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March 14, 2007

Idaho Public Utilities Commission
PO Box 83720
Boise, ID 83720

RE: Case No. UWI-W-07-01
Application by United Water Idaho Inc. for an
Amendment to its Certificate of Public
Convenience and Necessity and Approval of a
Special Facilities Agreement with Avimor LLC

Dear Commissioners:

The following constitutes the comments of the City of Eagle in response to the Application by United Water Idaho Inc. for Amendment to its Certificate of Convenience and Necessity No. 143 to allow service to an area in Ada County, Idaho and to approve a Special Facilities Agreement ("SFA"). The area to be served and the SFA deal with a development known as Avimor.

UWI is requesting that the application be processed by Modified Procedure and that a public hearing not be conducted on the issues presented. As an initial matter, the City of Eagle disagrees that Modified Procedure is an appropriate method for conducting review and analysis of this particular application given the inconsistency in information submitted by United Water.

One of the most significant concerns of the City of Eagle deals with the area which is to be included within the expanded certificated area for United Water and the area to which the SFA would apply. The information supplied by United Water contains numerous inconsistencies in defining both the geographical scope of the certificated area and the SFA terms. As an example, Exhibit E to the SFA identifies an area which is noted as the "New UWID Certificated Area". This area consists of lands both to the east and west of U.S. Highway 55. Exhibit A to the SFA identifies the "Avimor Planned Community" as being located entirely to the east of Highway 55.

Exhibit H to the SFA identifies a "Geographic Area Available For Refund". This exhibit reflects that the area available for refund is located to the east of Highway 55 but has facilities extending to the northwest of the development and west of Highway 55.

The inconsistencies in the submittals by United Water Idaho continue with the testimony of Mr. Wyatt, the General Manager of UWI. At Page 1 of his testimony, Mr. Wyatt identifies the Avimor Planned Community as consisting of 700 residential and commercial building lots on the east side of State Highway 55. He then testifies that Avimor owns or has an interest in approximately 23,000 acres "for which Avimor has requested the company to expand its Certificate of Public Convenience and Necessity." (Wyatt p. 1, Line 17-19). At Page 10 of Mr. Wyatt's testimony, he further explains that the service territory expansion indicated on Exhibit E comprises land exclusively owned by Avimor. He then states, "Avimor has, by virtue of the SFA, committed to having United Water as its water service provider for not only the initial Avimor development, but for all their development on lands they own in the area." (Wyatt p. 10, L 3-5). This would appear to be the 23,000 acres mentioned. These inconsistencies leave unclear whether the application is intended to address the 700 lot initial development or the entire Avimor ownership of 23,000 acres, and exactly what facilities are designed to serve which lands. In short, the submittals by United Water leave more questions unanswered than answered.

The confusion and inconsistencies carry through to the SFA which also recognizes that Avimor owns 23,000 acres, but "is interested in developing the first village of a Planned Community named Avimor consisting of approximately 700 residential and commercial building lots ("the Project"). At Page 1 the SFA, it is suggested that the pipeline, booster station, and storage reservoir are required to serve not only Avimor or the 700 residential and commercial lots in the first phase, but also "other potential developments in the vicinity of the project". (SFA, p.1). These other developments are not identified.

Another area of confusion in the SFA is Paragraph 7 on Page 4 where it is indicated that "additional sources of supply capacity will be required for development in the 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 reference in paragraph 7 that refers to service being provided pursuant to "existing facilities" leaves unidentified where the water supply for the project is to come from. Further, it leaves unanswered the question that if the certificated area is larger than the existing supply can provide, where would the additional supply sources come from? The City of Eagle submits that it is reasonable to have United Water disclose, and appropriate for the Commission to examine, the water resources to be utilized by United Water. The Commission should also examine whether United Water can serve this development given the uncertainty in size and scope of development as identified in United Water's filings, without jeopardizing service to its current system and existing customers.

In the Application and Request for Modified Procedure, United Water indicates that the public interest does not require a hearing on the issues presented pursuant to its application. In his testimony, Mr. Wyatt testifies that the expansion of the United Water Idaho service territory is consistent with the public interest and that the SFA is not harmful to the public interest. The Commission's ultimate conclusion may be the same. However, the City of Eagle would submit that it is not in the public interest to approve the SFA and the amendment of the United Water Idaho Certificate of Convenience and Necessity absent a public hearing especially given the

conflicting and ambiguous information submitted by UWI. The City would urge the Commission to schedule a hearing for this matter in order that the public and the Commission might be informed of the details of the proposal.

Sincerely,

MOORE SMITH BUXTON & TURCKE, CHTD.

A handwritten signature in black ink, appearing to read 'Bruce M. Smith', written in a cursive style.

Bruce M. Smith
on behalf of the City of Eagle

BMS/dls