contractor. If any contractor fails to reimburse the Company as set forth in this Paragraph, the Company shall have the right to

proceed directly against the contractor. Avimor shall cooperate fully in any such action and provide such assignments and documentation as may be necessary for the Company to maintain any such action.

5. **Advances and Contributions for the System Extension.** Avimor shall advance to the Company upon the execution hereof the sum of One-Hundred-fifty-Four-Thousand-Six-Hundred Dollars (\$154,600.00), in cash, which represents the estimated cost of the Company's direct charges for engineering, inspection, accounting, legal, and administrative costs, chargeable to the System Extension. Such amount shall be subject to reconciliation after completion of the System Extension and all such costs are known and the difference shall be either refunded to or collected from Avimor without interest.

Avimor will be responsible for funding all System Extension facilities required to serve the Project listed below:

- Approximately 30,500 feet of 16-inch transmission main
- 1-intermediate booster station
- 1-600,000 gallon storage reservoir
- Associated communications and control equipment
- Land, easements, inspection, project management, and all other required appurtenances

Avimor's total cost of construction and installation of the said System Extension as described above is estimated to be \$6,308,805.00.

The parties understand and agree that of the approximately 30,500 feet of transmission water main line extension to and within the Project, approximately 18,000 feet will be classified as "on-site main", and approximately 12,500 feet will be classified as "off-site main". This delineation between on-site and off-site main is as shown on the attached **Exhibit A**.

At the request of the Company, the intermediate booster station will be oversized and so equipped to enable the Company to utilize the intermediate booster station to provide emergency supply redundancy to the Company's existing Hidden Springs customers. The total cost of the booster station over sizing is estimated to be \$63,000. The Company shall refund Avimor for the cost of the over sizing as outlined in Paragraph 9 below.

The Company and Avimor have agreed to use RS Means Heavy Construction Cost - 2006 (20th edition) to estimate the over sizing cost for the booster station. The over sizing has been estimated using RS Means data as shown on **Exhibit D - Plant Account Summary**. After the System Extension has been constructed, the over sizing will be recalculated based on the actual construction cost and the methodologies described in **Exhibit D** for the booster station.

All costs for the construction of the aforesaid on-site main, booster station (less the cost of over sizing), storage reservoir, and associated facilities, including the Company's direct engineering, inspection, accounting, legal, and administrative costs, charged to these portions of the System Extension, shall be paid for by Avimor, and shall be recorded on the Company's

books as an advance in aid of construction. These actual costs shall be referred to as the "advanced cost of the System Extension"

All costs for the construction of the aforesaid "off-site main" and associated facilities, including the Company's direct engineering, inspection, accounting, legal, and administrative costs charged to these portions of the System Extension, shall be paid for by Avimor, and shall be recorded on the Company's books as a contribution in aid of construction. These actual costs shall be referred to as the "contributed cost of the System Extension".

6. **Construction Overheads.** The Company's standard construction overhead factor will not be applied to the costs of the System Extension facilities funded by Avimor, and Avimor will not be required to pay those overhead costs. Avimor will, however, be responsible to pay for all System Extension planning, design, engineering, management and inspection costs incurred, including the Company's direct engineering, inspection, accounting, legal, and administrative costs charged to the System Extension, as referenced in Paragraph 5 above, in addition to the construction cost, in lieu of paying the Company's standard construction overheads on these facilities.

7. **Source of Supply for the Project.** The Company shall provide from existing facilities the required source of supply capacity for the Project, which has been estimated by Avimor's engineers to be approximately 500 gallons per minute (gpm) peak demand at build-out. The parties anticipate that additional source of supply capacity will be required for development in Spring Valley Ranch and other areas outside of the Project that are within the Company's Service Area expansion as shown on Exhibit E.

The Company shall supply source water for future Avimor developments outside the Project but within the Company's Service Area expansion as shown on **Exhibit E**, all subject to approval by the Idaho Public Utilities Commission. If, because of the absence of economically feasible source of supply or because of regulatory constraints imposed by the Idaho Public Utilities Commission, the Company is unable to supply source water sufficient to meet the domestic, commercial, public authority, and associated irrigation water supply needs for future Avimor developments within the Company's Service Area expansion as shown on Exhibit E, then the Company shall not object to Avimor's reliance on alternative sources of water.

8. **Deeds and/or Easement(s) for Location of System Extension.** Avimor shall cause the owners of property on which the System Extension will be located to execute any and all easement agreement(s) as required in favor of the Company in substantially the form of the attached **Exhibit F**. To the extent that any of the Project water facilities lie within lands not owned by Avimor, Avimor shall, without cost or expense to the Company, cause the owners of property on which the water facilities reside to execute any and all deeds and/or easements required by the water facilities in favor of the Company.

9. **Refunds.** The Company will make a one-time refund to Avimor per each new customer served by the System Extension, the amount of which shall be determined in accordance with the table set forth in **Exhibit G**, attached hereto and incorporated herein by reference. The refund amount will be based upon the actual annual revenue received by the Company from the customer for water utility service as determined by using the most recent twelve months of

billing data, after the customer which is the subject of the calculation, has received permanent water utility service from the Company for a period of twenty-four (24) consecutive months.

The lots eligible for refund shall include all lots within the Project as well as areas adjacent to the Project for which new customers are connected that are directly served by the System Extension up to the expiration date of this Agreement. New customer shall be defined as any permanently installed United Water meter (whether residential, commercial, or irrigation related). The geographic areas capable of being directly served by the System Extension for which refunds are available are shown on attached **Exhibit H**. New lots or customers in this geographic area outside of the Project that are subject to any other refundable agreement with the Company shall not be eligible for refunds under this Agreement.

The average annual consumption per customer is estimated to be 154 hundred cubic feet (ccf) which results in a refund of \$600 as per **Exhibit G**. The Company agrees to refund to Avimor 80% of this amount (\$480) as new customers are connected. These payments will occur on a quarterly basis beginning with the first customer connected to the System Extension. Quarterly payments shall be made no later than 30 days following the end of each calendar quarter. Final adjustment to the refund amount will occur at the conclusion of the 12 months of billing data, as referenced above, with the Company paying Avimor the balance of the refund amount above \$480 or Avimor paying the Company the difference if the final refund amount is less than \$480. No refunds will be owed on account of any new customer receiving service from the System Extension after the expiration of this Agreement as provided in Paragraph 17 below. The total aggregate refund amount shall not exceed the final "advanced cost of the System Extension" funded by Avimor.

In addition, the Company shall reimburse Avimor for the actual over sizing cost of the intermediate booster station within 45 days after the System Extension is conveyed to the Company as described in Paragraph 11 below.

10. Off-Site Main Reimbursement. The parties understand and agree that the cost of the 12-inch portion of the "off-site main," referenced in Paragraph 5, and funded by Avimor, will be subject to repayment to Avimor in accordance with the Company's current standard method for off-site reimbursements by latecomers as outlined below.

An applicant for service for which a main and/or service lateral (including laterals to a fire hydrant(s)) will be directly connected to said "off-site main," within the term of this Agreement, shall deposit with the Company one half the cost per front foot of the "off-site" water main times the applicant's total front footage. The cost per front foot shall be the actual cost of the "off-site" water main, divided by the total serviceable footage. The Company will forward this deposit to Avimor without interest within thirty (30) days of receipt. The total monies thus deposited with the Company and forwarded to Avimor shall not exceed the total amount of the "contributed cost of the System Extension". All future applicants for main and/or service lateral connections to the "off-site main" after the term of this Agreement expires shall not be subject to the aforesaid deposit, nor shall Avimor be entitled to or receive any reimbursement after the expiration of this Agreement.

11. **Conveyance of System Extension and Final Accounting.** Conveyance of the System Extension from Avimor to the Company will occur via a Bill of Sale in a form substantially similar to that attached as **Exhibit I**. Along with the Bill of Sale, Avimor shall provide all contractor "as-built" maps and drawings, equipment manufacturer owner's manuals, and facilities construction and acceptance test results. Avimor shall also provide original or photocopy evidence of all invoices paid showing all actual costs incurred related to the construction and installation of the System Extension, along with a cost summary clearly identifying each cost as it relates to each major item of the System Extension, including a breakdown of the on-site, off-site, and over sizing costs. Likewise, the Company shall provide a similar summary of its actual engineering, inspection, accounting, legal and administrative costs charged to the System Extension project. Upon conveyance, the Company shall record the actual costs so determined on its books and records as advances and contributions in aid of construction as referred to in Paragraph 5.

The amount, if any, of said "advanced cost for the System Extension," less the total amount refunded over the term of this agreement, shall be retained by the Company and booked as a contribution in aid of construction after the expiration of this Agreement.

12. **Covenants to Complete.** The Company will use commercially reasonable efforts to commence and carry to completion as soon as possible its responsibilities with regard to installation of said System Extension, but will not be responsible for delays which may be occasioned by weather, acts of God or the public enemy, strikes or other matters not within its control. Avimor will use commercially reasonable efforts to commence and carry to completion as soon as possible its responsibilities with regard to the installation of said System Extension, but will not be responsible for delays which may be occasioned by weather, acts of God or the public enemy, strikes or other matters not within its control.

13. **Failure to Obtain Required Consents.** It is further understood and agreed by and between the parties hereto that this Agreement to construct the said System Extension is subject to both the Company and Avimor obtaining all necessary consents, orders, permits and approvals of public officers or public bodies having jurisdiction over or lawful interest in any of the subject matters herein. In the event that either the Company or Avimor, after prompt application and diligent effort, is unable to obtain any necessary consent, order, permit or approval as aforesaid, or in the event that either the Company or Avimor is enjoined or prevented by lawful action of any such public officer or official body from constructing the said System Extension, the Company's sole obligation will be to repay Avimor the difference between the amount advanced and estimated expenses incurred by the Company in conjunction with the System Extension which is the subject of this Agreement. Avimor shall not be responsible to the Company for any direct or consequential damages arising from Avimor's failure to obtain required consents.

14. **Facilities Construction and Ownership of System Extension.** All facilities shall be constructed in compliance with the Company's specifications for materials and installation, and the Company shall have approval authority over all System Extension design and installation.

It is further mutually understood and agreed that any and all parts of the System Extension located within the limits of the streets, avenues, roads, ways or easement areas, whether or not attached to or serving customers but constructed as part of the System Extension shall be and remain the property of the Company, its successors and assigns. The Company shall have the right to extend any main installed pursuant to the terms of this Agreement in or to other lands, streets, or avenues, subject to the terms of any easement or right of way obtained by Avimor, without incurring any liability to Avimor whatsoever.

15. Water Facilities Within the Project. The approximate 700-building unit Project will be broken down into phases. All distribution facilities associated with each phase will be considered contributed plant and will be constructed and installed at Avimor's cost under the Company's standard "Residential, Multiple Family Housing, Commercial, Industrial, or Municipal Development Water Main Extension Agreement" as approved by the IPUC. The cost of these distribution facilities will not be available for refund.

Avimor agrees to pay the Company's applicable construction overheads on contributed investments in facilities such as distribution facilities required to provide water service within the Project and to each lot.

16. Agreement Subject to Idaho Public Utilities Commission Approval. It is agreed and mutually understood that the terms of this Agreement, particularly Paragraphs five (5), six (6), seven (7), and nine (9) and expansion of the Company's Service Area are subject to approval by the Idaho Public Utilities Commission (IPUC) before the water facilities for the Project may be connected to and receive service from the Company's existing water facilities. If approval by the IPUC of the Agreement and the expansion of the Company's Service Area cannot be obtained in a manner acceptable to the Company or Avimor, at their respective discretion, then such party shall have the right to attempt to cure the Agreement and resubmit the Agreement for approval by the IPUC. If approval by the IPUC can still not be obtained in a manner acceptable to the Company or Avimor, at their respective discretion, then such party shall have the right to declare this Agreement null and void and the parties will have no further obligations to each other except as provided for in Paragraph 13.

17. Term of Agreement. The term of this agreement shall be for fifteen (15) years from the date on which the System Extension is first placed in service, which date is estimated to be May 1, 2007, or for such additional periods of time as may be permitted by the IPUC by subsequent changes to the standard methods.

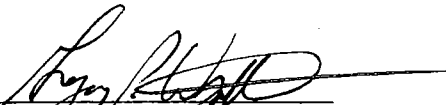
18. Miscellaneous. This Agreement shall be governed by and construed in accordance with the laws of the State of Idaho.

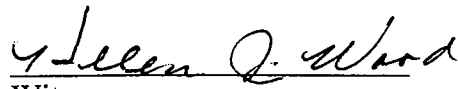
This Agreement may only be amended in whole or in part by an agreement in writing duly signed and delivered by both parties.

This Agreement may not be assigned by any party, whether voluntarily, involuntarily or by operation or law without the prior written consent of the other party given as an amendment of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be signed by their duly authorized representatives this 4TH day of JANUARY, 2007.

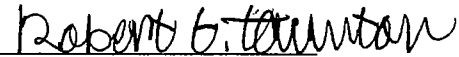
UNITED WATER IDAHO INC.:


By: 
Gregory P. Wyatt
Vice President


Witness

AVIMOR, LLC:

By: SunCor Idaho, Inc.
Its: Sole Member

By: 
Robert G. Taunton
President


Witness

Transmission Lengths
On-Site: 18,000 feet
Off-Site: 12,500 feet
Total: 30,500 feet

Avimor Property

Avimor Planned Community

Reservoir
600,000 gallons

Booster Station
2,000 gpm

Boise County

Ada County

On-Site Transmission Main
~18,000 feet of 16-inch Water Main

Off-Site Transmission Main
~12,500 feet of 16-inch Water Main

Point of Connection With Existing UWID Facilities

UWID Certificated Area

Hidden Springs

Exhibit A
New Water Facilities

0 0.25 0.5
Miles

May 11, 2005



Water Engineering, LLC
water resource consultants

305 E. Row Park Lane, Ste. 100 Boise, Idaho 83720
Ph: 208.383.4160 Fax: 208.383.4166

A
N

Project: Avimor
ICR No. RCE-653

AVIMOR, LLC
485 E. Riverside Drive
Suite 300
Eagle, Idaho 83616
(208) 939-0343

STANDARD CONSTRUCTION AGREEMENT

This Agreement is made this ___ day of _____, 20__, by and between **AVIMOR, LLC** ("Owner") and _____ an _____ corporation (address) ("Contractor"), Idaho Contractor Registration No. _____, or License No. _____, relating to the project known as Avimor (the "Project"). Owner and Contractor agree as follows:

1. The Work and Contract Documents. Contractor agrees to furnish, at its sole expense, to the satisfaction of Owner, all labor, equipment and materials necessary to complete the work described below (the "Work"):

Avimor Transmission Main, as described in the Contract Documents.

The Contract Documents are listed on Exhibit A attached hereto and incorporated herein by this reference. The Contract Documents consist of this Agreement and all other documents set forth in Exhibit A, including United Water Exhibits A1, A2 and A3.

2. Contract Time. Contractor shall commence the Work on or about _____, but in no event later than 24 hours after issuance by Owner of a written Notice to Proceed. Contractor shall complete the Work not later than ___ days after the date of commencement (the "Contract Time"). The date of commencement of the Work shall be the date established in Owner's Notice to Proceed. If there is no Notice to Proceed, the date of commencement shall be the date established in this paragraph.

3. Contract Sum. In consideration of the complete and timely performance of the Work, subject to changes as provided in this paragraph and in Paragraph 5 below, Owner shall pay Contractor the sum of _____ (\$_____) (the "Contract Sum"). The Contract Documents contain an engineer's estimate of the quantities of material to be installed on the Owner's property. These quantities were used in establishing the Contract Sum. The final Contract Sum will be adjusted according to actual field measurements of installed materials multiplied by the Contractor's per unit prices. Lump sum quantities will not be subject to adjustment. All such measurements are subject to confirmation by the Owner.

4. Inspection, Safety and Compliance. Contractor has inspected the jobsite and has thoroughly reviewed the Contract Documents including, without limitation, the Plans and Specifications listed on Exhibit A, as the same may be revised by Owner, and is not relying on any opinions or representations of Owner. Contractor agrees to perform and complete such Work in strict accordance with the Contract Documents and under the general direction of Owner in accordance with the Contract Time described in Paragraph 2 above as the same may be revised. Contractor agrees that any exclusions of any Work must be approved in writing by Owner prior to acceptance of this Agreement or same shall not be excluded hereunder. Contractor is responsible for all safety precautions and programs and shall provide all protection and necessary supervision to implement said precautions and programs. Contractor shall take all reasonable precautions for the safety of and provide reasonable protection to prevent damage, injury or loss to: (a) employees or others on the Project; (b) the Work and materials; and (c) other property at the Project or adjacent thereto. Contractor shall designate a responsible person on the Project whose duty shall be prevention of accidents. Contractor shall provide all competent supervision necessary to execute all Work and any Work incidental thereto in a thorough, first-class workmanlike manner. It is Contractor's responsibility that all of the Work and any work incidental thereto conforms to, and is performed in accordance with all applicable federal, state, county and city laws, codes, ordinances, regulations (including NPDES and air pollution) and orders of public authorities bearing on performance of the Work by qualified, careful and efficient workers satisfactory to Owner. Contractor shall obtain all applicable licenses and permits for the conduct of its business and the performance of the Work.

5. Changes in the Work. Owner may, without invalidating this Agreement, order changes in the Work consisting of additions, deletions or other revisions to the Contract Documents and the Contract Sum and the Contract Time shall be adjusted as provided below. The Contract Sum and/or the Contract Time may only be changed by Owner's written directive or approval authorizing said change, and said changes shall be performed under the applicable conditions of the Contract Documents.

5.1 Contract Adjustments. The Contract Sum shall be adjusted as a result of a change in the Work as follows:

(a) Additions: When Owner increases the scope of the Work, Contractor will perform the increased work pursuant to Contractor's Unit Prices set forth in the Contract Documents and, if a lump sum item, pursuant to Contractor's Schedule of Hourly Charges as set forth in the Contract Documents.

(b) Deletions: When Owner decreases the Work resulting in a decrease in Contractor's quantity of the Work, Owner shall be allowed a decrease in the Contract Sum amounting to the quantity of the deleted Work multiplied by the Contractor's Unit Prices and if a lump sum item, pursuant to Contractor's Schedule of Hourly Charges set forth in the Contract Documents.

(c) Estimating: Whenever Owner is considering a change to the Work, Contractor shall promptly, and in any event within three (3) business days, estimate the price of the contemplated additional or deleted Work in good faith and as accurately as is then feasible. The estimate shall show quantities of labor, material and equipment and shall be pursuant to the Unit Prices and Schedule of Hourly Rates set forth in the Contract Documents.

