

hearing process with the County and receive approval for our development by May 2007, and to start construction of the first phase in July 2007.

4. The Letter Comments (Pg 2.) assert that the City of Eagle's main line will be ready for use by Lanewood Estates by the time it completes the local government approval process.

However, United Water already has a functioning 12-inch water main in Linder Road

immediately adjacent to our project. Based on the foregoing and my understanding of the

location of existing City facilities, it is highly unlikely that the City would be able to extend its

facilities, including having an active well completed and connected to its water delivery system,

by the time we will have approvals to commence construction. It is also exceedingly unlikely –

if not impossible – that we would have approvals from the City to start construction by this

summer if the City were to hear and decide the subdivision application for our Lanewood Estates

development. In fact, in one of our prior City of Eagle subdivisions (Countryside Estates), we

were delayed approximately two years and it took nearly three years to get approvals because the

various affected agencies could not come to an agreement.

5. In addition to the issue of ability to provide timely interconnection of the Lanewood Estates development, Capital Development Inc. desires to obtain water service from United Water because:

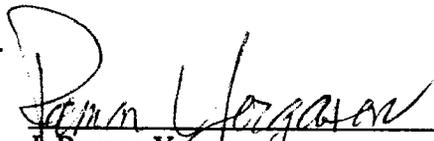
A. The review and approval process is shorter using United Water. Normally, DEQ approval is required for all subdivisions before construction can begin (upon approval of the water system, DEQ lifts sanitary restrictions and approves construction). This process is shortened by using United Water. Currently, DEQ allows United Water to independently lift sanitary restrictions to start construction (DEQ does not need to independently review and approve United Water's water delivery systems). DEQ does not have the same arrangement with

the City. DEQ and the City's outside engineer must both approve Eagle City water plans, meaning that the review and approval process will result in a delay of at least three months;

B. Any delays in starting construction will be VERY expensive. We have currently paid for approximately half of the land for our Lanewood Estates development. The interest payment to hold that portion of the land is nearly \$76,000.00 per month. In July, we are contractually obligated to purchase the remainder of the property (more acres than the first takedown, with a higher per acre price). Our interest payment to hold the land will more than double to an amount in excess of \$160,000.00 per month. We cannot afford even the chance of being delayed waiting for the City to get its water system operational; and

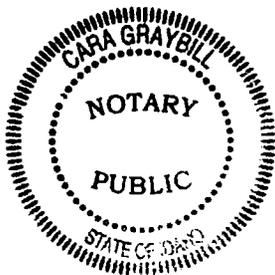
C. Because the City is just now in the process of establishing its municipal water system, there can be no certainty or assurance that it will be able to accomplish all that it must do to provide water service to the Lanewood Estates development. In this regard, because Capital Development Inc.'s property is not located within the City, Capital Development Inc. should be not be exposed to the risk and uncertainty arising out of the City's current desire to enter into a new and complex venture: the establishment, construction and operation of a municipal water system.

Dated this 14 day of March, 2007.



J. Ramon Yorgason

SUBSCRIBED AND SWORN to before me this 14 day of March, 2007.





Notary Public for IDAHO
Residing at Boise, Idaho
Commission Exp.: _____
MY COMMISSION EXPIRES
June 8, 2012
BONDED THRU NOTARY PUBLIC UNDERWRITERS

CERTIFICATE OF SERVICE

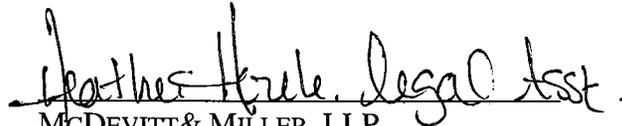
I hereby certify that on the 11th day of March, 2007, I caused to be served, via the method(s) indicated below, true and correct copies of the foregoing document, upon:

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
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MCDEVITT & MILLER, LLP