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IDAHO PUBLIC
UTILITIES COMMISSION

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

September 28, 2007

Via Hand Delivery

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

Re: Case No. UWI-W-07-05

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 and exhibits 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)
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RECEIVED
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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., FOR AN
AMENDMENT TO ITS CERTIFICATE OF
PUBLIC CONVENIENCE AND NECESSITY
NO. 14³ AND FOR AN ACCOUNTING
ORDER.

Case No. UWI-W-07-05

**APPLICATION AND REQUEST
FOR MODIFIED PROCEDURE**

COMES NOW United Water Idaho Inc., (“United Water”, or “Applicant”)

pursuant to RP 112 and 201 in support of this Application respectfully shows as follows
to wit:

I.

Applicant 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, P.O. Box 190420, Boise, Idaho 83719-0420.

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 Applicant's Articles of Incorporation, together with all amendments to date, is on file with the Commission.

IV.

For over 100 years, Applicant, 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. Applicant also provides service to isolated subdivisions in Canyon County, Idaho.

V.

On or about May 15, 2000, in Order No. 28377, Case No. UWI-W-00-02, the Commission approved an expansion of United Water's Certificate of Public Convenience and Necessity to provide service to the Danskin and Saddle Ridge subdivisions in Ada County, Idaho. The expansion was pursuant to a Residential or Multiple Family Housing Non-contiguous Water System Agreement dated December 30, 1999, which Agreement was approved by the Commission, with modifications ("Non-Contiguous Agreement"). The Non Contiguous Agreement established the creation of a separate domestic water

system for the subdivisions (“Danskin-Saddle Ridge System”) which is not connected to United Water’s integrated system.

VI.

The City of Kuna (“Kuna”) is a municipal corporation organized and existing under the laws of the State of Idaho. The Danskin-Saddle Ridge System is located adjacent to but outside the current Kuna municipal boundaries, but within Kuna’s City Area of Impact, as depicted on the map attached hereto as Exhibit A.

VII.

Commencing in 2006, United Water and Kuna entered into a series of negotiations relating to the provision of water service in the vicinity of Kuna. As a result of those negotiations, United Water and Kuna have reached a comprehensive understanding resolving certain water right disputes.

VIII.

As part of the comprehensive understanding, United Water has agreed to sell and Kuna has agreed to purchase the Danskin-Saddle Ridge System providing service to the Danskin, Saddle Ridge, and Iron Horse subdivisions. Attached hereto as Exhibit B, is a true and correct copy of the AGREEMENT FOR PURCHASE AND SALE BETWEEN UNITED WATER IDAHO INC., AND THE CITY OF KUNA (“Agreement”) whereby United Water has agreed to sell and Kuna has agreed to purchase the Danskin-Saddle Ridge System.

IX.

Pursuant to the Agreement, the purchase price is \$375,000 to be paid in cash at closing.

X.

Pursuant to the Agreement, Kuna has agreed to assume United Water's outstanding obligations under the Non-Contiguous Agreement and Main Line Extension Agreements with other third parties and to hold United Water harmless from further obligations there under.

XI.

Acquisition of the Danskin-Saddle Ridge System by Kuna is consistent with the Public Convenience and Necessity because the customers will obtain water service from a dependable municipal supplier (Kuna) at rates that are lower than United Water's rates. In addition, when Kuna connects the Danskin-Saddle Ridge System with their existing municipal system, the customers will experience improved redundancy for both domestic and fire protection flows.

XII.

Exhibit C, attached hereto, sets forth United Water's proposed journal entries to account for the sale proceeds. United Water requests that the Commission approve the proposed accounting entries.

XIII.

For the reasons set forth in the Direct Testimony of Gregory P. Wyatt and the Memorandum in Support of Application, filed herewith, United Water further requests a determination that gain or profit associated with the transfer is the property of United Water and that its customers do not have an interest therein.

XIV.

Contemporaneously with the filing of this Application, United Water is providing notice to the Danskin-Saddle Ridge System customers of the intended sale. A true copy of the customer notification is attached hereto as Exhibit D.

Request for Modified Procedure

United Water does not believe a hearing is required to consider the issues presented herein and pursuant to IPUCRP 201 *et. Seq.* requests that this matter be processed by Modified Procedure. If the Commission determines that a hearing is required, United Water is prepared for immediate hearing, based on the Direct Testimony of Gregory P. Wyatt, filed herewith.

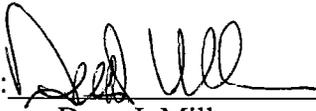
WHEREFORE United Water respectfully requests that the Commission enter its orders:

1. Determining that this matter be processed pursuant to Modified Procedure;
2. Approving the modification of United Water's Certificate of Public Convenience and Necessity by eliminating the Danskin-Saddle Ridge System therefrom;
3. Confirming that after the date of closing of the purchase and sale transaction, United Water will have no further obligation to provide domestic water service to the Danskin-Saddle Ridge System customers;
4. Confirming that following the assumption by Kuna of the Non-Contiguous Agreement and the Main Line Extension Agreements, United Water will have no further obligations there under;
5. Approving the accounting proposal set forth above;

6. Determining that gain arising from the transfer is the property of United Water; and
7. Granting such other further relief as is appropriate in the circumstance.

DATED this 24 day of September, 2007.

UNITED WATER IDAHO INC.

By: 

Dean J. Miller
Attorney for Applicant

Exhibit - A

UWID SYSTEM
Danskin Non-Contiguous System

- Main Valve
- Blowoff Valve
- Hydrants
- Wells
- Services

Mains

- 4 Inch
- 6 Inch
- 8 Inch
- 12 Inch

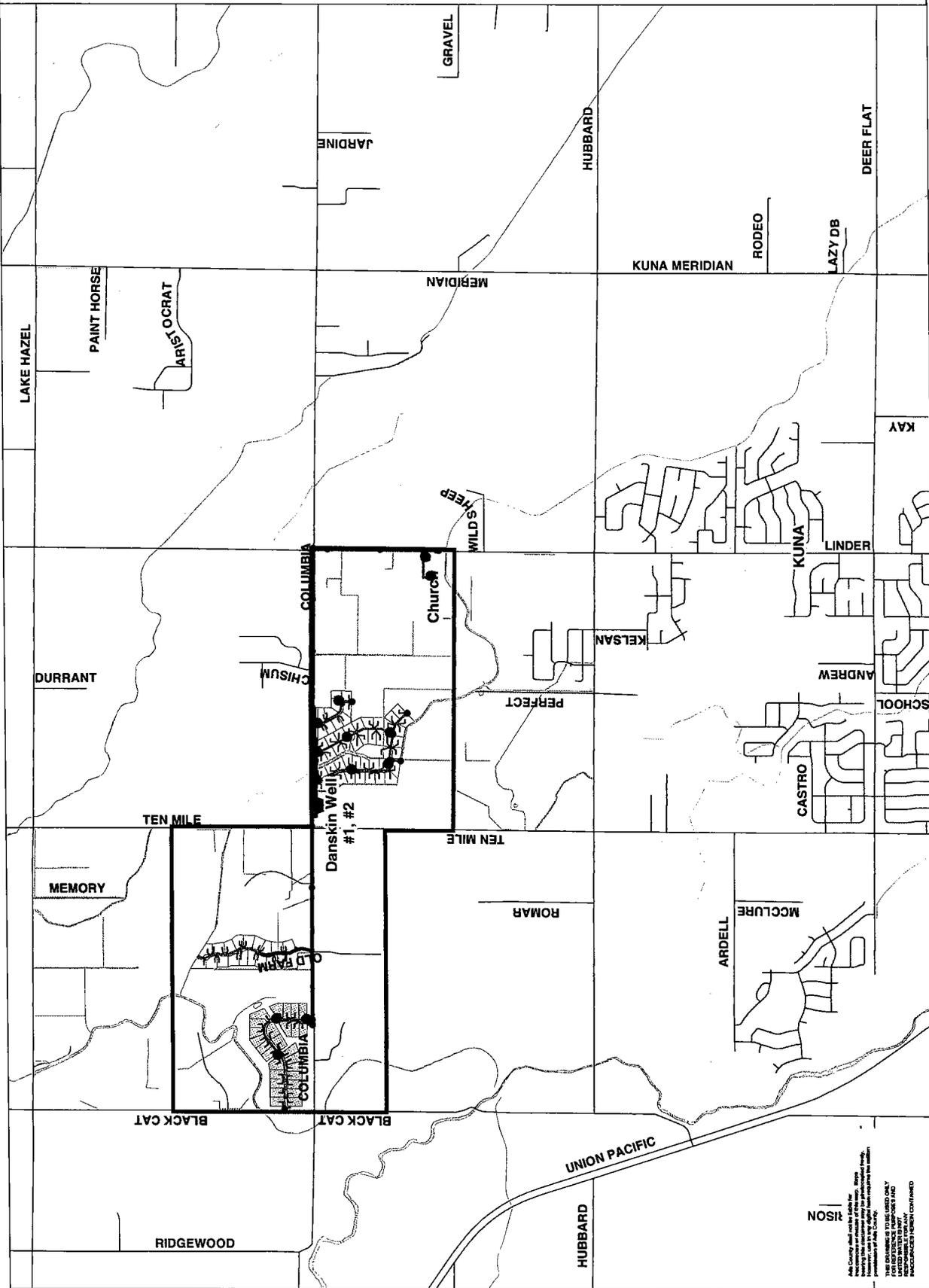
Subdivisions

- DANSKIN #1
- DANSKIN #2
- DANSKIN #3
- DANSKIN #5
- IRONHORSE SUB
- ▨ SADDLE RIDGE
- KUNA City Limits
- UWID Service Area

No Scale



Revised Date 09-06-2007



ALL COUNTY MAPS AND RECORDS DEPARTMENT
 1100 EAST 10TH AVENUE, SUITE 100
 DENVER, COLORADO 80202
 (303) 733-1000
 WWW.COUNTYMAPS.COM

AGREEMENT FOR PURCHASE AND SALE
BETWEEN
UNITED WATER IDAHO INC.
AND
THE CITY OF KUNA

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AGREEMENT FOR PURCHASE AND SALE

THIS AGREEMENT FOR PURCHASE AND SALE is made by and among **UNITED WATER IDAHO INC.**, an Idaho corporation (hereinafter referred to as "United Water" or as "Seller") and **THE CITY OF KUNA**, an Idaho municipal corporation, (hereinafter referred to as "Kuna" or as "Buyer").

RECITALS

A. United Water owns and operates a domestic water system located in Ada County, Idaho, located within the Danskin, Saddle Ridge and Iron Horse Estates Subdivisions.

B. United Water desires to sell to Kuna, and Kuna desires to acquire the domestic water system assets and related tangible and intangible property described in Section 1 (the "Domestic Water System") under the terms and conditions set forth herein. The location of the Domestic Water System is depicted on **Exhibit B**.

C. Contingent upon requisite approval by the Idaho Public Utilities Commission ("Commission") and closing of the sale contemplated by this Agreement it is contemplated that Kuna will furnish uninterrupted, quality domestic water service to the aforementioned area now served by United Water.

D. United Water has previously entered into a RESIDENTIAL OR MULTIPLE FAMILY HOUSING NON-CONTIGUOUS WATER SYSTEM AGREEMENT ("Non-Contiguous Agreement") with Stetson Properties, L.P. and Walter T. Sigmont and Ruth A. Sigmont, husband and wife dated December 30, 1999. United Water desires to assign and Kuna desires to assume United Water's obligations under the Non-Contiguous Agreement. United Water has also previously entered into three RESIDENTIAL, MULTIPLE FAMILY HOUSING, COMMERCIAL INDUSTRIAL OR MUNICIPAL DEVELOPMENT WATER MAIN EXTENSION AGREEMENTS; one with Stetson Partners, LP dated October 15, 2003 ("Stetson Agreement"); one with Joseph & Kathryn Guido dated June 21, 2004 ("Guido Agreement"); and one with the Corporation of the Presiding Bishop of the Church of Jesus Christ of Latter-Day Saints dated June 5, 2006 ("LDS Agreement"). United Water desires to assign and Kuna desires to assume United Water's obligations under the Stetson Agreement, the Guido Agreement and the LDS Agreement. The Non-Contiguous Agreement, the Stetson Agreement, the Guido Agreement and the LDS Agreement are all attached hereto as **Exhibit C**.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals and of the terms, conditions and mutual covenants herein set forth, the parties hereto mutually covenant and agree as follows:

1. AGREEMENT FOR SALE AND PURCHASE

United Water agrees to sell, assign, transfer and convey, by warranty deed, bill of sale, assignments, and other instruments of transfer satisfactory to the parties, and Kuna agrees to purchase, all for a purchase price and subject to and upon each of the terms and conditions hereinafter set forth, the following:

(a) **Tangible Personal Property**. All tangible personal property and only that tangible personal property used and useful in connection with the operation and maintenance by United Water of the Domestic Water System and the furnishing of water services including, without limitations, buildings, wells, motors, pumps, appurtenances, equipment, valves, pipes, water lines, service lines, fire hydrants, meters, meter boxes and lids, valves, machinery, inventory, surveys, maps, records and supplies (all hereinafter collectively referred to as the "Tangible Property"). The Tangible Property includes the items listed on attached **EXHIBIT A**. The Domestic Water System pipelines are depicted on the illustrative map attached hereto as **EXHIBIT B**.

(b) **Intangible Property**. All intangible property and only that intangible property used and useful in connection with the operation and maintenance by United Water of the Domestic Water System and the furnishing of water services including, without limitation, all leases, ground water rights, land rights, permits, easements, rights-of-way, customer lists and records, well logs, maintenance records, tariffs and rules and regulations governing the rendering of service and extension of service to future development, franchises, permits, certificates (all hereinafter collectively referred to as "Intangible Property").

(c) **Real Property**. All Real Property and only that Real Property used and useful in connection with the operation and maintenance by United Water of the Domestic Water system, which is more fully described in **EXHIBIT D** and is referred to as the "Well Lot".

2. PURCHASE PRICE AND PAYMENT TERMS

The purchase price shall be THREE HUNDRED SEVENTY FIVE THOUSAND DOLLARS (\$375,000) payable in full, by cash, certified check or bank wire transfer on the Closing Date.

3. AS IS

Except for the representations and warranties of United Water set forth in this Agreement, it is understood and agreed that Kuna will have completed by the Closing Date Kuna's inspection of the Domestic Water System and that Kuna is purchasing the Domestic Water System "as is" and "where is" as of the Closing Date, and with all faults and defects, latent or otherwise, and that **United Water makes no representations or warranties, either express or implied, by operation of law or otherwise, with respect**

to: the quality, physical condition or value of the Domestic Water System; or the Domestic Water System's suitability or fitness for a particular purpose.

4. TITLE MATTERS

(a) United Water shall deliver or cause to be delivered to Kuna not more than twenty (20) days after the date of execution hereof, complete and current request searches for all Uniform Commercial Code ("UCC") Financing Statements filed with the Secretary of State of Idaho and with the Recorder of Ada County, Idaho, in the name of United Water as Debtor, evidencing that all items of Tangible Property and Intangible Property being sold hereunder are free and clear of all liens, claims and encumbrances; or, if so encumbered, United Water shall cause the same to be terminated or released on or before the Closing Date. Kuna shall pay the cost of such UCC searches and terminations or releases.

(b) United Water shall furnish to Kuna, not more than twenty (20) days after the date hereof a commitment for a title insurance policy (the "Commitment"), dated after the date hereof, issued by a Title Insurer in the amount of that portion of the Purchase Price allocated to the Well Lot, which is hereby acknowledged and agreed to be Forty Nine Thousand Five Hundred and no/100ths dollars (\$49,500.00), showing marketable and insurable title to the Well Lot subject only to: (i) title exceptions pertaining to liens or encumbrances of a definite or ascertainable amount which may be removed by payment of money or otherwise on the Closing Date and which United Water shall so remove at that time; and (ii) permitted exceptions as set forth in **Exhibit E**. If the Commitment shall disclose defects, encumbrances, or exceptions to title not reasonably acceptable to Kuna, Kuna shall disapprove by giving written notice thereof to United Water within thirty (30) days, to remove the same or to have the Title Insurer commit to insure against loss or damage that may be occasioned by such un-permitted exceptions by special endorsement in form and with increased title insurance in an amount equal to the amount of any policy modifications issued thereof, which are satisfactory to Kuna in Kuna's reasonable discretion.

5. REPRESENTATIONS, WARRANTIES AND COVENANTS OF SELLER

United Water hereby represents and warrants to Kuna that as of the date hereof and/or as of the Closing Date:

(a) **Authority**. That United Water is an Idaho corporation that has been duly organized and is validly existing and in good standing as a corporation under the laws of the State of Idaho, and has full power and authority to: (i) transfer title to the Domestic Water System; (ii) enter into this Agreement; and (iii) carry out and consummate the transactions contemplated by this Agreement.

(b) **Effect of Transactions**. That neither the execution of this Agreement nor the consummation of the transactions contemplated hereby will: (i) result in a breach of or a default under any agreement, document or instrument to which United Water is a

party or by which United Water is bound; or (ii) violate any existing statute, law, regulation, restriction, order, writ, injunction or decree of any court, administrative agency or governmental body to which United Water is subject.

(c) **Ownership.** That United Water is the owner of the Domestic Water System. That there shall be no change in the ownership, operation or control of the Domestic Water System from the date hereof to the Closing Date.

(d) **Customers.** That United Water shall provide Kuna at Closing a complete list of all United Water's customers' names and addresses included in this transaction.

(e) **Insurance.** That all premiums due on all fire and hazard, liability and other insurance policies held by United Water, if any, in connection with the Domestic Water System have been and shall be paid when due by United Water, and the policies remain and shall remain un-cancelled and in full force and effect through the Closing Date, and that any and all proceeds of any insurance received on account of any damage to the Domestic Water System shall be applied to the repair of the Domestic Water System.

(f) **Condemnation.** That to United Water's knowledge, there are no condemnation or judicial proceedings, administrative actions or examinations, claims or demands of any type which have been instituted or which are pending or threatened against the Domestic Water System, or any part thereof. In the event United Water receives notice of any such proceeding, action, examination or demand, United Water shall promptly deliver a copy of such notice to Kuna.

(g) **No Liens.** That to United Water's knowledge, there are and shall be no liens or claims against the Domestic Water System for federal or state taxes or any other charges whatsoever, and that no portion of the Domestic Water System is affected by any special assessments, whether or not constituting a lien thereon.

(h) **Liabilities.** That all debts, liabilities and obligations of United Water arising from the ownership and operation of the Domestic Water System including, but not limited to, salaries, taxes and accounts payable, have been paid as they become due and mature and will continue to be so paid from the date hereof until the Closing Date, and that no debts, liabilities or obligations will be outstanding as of the Closing Date, except for accrued payables incurred in the ordinary course of business that United Water shall pay in a timely manner. To United Water's knowledge, there are and will be no unrecorded mechanics' or materialmen's liens or any claims for such liens affecting the Domestic Water System, and as of the Closing Date, there will be no work or material performed or furnished for which payment will not have previously been made.

(i) **Access.** That to United Water's knowledge, there is currently adequate access to and from the Domestic Water System from adjoining private or public streets, highways, roads and ways, and no fact or condition exists which would result in the

termination of the current access to and from the Domestic Water System to the adjoining public or private streets, highways, roads and ways.

(j) **Maintenance.** That from and after the date hereof and until the Closing, United Water shall maintain or cause to be maintained the Domestic Water System in good condition and repair, and shall continue to make or cause, to be made ordinary repairs, replacements and maintenance between the date hereof and the Closing with respect to the Domestic Water System and shall deliver the same in as good working order and repair as exists on the date hereof, further reasonable wear and tear excepted.

6. REPRESENTATIONS, WARRANTIES AND COVENANTS OF KUNA

Kuna hereby represents, covenants and warrants to United Water that as of the date hereof and as of the Closing Date:

(a) That Kuna is an Idaho municipal corporation which has been duly organized and is validly existing and in good standing as a municipal corporation under the laws of the State of Idaho, and has full power and authority to: (i) acquire title to the Property; (ii) enter into this Agreement; and (iii) carry out and consummate the transactions contemplated by this Agreement.

(b) That the execution and delivery of this Agreement by the signatories hereto on behalf of Kuna and the performance of this Agreement by Kuna have been duly authorized by Kuna. Neither the execution of this Agreement nor the consummation of the transactions contemplated hereby will: (i) result in a breach of or a default under any agreement, document or instrument to which Kuna is a party or by which Kuna is bound; or (ii) violate any existing statute, restriction, order, writ, injunction or decree of any court, administrative agency or governmental body to which Kuna is subject.

(c) That there is no action, suit, proceeding, inquiry, or investigation before any court, governmental agency or instrumentality pending or, to the knowledge of Kuna, threatened, against Kuna wherein an unfavorable decision, ruling, or finding would adversely affect the transactions contemplated by this Agreement.

7. CONDITIONS PRECEDENT TO CLOSING

(a) **Conditions Precedent to Kuna's Obligations.** This Agreement, and Kuna's obligation to close the transaction contemplated herein, is subject to the following express conditions precedent. Notwithstanding anything to the contrary that may be contained herein, each of the following conditions precedent may be waived in writing by Kuna, such conditions being for the exclusive protection and benefit of Kuna.

(i) That there shall not have been any material damage, destruction, or loss adversely affecting the Domestic Water System.

- (ii) All approvals required in connection with the transfer of the Domestic Water System shall have been obtained from the Idaho Department of Environmental Quality (IDEQ) and the Idaho Department of Water Resources (IDWR).

(b) **Condition Precedent to United Water's Obligations.** Kuna and United Water agree that consummation of the transaction contemplated by this Agreement is also subject to United Water obtaining an approval and order from the Idaho Public Utilities Commission (Commission) on terms that are acceptable to United Water, in its sole discretion, that, among other things:

- (i) Confirms that United Water may amend its Certificate of Public Convenience and necessity so as to remove the Domestic Water System from its authorized service territory;
- (ii) Confirms that as of the Closing Date United Water may discontinue service to the Domestic Water System;
- (iii) Approves the accounting and ratemaking treatment of the Purchase Price in the manner to be proposed by United Water in an Application to be filed with the Commission;
- (iv) Confirms that United Water, after the closing date, shall have no further obligations under the Agreements contained in **Exhibit C**.

Notwithstanding anything contained in this Agreement to the contrary, the parties acknowledge and agree that the conditions precedent set forth in Paragraph 7(b) are paramount. Accordingly, if there is any portion of such ruling by the Commission that, in United Water's discretion, is substantially inconsistent with this Agreement or with United Water's Application to the Commission, United Water may, within five (5) business days after receipt of such Commission ruling, provide Kuna with written notice that this Agreement is null and void, and the parties shall have no further obligations or liabilities hereunder. If such notice is not given in the time permitted, the parties agree to amend this Agreement, within thirty (30) days of both parties' receipt of such ruling by the Commission, to the effect that this Agreement shall be made consistent with the Commission's ruling.

(c) The parties agree to cooperate and will use their best efforts in 1) the preparation of such further documents and instruments as are necessary to complete the transaction contemplated hereby, 2) the processing and prosecuting of the filing for approval by the Commission, and 3) the notification and communication with the customers of United Water regarding this transaction.

(d) It is understood and agreed by the parties that an appropriate due diligence period consisting of fourteen (14) days immediately following the execution of this Agreement will be established to allow Kuna the opportunity to further investigate all issues regarding the acquisition of the United Water's Domestic Water System. The parties agree to cooperate and make all appropriate documents available in pursuing the due diligence.

8. ASSIGNMENT AND ASSUMPTION OF AGREEMENTS, AND OFF-SITE MAINLINE REFUNDS OBLIGATION

(a) The Parties acknowledge and agree that on or before the Closing Date United Water and Kuna shall execute an Assignment and Assumption of the above referenced Non-Contiguous Agreement, the Stetson Agreement, the Guido Agreement, and the LDS Agreement, as referenced above in Paragraph D of the Recitals, in the form attached hereto as **Exhibit F**.

(b) The Parties acknowledge that United Water has extended off-site water mainlines to serve the water systems subject to this Purchase and Sale Agreement. Said off-site mainlines are indicated on attached **Exhibit B**. Pursuant to United Water's Rules and Regulations the cost of the off-site mainlines were contributed by the Original Applicants for service. In this case, the Original Applicants were Stetson Properties, L.P. and Walter T. Sigmont and Ruth A. Sigmont, husband and wife (Non-Contiguous Agreement), Stetson Partners, LP (Stetson Agreement), and the Corporation of the Presiding Bishop of the Church of Jesus Christ of Latter Day Saints (LDS Agreement). Further, pursuant to United Water's Rules and Regulations, additional customers who connect to the off-site mainlines within a specified period are required to deposit with United Water an amount equal to one half of the actual per foot cost of the off-site extension times the front footage of the property to be served. The per-foot cost is determined by dividing the actual cost of the off-site extension by the total serviceable footage along the off-site extension. The amounts so deposited are refunded to the Original Applicant without interest within 30 days of receipt by United Water.

(c) In the Stetson Agreement and the LDS Agreement, the controlling off-site refund language is contained in the individual agreements. In the case of the Guido Agreement there is no off-site refund potential. In the case of the Non-Contiguous Agreement, the entitlement to off-site refunds was contemplated and agreed to by the parties to the Non-contiguous Agreement, but never officially documented in the Non-contiguous Agreement. The entitlement to off-site refunds was subsequently assigned by Stetson Properties, L.P. to Walter T. Sigmont and Ruth A. Sigmont, husband and wife. The refund period for the Non-Contiguous Agreement commenced on December 30, 1999 and is for a period of fifteen (15) years from that date.

(d) Kuna agrees that in the event additional customers are connected to the off-site mainlines within the refund periods for the above referenced Agreements, Kuna will require the additional customers to deposit an amount calculated in accordance with

the foregoing and will refund the amount deposited to the respective Original Applicant, or its assignees, within 30 days of receipt, without interest.

(e) United Water agrees that it, without cost to Kuna, will provide such technical and accounting advice as Kuna may require in determining the eligibility and amount of refunds that are required to be paid to Original Applicants.

9. CLOSING RELATED MATTERS; POST-CLOSING

(a) **Closing Date; Time of the Essence.** The closing shall take place not later than thirty (30) days after receipt of the regulatory approvals set forth in paragraph 7(b) (the "Closing Date"); provided, however, that if the thirtieth (30th) day not be a business day, then the Closing Date shall be the next Tuesday after the thirtieth (30th) day.

(b) **Closing.** The closing of the transaction contemplated herein shall take place at the office of McDevitt & Miller, LLP, 420 West Bannock, Boise, Idaho or at such other place as may be agreed upon by the parties.

(c) **Possession.** Possession of the Domestic Water System shall be delivered to Kuna on the Closing Date.

(d) **Post-Closing Actions.** Subsequent to the Closing and the Closing Date, each party will take such actions and execute and deliver such documents (to convey title or otherwise) as the other party shall reasonably request, or otherwise carry out the transaction and the intentions contemplated by this Agreement. The foregoing will include (without limitation) the following:

(i) **Cooperation.** The parties will cooperate in coordinating the prompt, orderly transition of supply of domestic water.

(ii) **Billing.** On the day of the Closing Date, United Water and Kuna, if Kuna so chooses, shall have all customer meters read so as to avoid any post-closing prorating of accounts receivable and unbilled revenue. All such revenue earned by United Water as determined by the meter readings on the Closing Date shall be due and payable to United Water.

10. CLOSING DOCUMENTS

(a) **Seller's Deposits.** On the Closing Date, United Water shall deliver the following documents:

- (1) Bill of Sale executed by United Water with full warranties of title conveying the Tangible Property to Kuna, in the form attached hereto as **Exhibit G**.
- (2) Certified copies of all resolutions adopted by United Water's Board of Directors.
- (3) Warranty Deed executed by the United Water transferring the Real Property, in the form attached hereto as **Exhibit H**.
- (4) Originals, if available, of all certificates, licenses, permits, authorizations, and approvals required by law, and issued by all governmental authorities having jurisdiction.
- (5) Such other documents as the Title Insurer, Kuna or its attorneys may reasonably require effectuating or further evidencing the intent of any provision in this Agreement.
- (6) Title Insurance Owner's policy for Real Property of United Water's Domestic Water System.
- (7) A United Water approved closing statement.
- (8) Assignment and Assumption of Agreements in the form attached hereto as Exhibit F.

All of the documents and instruments to be delivered by the United Water hereunder shall be in form and substance reasonably satisfactory to counsel for Kuna.

(b) **Buyer's Deposit**. On the Closing Date, Kuna shall deliver the following:

- (1) Cash, official bank check or wire transfer of funds in an amount sufficient to meet Kuna's obligations hereunder.
- (2) A Kuna approved closing statement.
- (3) Such other documents as the Title Insurer, United Water, or its attorneys may reasonably require effectuating or further evidencing the intent of any provision in this Agreement.

11. PRORATIONS AND ADJUSTMENTS

The following items shall be paid, prorated and adjusted as of the Closing Date:

(a) General real estate taxes, and all other levies and charges against the Domestic Water System the year in which the Closing Date shall occur, which are accrued but not yet due and payable. Such taxes shall be prorated on the basis of the most recent ascertainable tax bill. Kuna shall not be liable for any state, county, federal income, excise or sales tax liabilities of Seller.

(b) All accounts payable and other obligations incurred by United Water prior to the Closing Date shall be caused to be paid or performed by United Water on or before the Closing Date or as soon as possible thereafter, and Kuna assumes no obligations or responsibility for the payment or performance thereof. Bills received after Closing which relate to expenses incurred or service performed allocable to the period prior to the Closing Date shall be paid by Seller.

(c) Such other items as are customarily prorated in transactions of the type contemplated in this Agreement.

All such prorations shall be based on the most recent ascertainable bills, and be made on the basis of the actual number of days of the year and month which shall have elapsed as of the Closing, and to the extent reasonably practicable such prorations shall be made at the Closing. Such items of income and expenses for the period prior to the Closing date will be for the account of United Water and such items of income and expense for the period on and after the Closing Date will be for the account of Kuna, all as determined by the accrual method of accounting.

(d) The cost of escrow shall be divided equally between United Water and Kuna.

12. DEFAULT AND REMEDIES

(a) **Default by Buyer.** If Kuna should fail to consummate the transaction contemplated herein for any reason, except by default by Seller, United Water may elect any one or more of the following remedies: (i) to enforce specific performance of this Agreement and in such action United Water shall have the right to recover damages suffered by United Water by reason of the delay in the acquisition of Domestic Water System (ii) to bring suit for damages for breach of this Agreement; (iii) to terminate this Agreement whereupon Kuna will reimburse United Water for United Water's out-of-pocket expenses incurred with respect to this transaction, including reasonable attorney fees; or (iv) pursue any and all remedies at law or equity.

(b) **Default by Seller.** If United Water should fail to consummate the transaction contemplate herein for any reason, except failure of a condition precedent set forth in paragraph 7 which is not waived by Kuna, or default by Kuna, Kuna may elect any one or more of the following remedies; (i) to enforce specific performance of this Agreement and in such action Kuna shall have the right to recover damages suffered by Kuna by reason of the delay in the acquisition of the Domestic Water System (ii) to bring

a suit for damages for breach of this Agreement; (iii) to terminate this Agreement whereupon Kuna will reimburse United Water for United Water's out-of-pocket expenses incurred with respect to this transaction, including reasonable attorney fees; or (iv) pursue any and all remedies at law or equity.

13. BROKERAGE

Each of the parties represents and warrants to the other that it has not incurred and will not incur any liability for finders or brokerage fees or commissions in connection with this Agreement and the transactions contemplated hereby.

14. INTERVENING DAMAGE OR LOSS

United Water shall deliver the Domestic Water System to Kuna in substantially the same condition on the Closing Date as on the date hereof, excepting therefrom ordinary wear and tear. If, prior to the Closing Date, all or a substantial portion of the of the Domestic Water System having a replacement value in excess of \$10,000.00 is destroyed by fire and other casualty or is taken or made subject to eminent domain proceedings, then United Water shall immediately notify Kuna. Thereupon Kuna shall, at its opinion have the right to:

(a) Complete this transaction, in which event United Water shall: (i) deliver to Kuna a duly executed assignment of all insurance proceeds or condemnation awards payable as a result of such fire, casualty, or condemnation, in form and substance satisfactory to Kuna and (ii) pay the amount of any deductible there under; or

(b) Complete this transaction, in which event Kuna shall receive a credit on the Closing Date in an amount equal to the cost of repair or replacement of such damage or loss.

15. NOTICES

All notices required or desired to be given under this Agreement shall be in writing and delivered personally or sent by facsimile or by first class United States mail, postage prepaid, addressed as follows:

If to Seller:	General Manager Gregory P. Wyatt United Water Idaho Inc. P.O. Box 190420 Boise ID 83719-0420 Tel. (208) 362-7327 Fax. (208) 362-7069
---------------	--

With copies to: Dean J. Miller, Esq.
420 W. Bannock
P.O. Box 2564-83701
Boise, Idaho 83702
Tel. (208) 343-7500
Fax: (208) 336-6912

And United Water Management & Services Inc.
200 Old Hook Road
Harrington Park, New Jersey 07640
Attention: Legal Department
Tel. (201) 767-9300
Fax. (201) 767-7018

If to Buyer: The City of Kuna
763 W. Avalon
Kuna, ID 83634

or to such other address as either party may from time to time designate by written notice given to the other party in the manner provided herein. Any notice given in accordance with the foregoing shall be deemed to have been given (i) on the date upon which it shall have been delivered or (ii) three (3) days after being deposited in the United States mail, whichever is first. If sent by facsimile transmission, such notice shall be deemed to have been given when received prior to 5:00 p.m. on a business day; otherwise, at 9:00 a.m. on the next business day.

16. MISCELLANEOUS

(a) This Agreement may not be assigned by any party without the consent of the other party hereto. This Agreement shall be binding upon and inure to the benefit of the successors and permitted assigns of the parties hereto.

(b) Wherever under the terms and provisions of this Agreement the time for performance falls upon a Saturday, Sunday or Legal Holiday, such time for performance shall be extended to the next business day.

(c) This Agreement may be executed in counterparts, each of which shall constitute an original, but all together shall constitute one and the same agreement.

(d) The terms, provisions, covenants (to the extent applicable) and indemnities shall survive the closing and this Agreement shall not be merged therein, but shall remain binding upon and for the parties hereto until fully observed, kept or performed.

(e) This Agreement embodies the entire agreement between the parties hereto with respect to the subject matter hereof.

(f) Kuna and United Water shall each respectfully pay any attorney fees they have respectively incurred for the preparation, negotiation and review of this Agreement.

(g) The captions at the beginning of the several paragraphs, respectively, are for the convenience in locating the context, but are not part of the text.

(h) In the event any term or provision of this Agreement shall be held illegal, invalid or unenforceable or inoperative as a matter of law, the remaining terms and provisions of this Agreement shall not be affected thereby, but each such term and provision shall be valid and shall remain in full force and effect.

(i) This Agreement shall be governed by the laws of the State of Idaho.

(j) By virtue of this Agreement, Kuna does not, in any way or for any purpose, become a partner of United Water in the conduct of its business, or otherwise, or become a joint venture or a member of a joint enterprise with Seller.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the respective dates set forth below, effective as of July 26, 2007.

SELLER: UNITED WATER IDAHO INC.

An Idaho Corporation

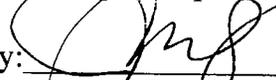
By: 

Title: Vice President

Date: 7-26-07

BUYER: CITY OF KUNA

A Municipal Corporation

By: 

Title: Mayor

Date: 7-26-07

Schedule of Exhibits

- Exhibit A: Tangible Property items
- Exhibit B: Domestic Water System pipelines map
- Exhibit C: RESIDENTIAL OR MULTIPLE FAMILY HOUSING NON-CONTIGUOUS WATER SYSTEM AGREEMENT (“Non-Contiguous Agreement”) and RESIDENTIAL, MULTIPLE FAMILY HOUSING, COMMERCIAL, INDUSTRIAL, OR MUNICIPAL DEVELOPMENT WATER MAIN EXTENSION AGREEMENT (“Stetson Agreement”, “Guido Agreement” and “LDS Agreement”)
- Exhibit D: Real Property used and useful in connection with the operation and maintenance by United Water of the Domestic Water system
- Exhibit E: Permitted title exceptions
- Exhibit F: Assignment and Assumption of Agreements
- Exhibit G: Bill of Sale executed by United Water with full warranties of title conveying the Tangible Property to Kuna
- Exhibit H: Warranty Deed executed by the United Water transferring the Real Property.

EXHIBIT A
TANGIBLE PROPERTY ITEMS

Distribution System:

12,498' - 12" PVC Water Main and associated control valves
8,867' - 8" PVC Water Main and associated control valves
321' - 6" PVC Water Main and associated control valves
1,054' - 4" PVC Water Main and associated control valves

16 - 3/4" Domestic Services
83 - 1" Domestic Services
2 - 1" Irrigation Services
6 - 2" Irrigation Services
1 - 8" Fire Service
16 - Fire Hydrants with associated laterals and valves

Source of Supply:

16' x 32' Well House
20" Supply Well – 1,000 gpm rated capacity
12" Supply Well – 250 gpm rated capacity
1 - Submersible Pump with 100 hp Motor
1 - Submersible Pump with 30 hp Motor
Mechanical Piping & Metering Equipment
1- 75 kW generator/auxiliary power supply
Water Treatment Equipment
Communication, Control, and Telemetry Equipment specifically excluding:
1 – Radio, remote, digital, 900 Mhz, Alligator, MPR1888A, 1039067
1 – Opto 22 RTU, Brain, Snap B3000, OPT750
1 – Opto 22 RTU, Controller, Snap-LCSX-Plus, OPT749
1 – Opto 22, RTU, Power Supply, 5 Volt, DC, Snap-PS5-24DC, OPT759

Land:

Well Lot
Associated Landscaping
Irrigation System

Exhibit - B

- UWID SYSTEM**
 Danskin Non-Contiguous System
 Main Valve
 Blowoff Valve
 Hydrants
 Wells
 Services

- Mains**
 4 Inch
 6 Inch
 8 Inch
 12 Inch

Subdivisions

- DANSKIN #1
 DANSKIN #2
 DANSKIN #3
 DANSKIN #5
 IRONHORSE SUB
 SADDLE RIDGE

Mains Inventory

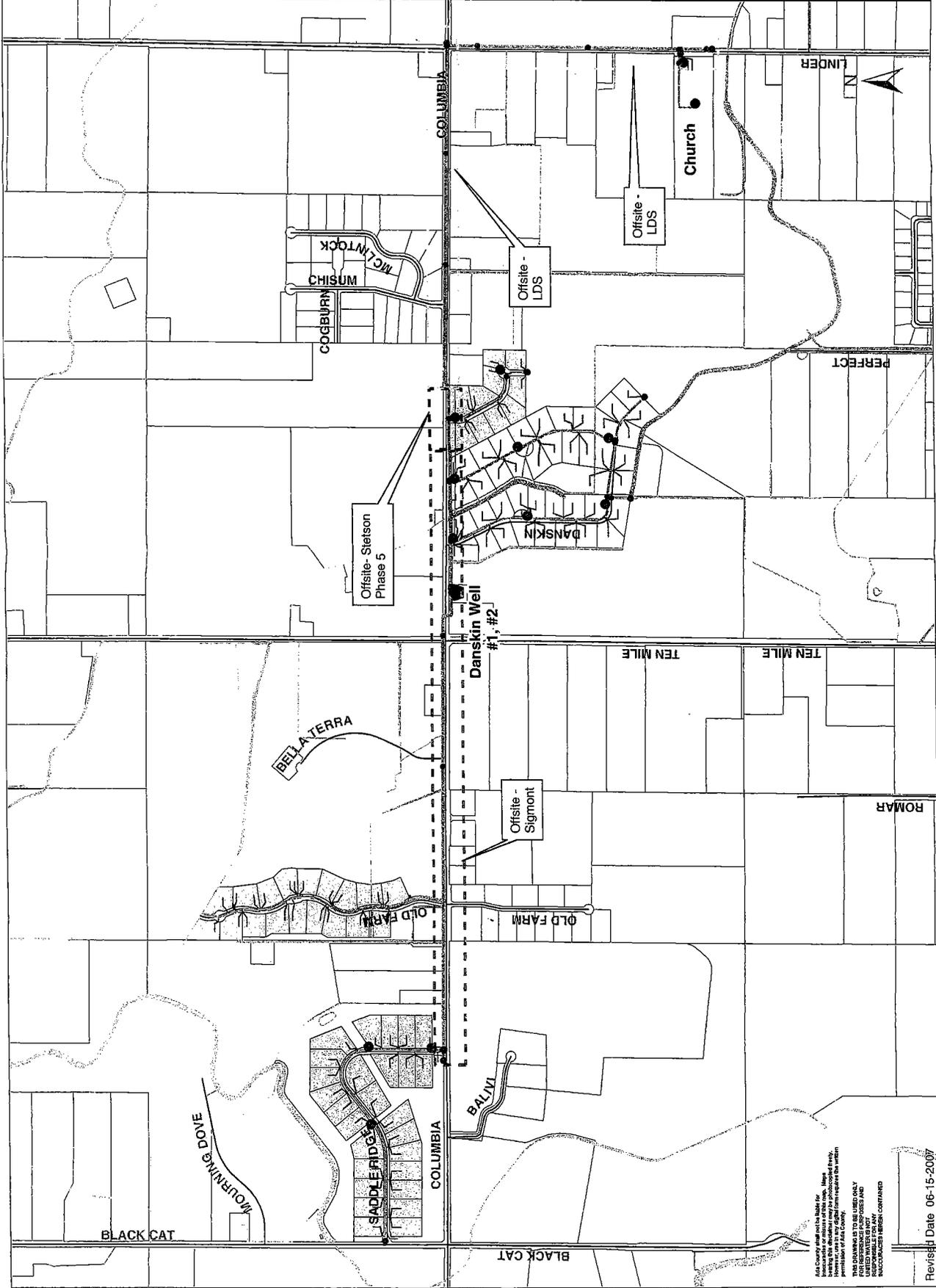
Size	Length(ft)	Miles
4	1,054	0.20
6	321	0.06
8	8,867	1.68
12	12,498	2.37
Total	22,740	4.31

Services Inventory

99	Domestic
8	Irrigation
1	Fire Service
108	Total

Scale

1 inch equals 800 feet



Each owner shall be held for responsible on matters of this map. Maps become void if not signed and sealed by the engineer in the State of Iowa. FOR REPRODUCED PURPOSES AND DISTRIBUTION ONLY. UNLESS OTHERWISE SPECIFIED, ENCLOSURES HEREBY CONTAINED.

Revised Date 06-15-2007

**RESIDENTIAL OR MULTIPLE FAMILY HOUSING
NON-CONTIGUOUS WATER SYSTEM AGREEMENT**

AGREEMENT between UNITED WATER IDAHO INC. hereinafter called "Company", its successors and assigns, and STETSON PROPERTIES, LLC hereinafter called "Owner" its successors and assigns.

WHEREAS, Owner has requested Company to expand its system as follows in accordance with the map or plan attached hereto as Attachment No. 1; and

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

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

1. Owner hereby applies to Company for said expansion of its system, and Company agrees to include said expansion upon the terms and conditions hereinafter set forth and in accordance with its Rules and Regulations.

2. For the purposes of this Agreement the term "Water Facilities" shall include, without limitation:

(a) All property in connection with the operation and maintenance of the Water Facilities and the furnishing of water services including, without limitation, buildings, improvements, structures, equipment, wells, distributions lines, well lots, well houses, reservoirs, pumps, booster pumping stations, valves, pipes, water lines, meter boxes, machinery, inventory, surveys, maps, and supplies;

(b) All right, title and interest of Owner in and to all easement(s) and appurtenances existing and/or necessary for the maintenance and operation of the Water Facilities constructed or to be constructed to serve the project commonly known as DAUSKILL RIDGE SUBDIVISION & SADDLE RIDGE ESTATES hereinafter called the "Project", and any approved development of the property in connection with the Project (hereinafter called the "Property"), Source of Supply, which may include well(s), pumps, motors, control equipment, pneumatic storage facilities, or that particular property commonly referred to as "Source of Supply," and water and water rights and interests appurtenant to the Property; and

(c) All intangible property in connection with the operation and maintenance of the Water Facilities and the furnishing of water services including, without limitation,

non-cont agrmt - Stetson Properties - 1

customer lists and records, customer deposits, well logs, maintenance records, tariffs and rules and regulations governing the rendering of service and extension of service to future development, franchises, permits and certificates. The term "Water Facilities" does not include meters.

3. Company shall have the right to conduct, review and confirm, to Company's satisfaction, test results in connection with any and all wells, soil tests, engineering tests, environmental surveys, plans and specifications and/or record drawings, and related studies of the Water Facilities deemed necessary by Company to determine the suitability, in Company's sole discretion, of the Water Facilities for expansion. Should an Applicant propose a Development requiring special facilities, upgrades, modifications or, if the Development is deemed by the Company to be unusual or burdened with special needs, that existing water system will be looked at independently and the terms of the acquisition will be set forth in an amendment hereto.

4. Immediately after the execution of this Agreement, Owner shall diligently proceed to obtain all governmental approvals including, without limitation, all necessary permits, information, and consents required by the appropriate federal, state, or local governmental authorities, agencies, or officials to permit the construction, operation and maintenance of the Water Facilities. As soon as practicable, after receipt of such governmental approvals, Owner shall diligently proceed to construct the Water Facilities, as described, or to be described, in the Water Facilities plans and specifications prepared and sealed by a licensed professional engineer and reviewed and approved by the parties hereto. The cost of obtaining all governmental approvals, the cost of such plans and specifications, and the cost of the construction of the Water Facilities shall be borne by Owner at Owner's sole cost and expense. At the sole discretion of Company, inspection of the construction of the Water Facilities shall be conducted by Company. Based on proper advice and consideration, Company may alter the performance from strict adherence to such plans and specifications if based on job site experience, or if adherence to such plans and specifications becomes impractical or infeasible under the circumstances. Company shall be the sole judge as to the adequacy of the Water Facilities. The parties hereto shall cooperate fully with each other and all other parties in connection with each other's efforts hereunder.

5. The completely constructed and approved Water Facilities shall be contributed, transferred and conveyed to Company by Owner, at no cost to Company, through bill(s) of sale, warranty deed(s), easement(s) and/or other transfer documents reasonably acceptable to Company and as required and approved by, without limitation, the Idaho Department of Health and Welfare, Division of Environmental Quality, Idaho Department of Water Resources, and the Idaho Public Utilities Commission ("IPUC"), as applicable, on or before the transfer of the first lot in the Project from Owner to the first-time lot buyer. Owner will obtain releases from all subcontractors, laborers, material-men, suppliers, and any other parties furnishing materials or services in connection with the construction of the Water Facilities. Owner shall warrant to Company in writing that the Water Facilities has been constructed in accordance with the plans and specifications reviewed and approved by Company, and shall

non-cont agrmt - Stetson Properties - 2

provide Company with as-built record drawings of the Water Facilities. Owner shall also warrant the Water Facilities against defects in construction for a period of one (1) year from execution such warranty.

6. Owner shall contribute to Company upon the execution hereof the Water Facilities as described above, and shall also contribute overhead costs to Company such as supervision, engineering, accounting, legal expenses and the cost of obtaining any necessary governmental permits. The actual cost of contribution shall be referred to as the "contributed cost of facilities." The Source of Supply costs shall be referred to and be booked as an advance in aid of construction. All other costs shall be referred to, and be booked as, a contribution in aid of construction.

7. Upon conveyance of the Water Facilities to Company, Company shall be solely responsible for management, maintenance and operation of the Water Facilities. The parties agree that the Water Facilities and associated permits and licenses shall be managed and operated by Company in a manner which is comparable to and consistent with Company's management and operation of its other water utility facilities within the State of Idaho. The parties further acknowledge that Company shall serve all residential customers as a public utility, subject to the jurisdiction of the IPUC.

8. Owner shall prepare and record (prior to the sale of any lot in the Project) perpetual restrictive covenants which include, without limitation, that the Water Facilities is or shall be owned and operated by Company. Company shall cooperate with Owner in the preparation of such restrictive covenants and shall have the right to approve such restrictive covenants prior to recordation. Such approval shall not be unreasonably withheld. Owner shall cause a notation to be made on any subdivision plat of the Project that states that the Water Facilities is or shall be owned and operated by Company.

9. If the Project is served by a non-potable irrigation system, appropriate backflow prevention device(s) shall be required to be installed at no cost to Company. Owner shall prepare and record (prior to the sale of any lot in the Project) perpetual restrictive covenants which include, without limitation, that cross-connections are prohibited, and shall delegate to Company the right to inspect such non-potable irrigation system, enforce such restrictive covenants, and to remove any such cross-connections. Company shall cooperate with Owner in the preparation of such restrictive covenants and shall have the right to approve such restrictive covenants prior to recordation. Such approval shall not be unreasonably withheld.

10. An amount not to exceed Eight Hundred Dollars (\$800.00), as more fully described on Attachment No. 2 attached hereto, which is subject to modification as Adjusted Average Residential Revenue may change with future rate activity, shall be paid by Company to Owner as soon as practicable after each lot is connected to the Water Facilities, as payment for the Source of Supply; provided, however, such payment shall be made only once per lot, only to bona fide customers, and not in excess of the original documented advance of construction costs in connection with the Source of Supply. Provided, further, however, if the Project and/or the non-cont agrmt - Stetson Properties - 3

Property is served by an additional potable Source of Supply, where a portion of the Project's and/or Property's Source of Supply is provided by an entity in addition to Owner, the \$800 payment referred to in this paragraph shall be paid by Company to Owner and each other such provider of Source of Supply according to the percentage of contribution by Owner and each other such provider of Source of Supply. The percentage of contribution by Owner and each other such provider shall be established by Company and set forth in an amendment hereto.

11. All revenue generated by the Water Facilities shall be retained by Company as owner in compliance with all applicable rules and regulations of the IPUC. Charges applicable to the Water Facilities shall be the Company's tariff rates for existing customers as approved by the IPUC, which rates may be amended from time to time. Service shall be provided in compliance with all applicable rules and regulations of the IPUC.

(a) If the Water Facilities include an existing, non-metered, flat rate system, and the costs for metering the Water Facilities cannot be justified by Company, the tariff rate shall be equal to the average revenue for the balance of Company's residential customers.

(b) If Company should determine that a flat rate customer is using water in excess of the average residential customer, the Company will provide a meter setting and meter. Customer will then pay Company's metered tariff rates as approved by the IPUC, which rates may be amended from time to time.

(c) If a customer prefers to pay Company's approved metered tariff rates, the customer shall pay the installation and material costs associated with the installation of a meter setting.

12. It is agreed by Owner that Owner will not build at any time hereafter on, in or over any easement for water pipes or appurtenances any structure, the construction or presence of which will endanger or render ineffective or difficult of access the water pipes or appurtenances of Company, or lay other pipes or conduits within two feet (2'), measured horizontally, from said water pipe except pipes crossing same at right angles in which latter case a minimum distance of six inches (6") shall be maintained between the pipes. No excavation or blasting shall be carried on which in any way endangers said water pipes. Provided, however, that should Owner wish to do so Owner may, at Owner's expense, provide a new location acceptable to Company for said water pipes and Company will then move said water pipes and appurtenances to the new location. The cost of moving and altering and any expenses incident thereto, shall be borne by Owner. It is further understood and agreed that in case of any damage by Owner or caused by neglect of Owner to the water pipes or their appurtenances, or other injuries to the property of Company in connection therewith, these facilities will be repaired and brought to proper grade by Company or Company's contractor at Owner's expense.

13. It is further mutually understood and agreed that the mains and appurtenances within the limits of the street, avenues, roads, ways or easement areas, whether or not attached to or serving customers but constructed as part of the expansion shall be and remain the property of
non-cont agrmt - Stetson Properties - 4

Company. Company shall have the right to extend any main installed by it pursuant to the terms of this Agreement in or to other lands, streets, or avenues without incurring any liability to Owner whatsoever.

14. Owner shall be reimbursed in connection with use of the Source of Supply by "late-comers," that is, bona fide customers who use the Source of Supply and which customers own a lot or property other than a lot in the Project, whereby costs, not in excess of the original advance of construction costs in connection with the Source of Supply, may be reimbursed to Owner over a period of twenty (20) years from the date of transfer of the Water Facilities. Owner shall not be entitled or receive any reimbursement after twenty (20) years from the date of this Agreement.

15. For the purposes of this Agreement, a bona fide customer shall mean any person(s), firm, company, corporation, association, governmental unit or owner of property as guarantor furnished water service of a permanent nature by Owner.

16. Each party shall be excused from further performance under this Agreement as a consequence of any delays or defaults in the performance of this Agreement unavoidably caused by the act of any governmental authority, the act of any public enemy, acts of God or the public enemy, nature, weather, war, war defense condition, strikes, walkouts or other causes beyond the control of the party whose performance is impaired.

17. The term of this Agreement shall be for twenty (20) years from the date hereof.

IN WITNESS WHEREOF, the parties hereto, having been duly authorized, have executed this Agreement this 30th day of December, 1999.

ATTEST:

Frederick Skjelt

ATTEST:

[Signature]

COMPANY:

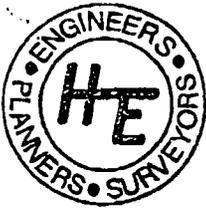
UNITED WATER IDAHO INC.

By: William C. Jensen
Its: President

OWNER:

STETSON PROPERTIES, LLC

By: [Signature]
Its: General Partner



HUBBLE ENGINEERING, INC.

9550 Bethel Court ■ Boise, Idaho 83709

208/322-8992 ■ Fax 208/378-0329

Exhibit C
Page 6 of 34

Project No. 9925200

December 1, 1999

Attachment No. 1

DANSKIN RIDGE SUBDIVISION

A parcel of land located in the West 1/2 of Section 11, T.2N., R.1W., B.M., Ada County, Idaho, more particularly described as follows: **BEGINNING** at the corner common to Sections 2, 3, 10 and the said Section 11, from which the 1/4 corner common to said Sections 2 and 11 bears South 89°25'57" East, 2637.75 feet;

thence South 89°25'57" East, 700.00 feet;

thence South 00°24'03" West, 290.40 feet;

thence South 89°25'57" East, 150.00 feet;

thence North 00°34'03" East, 290.40 feet to a point on the North boundary of said Section 11;

thence along said North boundary South 89°25'57" East, 235.12 feet;

thence departing said North boundary along the center of the Kuna Canal South 25°37'35" East, 214.79 feet;

thence South 26°42'32" East, 160.96 feet;

thence South 30°33'23" East, 158.84 feet;

thence South 32°00'21" East, 158.64 feet;

thence South 14°47'50" East, 31.50 feet;

thence South 04°41'25" West, 41.80 feet;

thence South 18°49'53" West, 129.84 feet;

thence South 09°29'23" West, 153.55 feet;

thence South 28°56'53" West, 99.48 feet;

thence departing said canal along the East boundary of the NW1/4 of the NW1/4 of said Section 11 South 00°47'40" West, 286.07 feet to the Northwest 1/16 corner;

thence along the North boundary of the SE1/4 of the NW1/4 South 89°24'38" East, 1318.41 feet to the C-N 1/16 corner;

thence South 00°48'52" West, 1326.62 feet to the center of said Section 11;

thence continuing along the North-South mid-section line South 00°50'45" West, 445.21 feet to the northeast corner of Lot 8, Block 1 of Prairie Clover Estates Subdivision, as same is recorded in Book 69 of Plats at Page 7074, records of Ada County, Idaho;

thence along the northeasterly and northerly boundary of said subdivision North 25°23'03" West, 67.97 feet (record North 25°23'08" West, 67.97 feet);

thence North 28°47'57" West, 168.03 feet (record North 28°51'40" West, 168.31 feet);

thence North 89°27'31" West, 1204.25 feet (record North 89°27'05" West, 1204.16 feet);

thence departing said northerly boundary along the West boundary of the NE1/4 of the SW1/4 of said Section 11 North 00°42'53" East, 239.22 feet to the C-W 1/16 corner;

thence North 89°23'19" West, 1317.94 feet to the 1/4 corner common to said Sections 11 and 10;

thence North 00°46'27" East, 2651.20 feet to the Point of Beginning. Containing 126.52 acres, more or less.

Prepared by:
HUBBLE ENGINEERING, INC.



J:/DTP/vw/DanskinEstates

D. Terry Peugh, P.L.S.

ATTACHMENT NO. 1

DANSKIN RIDGE

DEWEILER LILLY
MADELINE TRUST

DURRANT DAVID R
& LYDIA ANN

UNPLATTED
COLUMBIA ROAD

308.25'
90.32' 207.33'

TEN MILE ROAD

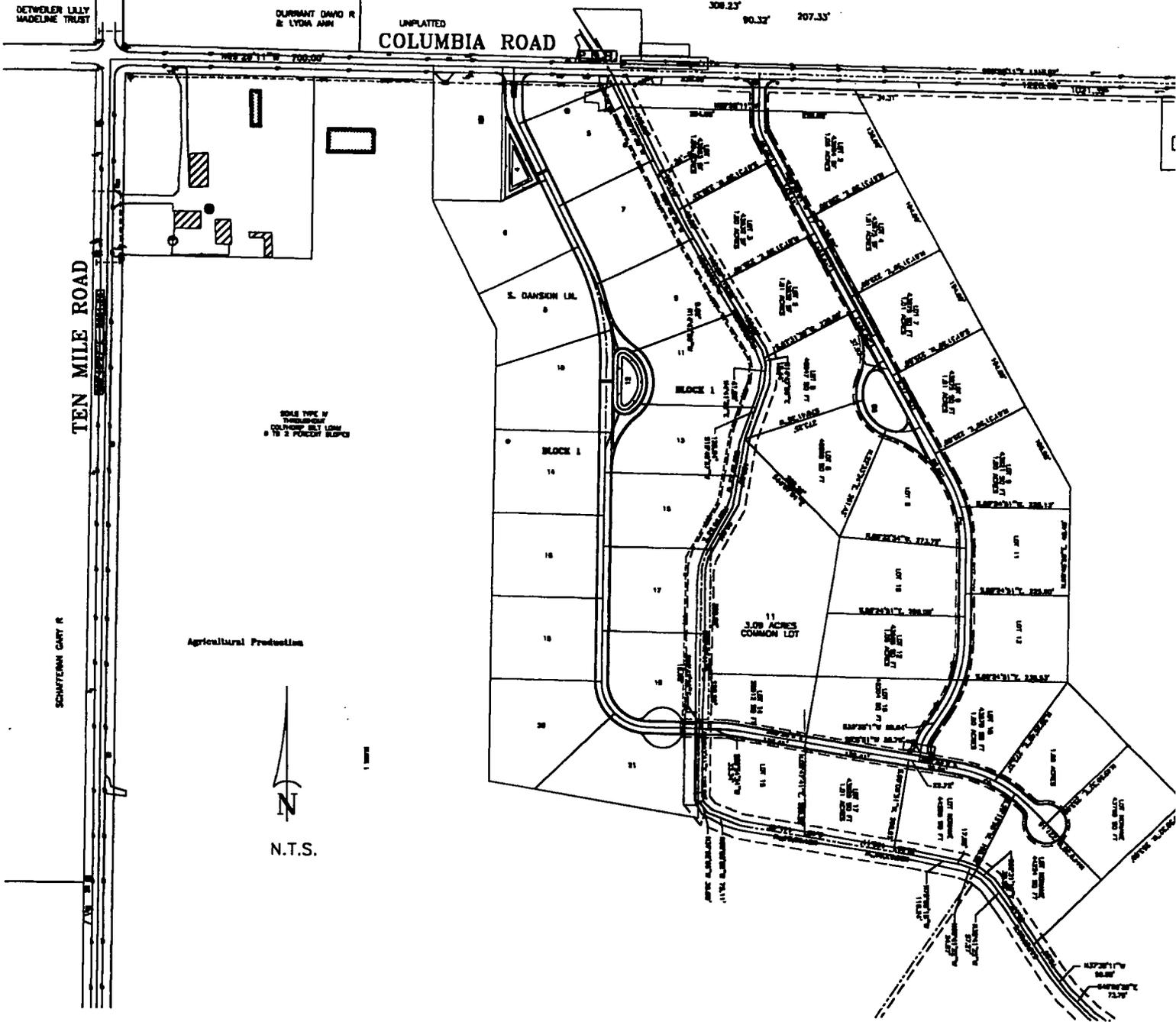
SCHAFERMAN CART R

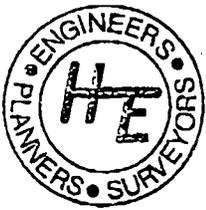
SCALE TYPE BY
TERRACONIC
COLUMBIA S&T LOW
1 TO 2 PITCHES

Agricultural Production



N.T.S.





HUBBLE ENGINEERING, INC.

9550 Bethel Court ■ Boise, Idaho 83709

208/322-8992 ■ Fax 208/378-0329

Exhibit C
Page 9 of 34

Project No. 9902300

February 11, 1999
Revised March 10, 1999
Revised March 12, 1999
Revised September 23, 1999

DESCRIPTION OF SADDLE RIDGE ESTATES

Lots 1 through 11 of Butterfly Ridge Subdivision, as same is recorded in Book 69 of Plats at Pages 7119 and 7120, records of Ada County, Idaho, and portions of the SE1/4 of the NW1/4 and Government Lot 3, Section 3, T.2N., R.1W., B.M., Ada County, Idaho, more particularly described as follows: Commencing at the corner common to Sections 9, 10, 4, and the said Section 3; thence North 0°06'52" West, 2646.54 feet to the quarter corner common to said Sections 3 and 4; thence along the North boundary of the SW1/4 of said Section 3 North 89°51'20" East, 30.00 feet to the REAL POINT OF BEGINNING

thence continuing North 89°51'20" East, 1295.15 feet to the C-W 1/16 corner;

thence along the West boundary of the SE1/4 of the NW1/4 North 00°07'05" West, 1618.27 feet to a point on the northerly right-of-way of the Burke Lateral;

thence along said right-of-way South 60°29'44" East, 32.30 feet;

thence South 73°50'01" East, 98.36 feet;

thence departing said right-of-way North 59°58'45" East, 171.85 feet;

thence North 87°05'17" East, 154.36 feet;

thence South 00°07'05" East, 1151.58 feet;

thence South 89°57'40" East, 898.53 feet to a point on the North-South mid-section line;

thence along said line South 00°13'33" East, 513.27 feet to the center of said Section 3;

thence along the East-West mid-section line South 89°51'20" West, 486.52 feet to a point in the Ridenbaugh High Line Canal;

thence along the center of the Ridenbaugh High Line Canal the following courses and distances:

South 7°26'13" West, 134.88 feet;

South 23°53'05" West, 497.58 feet;

South 81°27'58" West, 184.31 feet;

North 82°07'01" West, 261.54 feet;

South 72°14'24" West, 151.69 feet;

South 38°10'43" West, 116.57 feet;

South 04°39'32" East, 70.32 feet;

South 48°28'52" East, 260.83 feet;

South 27°45'00" East, 174.17 feet;

thence leaving said Burke Lateral South 68°00'05" East, 148.73 feet;

thence South 59°09'17" East, 88.54 feet;

thence South 40°14'32" East, 193.73 feet;

thence South 36°47'53" East, 148.46 feet;

thence South 28°00'31" East, 251.05 feet to the Northwest corner of Montgomery Acres, as filed for record in Book 42 of Plats, at Pages 3429 and 3430, records of Ada County, Idaho;

thence along the West boundary of said Montgomery Acres South 00°00'06" East, 918.00 feet to a point on the Northerly right-of-way of W. Columbia Road;

thence along said right-of-way North 89°58'44" West, 2059.81 feet;

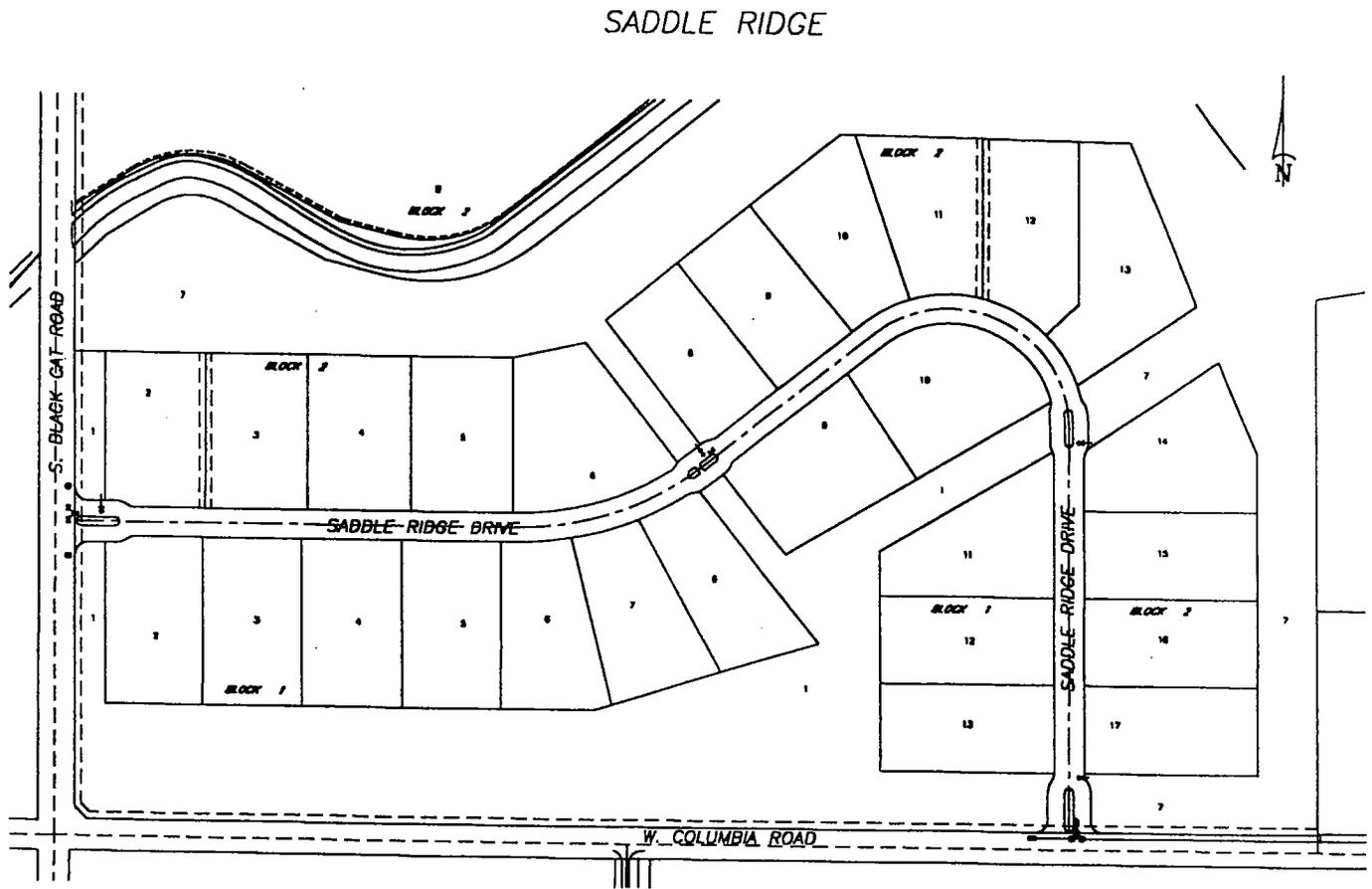
thence North 45°02'48" West, 28.32 feet to a point on the Easterly right-of-way of S. Blackcat Road;

thence along said right-of-way North 0°06'52" West, 2596.63 feet to the Point of Beginning. Containing 140.05 acres, more or less.



DTP/cd/SaddleRidge

D. Terry Peugh, P.L.S.



ATTACHMENT NO. 2

IDAHO PUBLIC UTILITIES COMMISSION
APPROVED EFFECTIVE

Sheet No. 50
Replacing all Previous Sheets.

OCT 13 '98 OCT 14 '98

Regina L. Stalder SECRETARY

UNITED WATER IDAHO INC.

**RESIDENTIAL OR MULTIPLE FAMILY HOUSING
NON-CONTIGUOUS WATER SYSTEM AGREEMENT (continued)**

ATTACHMENT NO. 2

Breakdown of Costs
(Rate Case UWI-W-97-6 Adjusted Average Residential Revenue)

1.	Investment	5800
2.	Revenue	335
3.	Increase in Expenses	
	O&M	145
	Ad Valorem @ 1.8%	14
	Depreciation @ 2.5%	20
	Total Expenses	179
4.	Income Before Income Taxes	156
5.	Debt (@ 53.13% of net investments)	425
6.	Interest on Debt	35
7.	Taxable Income	121
8.	Income Tax @ 36.9%	45
9.	Income Available for Return	76
10.	Return	9.5%

Issued: September 3, 1998 Effective:

Under Authority of LP.U.C. Order No. 27718

Issued by: UNITED WATER IDAHO INC.

By: *William C. Linam*
William C. Linam, President

06/02/03 09:27 208 334 3782

IDAHO PUC

+++ JOE MILLER

MAY-30-03 FRI 01:01 PM

FAX NO.

P. 16

FILE No. 572 06/23 '02 17:16

ID: SPINK BUTLER CLAPP, LLP

FAX: 208 388 1001

PAGE 16/22

T00-737 NB

After Recording
Return to:

ADA COUNTY RECORDER
J. DAVID NAVARRO
SHEL. IDAHO

RECORDED - REQUEST OF

FEE 200 DEPUTY *[Signature]*

2001 MR - 1 PM 4: 18

101019094

JoAnn C. Butler
Moffatt Thomas Barrett Rock
& Fields, Chfd.
P.O. Box 839
Boise, ID 83781

TRANSACTION TITLE & ESCROW

FOR RECORDING INFORMATION

**MEMORANDUM OF AGREEMENT
AND FIRST AMENDMENT TO
RESIDENTIAL OR MULTIPLE FAMILY HOUSING NON-CONTIGUOUS
WATER SYSTEM AGREEMENT**

On December 30, 1999, United Water Idaho Inc., an Idaho corporation ("United Water"), entered into a Residential or Multiple Family Housing Non-Contiguous Water System Agreement (the "Agreement") with Stetson Properties, LLC, a California limited liability company, which entity name was incorrectly referenced. The correct entities are, and this document modifies the Agreement to correctly identify the proper parties as, Stetson Properties, L.P., a California limited partnership ("Stetson"), and Walter T. Sigmont and Ruth A. Sigmont, husband and wife ("Sigmont"), regarding the Water Facility (as defined in the Agreement) constructed or to be constructed to serve the project commonly known as Danskin Ridge Subdivision and the project commonly known as Saddle Ridge Estates, both of which are located in Ada County, Idaho (collectively, the "Project") legally described on, Exhibit A attached hereto and made a part hereof. The Source of Supply (as defined in the Agreement) is located on the following property:

Lot 3 in Block 1 of DANSKIN RIDGE SUBDIVISION NO. 1, according to the official plat thereof, filed in Book 80 of Plats at pages 8623 - 8625, records of Ada County, Idaho.

Among other matters, the Agreement calls for reimbursement by United Water not to exceed an amount expended in developing the "Source of Supply," as defined in the Agreement, and as such amount is specifically referenced as "Advanced Plant" as provided further in Exhibit 3 of that certain Bill of Sale by Stetson in favor of United Water. If there is any conflict between this Memorandum of Agreement and the Agreement and/or such Bill of Sale in connection with such reimbursement, the Agreement and the Bill of Sale shall control. The term of the Agreement is for twenty (20) years, commencing December 30, 1999.

MEMORANDUM OF AGREEMENT - 1

101019094

**RESIDENTIAL, MULTIPLE FAMILY HOUSING, COMMERCIAL,
INDUSTRIAL, OR MUNICIPAL DEVELOPMENT
WATER MAIN EXTENSION AGREEMENT**

CEA No. C03D394

AGREEMENT between UNITED WATER IDAHO INC. hereinafter called the "Company" and Stetson Partners, LP hereinafter called the Applicant.

WHEREAS, the Applicant has applied to the Company for an extension to its mains as follows:

NONREFUNDABLE COST(S):

Installation of 635'-12", 910-8" PVC Water Main & 2 Fire Hydrants-----	\$	41,650.00
Installation of 10-1" Services-----	\$	6,500.00
United Water Labor and Overheads-----	\$	9,755.00
Total Estimated Contributed Cost-----	\$	57,905.00
\$48,150.00 to be paid to Contractor, \$9,755.00 to be paid to United Water Idaho		

and

WHEREAS, the Company has agreed to such extension upon the terms and conditions hereinafter set forth.

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

A. GENERALLY

1. For the purposes of this agreement, a bona fide customer shall mean any person(s), firm, Company, corporation, association, governmental unit or owner of property as guarantor furnished water service of a permanent nature by the Company; and the term "Extension" shall mean the water mains and appurtenances and service laterals as shown on the attached plan excluding fire hydrants.
2. The term of this Agreement shall be for ten (10) years from the date hereof.
3. The Applicant agrees to provide all easements and rights of way, which the Company considers necessary either from the Applicant or from third persons, as the case may be, to assure the legal feasibility of the Extension, without cost to the Company.
4. The applicant's right to receive monies from off-site connections is personal to the Applicant and unassignable either as collateral security or otherwise.
5. This Extension shall be made in accordance with the rules and regulations, and specifications of the Company and subject to the approval of the Company, which approvals will not be unreasonably withheld.

060-C03D394 – Danskin Ridge Subdivision No. 5

RESIDENTIAL, MULTIPLE FAMILY HOUSING, COMMERCIAL, INDUSTRIAL, OR
MUNICIPAL DEVELOPMENT WATER MAIN EXTENSION AGREEMENT (continued)
Page 2

B. WHERE THE APPLICANT HAS ASKED THE COMPANY TO PERFORM THE EXTENSION

This space intentionally left blank.

C. WHERE THE APPLICANT HIRES A THIRD PARTY CONTRACTOR TO PERFORM
THE EXTENSION

1. Applicant hereby applies to the Company for the said Extension of its system, and the Company agrees to allow said Extension upon the terms and conditions hereinafter set forth and in accordance with its Rules and Regulations.

2. The Applicant 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 the Labor and Materials In-Lieu-of-Cash Contractors Rules for Performance and Conduct, annexed hereto and made a part hereof as exhibit A. The Applicant further agrees that it will require its contractor to comply, via its contract with contractor, with all terms and conditions set forth herein.

3. The Company estimates that **Forty-six thousand six hundred eighty-seven and 97/100 Dollars (\$46,687.97)** will be the cost of installing the said "on-site" Extension as described above including overhead cost to the Company such as supervision, engineering, accounting and legal expenses. Any difference between the actual and the amount contributed shall be shown as a revision of the amount of contribution and shall be payable within thirty (30) days of submission. The actual cost thus finally determined shall be referred to as the "contributed cost of on-site facilities". If it is necessary to adjust the amount of Applicant's contribution, in accordance with the terms of this Paragraph, a supplemental memorandum will be prepared setting forth the "contributed cost of on-site facilities" and shall be attached hereto and made a part hereof.

4. The Company estimates that **Eleven thousand two hundred seven-teen and 03/100 Dollars (\$11,217.03)** will be the cost of installing the said "off-site" Extension as described above including overhead cost to the Company such as supervision, engineering, accounting and legal expenses. Any difference between the actual and the amount contributed shall be shown as a revision of the amount of contribution and shall be payable within thirty (30) days of submission. The actual cost thus finally determined shall be referred to as the "contributed cost of off-site facilities". If it is necessary to adjust the amount of Applicant's contribution, in accordance with the terms of this Paragraph, a supplemental memorandum will be prepared setting forth the "contributed cost of off-site facilities" and shall be attached hereto and made a part hereof.

5. The Applicant agrees to advance to the Company, simultaneously with the execution of this Agreement, the sum of **Nine thousand seven hundred fifty-five and 00/100 Dollars (\$9,755.00)** which represents the cost of the Company's overhead fees, and such items as

RESIDENTIAL, MULTIPLE FAMILY HOUSING, COMMERCIAL, INDUSTRIAL, OR
MUNICIPAL DEVELOPMENT WATER MAIN EXTENSION AGREEMENT (continued)
Page 3

inspection and testing. Such amount shall be subject to reconciliation after all such costs are known and the difference shall be either refunded to or collected from the Applicant.

6. The installation shall be subject to the Company's inspection, testing and acceptance, however, absence of such inspection or testing by the Company shall not relieve the Applicant of any of its obligations. The Company shall require the Applicant and the Applicant's contractor (via its contract with the Applicant) to warrant the work in accordance with Paragraph 15 below. The Company shall further require the Applicant and the Applicant's contractor (via its contract with the Applicant) to maintain insurance as follows:

a) Worker's Compensation with Statutory limits and any applicable Federal (e.g., Longshoremen's), and Employer's Liability of \$100,000.

b) General Liability, Comprehensive Form (including Premises-Operations; Independent Contractors' Protective; Products and Completed Operations; Broad Form Property Damage; Blanket Contractual Liability, Personal Injury with Employment Exclusion deleted) with the following limits and endorsements:

(i) Bodily Injury & Property Damage: Single-Limit \$1,000,000

(ii) Products and Completed Operations to be maintained for two (2) year(s) after final payment.

(iii) Property Damage Liability Insurance shall provide X, C and U coverage.

(iv) Railroad Protective Liability Coverage as applicable with \$5,000,000 aggregate limit.

c) Comprehensive Automobile Liability: Bodily Injury & Property Damage: Single-Limit \$1,000,000

d) Umbrella Excess Liability: \$5,000,000 over primary insurance

The Company shall be named as an additional insured on all policies except Workers' Compensation. All Certificates of Insurance shall include a thirty (30) day notice provision for cancellation or material change in coverage, except ten (10) days notice for non-payment of premium.

7. The amount of said "contributed cost for on-site " facilities shall be booked as a contribution in aid of construction.

8. The amount of said "contributed cost for off-site mains" shall be booked as a contribution in aid of construction. However, an applicant for service for which the service lateral (including laterals to a fire hydrant(s)) will be directly connected to said off-site main Extension within ten (10) years of the date of this Agreement shall deposit with the Company one half the cost per

RESIDENTIAL, MULTIPLE FAMILY HOUSING, COMMERCIAL, INDUSTRIAL, OR
MUNICIPAL DEVELOPMENT WATER MAIN EXTENSION AGREEMENT (continued)

Page 4

front foot of the main Extension times the Applicant(s) total front footage. The cost per front foot shall be the actual cost of the off-site main Extension divided by the total serviceable footage. This deposit will be forwarded to the Applicant without interest within thirty (30) days of receipt by the Company

9. The total monies forwarded to the Applicant shall not exceed the amount of "contributed cost of off-site mains" as described in Paragraph 8, above. All future customers whose service lateral connects directly to the said "off-site main(s)" after ten (10) years from the date of this Agreement shall not be subject to the deposit described in Paragraph 8 nor shall the Applicant be entitled or receive any reimbursement after ten (10) years from the date of this Agreement.

10. It is further understood and agreed by and between the parties hereto that the Company's agreement to allow construction of the said Extension is subject to the Applicant and/or its contractor 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, with the exception of special permits, such as state highway and railroad permits, which the Company is required to obtain. In the event that the Company, after prompt application and diligent effort, is unable to obtain any such special permit, or in the event that the Company is enjoined or prevented by lawful action of any such public officer or official body from constructing the said Extension, the Company's sole obligation will be to repay to Applicant the said sum **Eight thousand seven hundred seventy-nine and 50/100 Dollars (\$8,779.50)**. This amount shall be the difference between the amount advanced and estimated expenses incurred by the Company in conjunction with the main Extension and appurtenances which are the subject of this Agreement.

11. It is further mutually understood and agreed that the mains and appurtenances within the limits of the street, avenues, roads, ways or easement areas, whether or not attached to or serving customers but constructed as part of the 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 without incurring any liability to Applicant whatsoever.

12. The Applicant shall require the Contractor to use its best efforts to commence and carry to completion as soon as possible the installation of said Extension, having in mind however, delays which may be occasioned by weather, acts of God or the public enemy, strikes or other matters not within its control.

Applicant agrees that before the commencement of work by the contractor, he or his contractor will clearly indicate upon the ground by means of stakes or in some other equally positive manner the exact lines and grades to which the street, highway, or land in which the said water pipes are to be laid is to be finally built and that he or his contractor will grade the said street, highway, or land so that it will be at all points within less than one (1') foot of the above finished grades before the contractor commences the work of installing the said water pipes. The Applicant also agrees to require his contractor to stake the exact location and grade of all meter

RESIDENTIAL, MULTIPLE FAMILY HOUSING, COMMERCIAL, INDUSTRIAL, OR
MUNICIPAL DEVELOPMENT WATER MAIN EXTENSION AGREEMENT (continued)

Page 5

settings. The contractor, however, shall not lay its pipes according to lines or grades which have not been approved. And it is agreed that in case of any time, prior to the dedication and acceptance as a public street or highway by the municipality of any street or highway under which water mains are laid in conformity with this Agreement it shall become necessary to change or move the said pipes or their appurtenances by reason of any change or alteration in the lines or grades of the street, highway, or land in which they are laid, then the expense of such change or moving of said pipes and their appurtenances, and any other expense incidental thereto, shall be borne by Applicant.

14. It is agreed by Applicant that he will not build or have his contractor build, at any time hereafter on, in or over the said easement any structure, the construction or presence of which will endanger or render ineffective or difficult of access the water pipes or appurtenances of the Company, or lay or have laid other pipes or conduits within two (2') feet, measured horizontally, from the said water pipe except pipes crossing same at right angles in which latter case a minimum vertical distance of eighteen (18") inches shall be maintained between the pipes. No excavation or blasting shall be carried on which in any way endangers the said water pipes. Provided, however, that should the Applicant wish to do so he may at his own expense provide a new location acceptable to the Company for the said water pipes and the Company will then move said water pipes and appurtenances to the new location. The cost of moving and altering and any expenses incident thereto, shall be borne by the Applicant. It is further understood and agreed that in case of any damage by Applicant or his contractor or caused by the negligence of Applicant or his contractor to the water pipes or their appurtenances, or other injuries to the property of the Company in connection therewith, these facilities will be repaired and brought to proper grade by the Company or Company's contractor at Applicant's expense.

15. The Applicant shall have its contractor warrant that the work performed in installing the main and appurtenances is free of any defect of equipment, material or workmanship. Such shall continue for a period of two (2) years from completion and approval of the Extension or within such longer period of time as may be prescribed by law. Pursuant to the warranty, the Applicant's contractor, under Company supervision, shall remedy at his 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 contractor shall remedy at his 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 contractor. 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 two year period, whichever is greater. During the warranty periods as defined herein, the contractor 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 shall be incorporated in Applicant's contract with contractor. If contractor fails to reimburse the Company as set forth in

RESIDENTIAL, MULTIPLE FAMILY HOUSING, COMMERCIAL, INDUSTRIAL, OR
MUNICIPAL DEVELOPMENT WATER MAIN EXTENSION AGREEMENT (continued)

Page 6

this Paragraph, within forty-five (45) days of the Company's request for such reimbursement, then the Applicant hereby agrees that it will do so.

16 If the Applicant's contractor, for any reason, should fail to commence installation within sixty (60) days of this Agreement, the Company shall have the right to terminate this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be signed by their duly authorized officers this 15th day of OCTOBER, 2003.

COMPANY

UNITED WATER IDAHO INC.

ATTEST:

Justina Caudery

By S.P. [Signature]

Its VICE PRESIDENT

APPLICANT

ATTEST:

Jarlyn [Signature]

By [Signature]

Its Project Manager

EXHIBIT A

Labor and Materials In-Lieu-of-Cash Contractors Rules for Performance and Conduct

The following provide the rules for performance and conduct for contractors performing work on water mains, services and appurtenances in water systems owned by United Water Idaho and those for which it provides contract operations. It is understood that any approved contractor that performs within the guidelines of the specifications and the rules delineated below, will remain on the approval list of contractors and be allowed to bid on developer funded projects. It is also understood that contractors who fail to meet these specifications and rules will be removed from the list.

The rules for performance and conduct fall under six subdivisions, Safety, Materials, Conduct, Contract Violations, Insurance and Unpaid Debits to United Water Idaho. Aside from and in addition to any right to remove a contractor as granted by law and aside from and in addition to any provision relating to removal or termination in any contract executed between the parties, removal of a contractor from the approved list of contractors will occur if any of the following occur.

SAFETY:

- The contractor's Worker's Compensation Experience Modification Factor is above 1.25.
- In United Water's sole but reasonable discretion, the contractor has operated under **unsafe working conditions** – 1st time results in a warning, 2nd time results in removal of the contractor from the approved list.
- In United Water's sole but reasonable discretion, the contractor is operating under **life threatening working conditions** will result in immediate termination of the contractor from current project and removal of the contractor from the approved list.

MATERIALS:

- The contractor installs non-approved materials in a project – 1st time results in a warning, 2nd time results in removal of the contractor from the approved list.

CONDUCT:

- Refusal to perform as required by the United Water Idaho inspector, contractor is subject to termination from current project and removal of the contractor from the approved list.
- Proceeding with project without 48-hour notice – 1st time results in a warning, 2nd time results in removal of the contractor from the approved list.

RULES FOR PERFORMANCE AND CONDUCT – 1

- The abuse of language or hostile behavior toward United Water Idaho employees, public agency representatives and/or the general public – 1st time will, in United Water's sole but reasonable discretion, result in immediate termination of the offending employee from current and future UWID projects, 2nd time results in removal of the contractor from the approved list.
- Failure to deliver as-built drawings and service tickets will result in non-acceptance of project.

CONTRACT VIOLATIONS:

- Failure to comply with any provision of the contract between United Water Idaho and the contractor.

INSURANCE:

- Contractor is required to maintain insurance levels as specified. No work shall be authorized if current coverage does not meet specified limits.

UNPAID DEBTS:

- All debts owed to United Water Idaho by the contractor shall be due and payable on a 30-day basis. If the contractor fails to make timely payment, United Water Idaho may remove the contractor from the list of approved contractors.

Each contractor must require that any subcontractor comply with the requirements outlined herein, and each contractor must include appropriate provisions, which set forth all of the above Rules for Performance and Conduct in each of its contracts with subcontractors working on the Project.

REVIEW AND REINSTATEMENT

United Water Idaho will conduct annual reviews of existing contractors, new contractors and the reinstatement of former contractors on an annual basis in December. Warnings will remain in effect for 12 months. Any contractor removed from the list of approved contractors, as delineated above, will remain off of the list for a minimum of 12 months prior to consideration for reinstatement.

RULES FOR PERFORMANCE AND CONDUCT - 2

**RESIDENTIAL, MULTIPLE FAMILY HOUSING, COMMERCIAL,
INDUSTRIAL, OR MUNICIPAL DEVELOPMENT
WATER MAIN EXTENSION AGREEMENT**

CEA No. C04D321

AGREEMENT between UNITED WATER IDAHO INC. hereinafter called the "Company" and Joseph & Kathryn Guido, hereinafter called the Applicant.

WHEREAS, the Applicant has applied to the Company for an extension to its mains as follows:

NONREFUNDABLE COST(S):

Installation of 1190'-12", 1090'-8" PVC Water Main and 3 Fire Hydrants--\$	52,842.00
Installation of 19-1" Services-----\$	10,000.00
United Water Labor and Overheads-----\$	<u>11,500.00</u>
Total Opinion of Probable Contributed Cost-----\$	74,342.00
\$62,842.00 to be paid to Contractor, \$11,500.00 to be paid to United Water Idaho	

WHEREAS, the Company has agreed to such extension upon the terms and conditions hereinafter set forth. and

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

A. GENERALLY

1. For the purposes of this agreement, a bona fide customer shall mean any person(s), firm, Company, corporation, association, governmental unit or owner of property as guarantor furnished water service of a permanent nature by the Company; and the term "Extension" shall mean the water mains and appurtenances and service laterals as shown on the attached plan excluding fire hydrants.
2. The term of this Agreement shall be for ten (10) years from the date hereof.
3. The Applicant agrees to provide all easements and rights of way, which the Company considers necessary either from the Applicant or from third persons, as the case may be, to assure the legal feasibility of the Extension, without cost to the Company.
4. The applicant's right to receive monies from off-site connections is personal to the Applicant and unassignable either as collateral security or otherwise.
5. This Extension shall be made in accordance with the rules and regulations, and specifications of the Company and subject to the approval of the Company, which approvals will not be unreasonably withheld.

060-C04D321 – Iron Horse Subdivision

RESIDENTIAL, MULTIPLE FAMILY HOUSING, COMMERCIAL, INDUSTRIAL, OR
MUNICIPAL DEVELOPMENT WATER MAIN EXTENSION AGREEMENT (continued)
Page 2

B. WHERE THE APPLICANT HAS ASKED THE COMPANY TO PERFORM THE EXTENSION

This space intentionally left blank.

C. WHERE THE APPLICANT HIRES A THIRD PARTY CONTRACTOR TO PERFORM
THE EXTENSION

1. Applicant hereby applies to the Company for the said Extension of its system, and the Company agrees to allow said Extension upon the terms and conditions hereinafter set forth and in accordance with its Rules and Regulations.
2. The Applicant 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 the Labor and Materials In-Lieu-of-Cash Contractors Rules for Performance and Conduct, annexed hereto and made a part hereof as exhibit A. The Applicant further agrees that it will require its contractor to comply, via its contract with contractor, with all terms and conditions set forth herein.
3. The Company estimates that **Seventy four thousand three hundred forty-two and 00/100 Dollars (\$74,342.00)** will be the cost of installing the said "on-site" Extension as described above including overhead cost to the Company such as supervision, engineering, accounting and legal expenses. Any difference between the actual and the amount contributed shall be shown as a revision of the amount of contribution and shall be payable within thirty (30) days of submission. The actual cost thus finally determined shall be referred to as the "contributed cost of on-site facilities". If it is necessary to adjust the amount of Applicant's contribution, in accordance with the terms of this Paragraph, a supplemental memorandum will be prepared setting forth the "contributed cost of on-site facilities" and shall be attached hereto and made a part hereof.
4. The Company estimates that **and 00/100 Dollars (\$-0-)** will be the cost of installing the said "off-site" Extension as described above including overhead cost to the Company such as supervision, engineering, accounting and legal expenses. Any difference between the actual and the amount contributed shall be shown as a revision of the amount of contribution and shall be payable within thirty (30) days of submission. The actual cost thus finally determined shall be referred to as the "contributed cost of off-site facilities". If it is necessary to adjust the amount of Applicant's contribution, in accordance with the terms of this Paragraph, a supplemental memorandum will be prepared setting forth the "contributed cost of off-site facilities" and shall be attached hereto and made a part hereof.
5. The Applicant agrees to advance to the Company, simultaneously with the execution of this Agreement, the sum of **Eleven thousand five hundred and 00/100 Dollars (\$11,500.00)** which represents the cost of the Company's overhead fees, and such items as

RESIDENTIAL, MULTIPLE FAMILY HOUSING, COMMERCIAL, INDUSTRIAL, OR
MUNICIPAL DEVELOPMENT WATER MAIN EXTENSION AGREEMENT (continued)
Page 3

inspection and testing. Such amount shall be subject to reconciliation after all such costs are known and the difference shall be either refunded to or collected from the Applicant.

6. The installation shall be subject to the Company's inspection, testing and acceptance, however, absence of such inspection or testing by the Company shall not relieve the Applicant of any of its obligations. The Company shall require the Applicant and the Applicant's contractor (via its contract with the Applicant) to warrant the work in accordance with Paragraph 15 below. The Company shall further require the Applicant and the Applicant's contractor (via its contract with the Applicant) to maintain insurance as follows:

a) Worker's Compensation with Statutory limits and any applicable Federal (e.g., Longshoremen's), and Employer's Liability of \$100,000.

b) General Liability, Comprehensive Form (including Premises-Operations; Independent Contractors' Protective; Products and Completed Operations; Broad Form Property Damage; Blanket Contractual Liability, Personal Injury with Employment Exclusion deleted) with the following limits and endorsements:

(i) Bodily Injury & Property Damage: Single-Limit \$1,000,000

(ii) Products and Completed Operations to be maintained for two (2) year(s) after final payment.

(iii) Property Damage Liability Insurance shall provide X, C and U coverage.

(iv) Railroad Protective Liability Coverage as applicable with \$5,000,000 aggregate limit.

c) Comprehensive Automobile Liability: Bodily Injury & Property Damage: Single-Limit \$1,000,000

d) Umbrella Excess Liability: \$5,000,000 over primary insurance

The Company shall be named as an additional insured on all policies except Workers' Compensation. All Certificates of Insurance shall include a thirty (30) day notice provision for cancellation or material change in coverage, except ten (10) days notice for non-payment of premium.

7. The amount of said "contributed cost for on-site " facilities shall be booked as a contribution in aid of construction.

8. The amount of said "contributed cost for off-site mains" shall be booked as a contribution in aid of construction. However, an applicant for service for which the service lateral (including laterals to a fire hydrant(s)) will be directly connected to said off-site main Extension within ten (10) years of the date of this Agreement shall deposit with the Company one half the cost per

RESIDENTIAL, MULTIPLE FAMILY HOUSING, COMMERCIAL, INDUSTRIAL, OR
MUNICIPAL DEVELOPMENT WATER MAIN EXTENSION AGREEMENT (continued)
Page 4

front foot of the main Extension times the Applicant(s) total front footage. The cost per front foot shall be the actual cost of the off-site main Extension divided by the total serviceable footage. This deposit will be forwarded to the Applicant without interest within thirty (30) days of receipt by the Company

9. The total monies forwarded to the Applicant shall not exceed the amount of "contributed cost of off-site mains" as described in Paragraph 8, above. All future customers whose service lateral connects directly to the said "off-site main(s)" after ten (10) years from the date of this Agreement shall not be subject to the deposit described in Paragraph 8 nor shall the Applicant be entitled or receive any reimbursement after ten (10) years from the date of this Agreement.

10. It is further understood and agreed by and between the parties hereto that the Company's agreement to allow construction of the said Extension is subject to the Applicant and/or its contractor 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, with the exception of special permits, such as state highway and railroad permits, which the Company is required to obtain. In the event that the Company, after prompt application and diligent effort, is unable to obtain any such special permit, or in the event that the Company is enjoined or prevented by lawful action of any such public officer or official body from constructing the said Extension, the Company's sole obligation will be to repay to Applicant the said sum **Ten thousand three hundred fifty and 00/100 Dollars (\$10,350.00)**. This amount shall be the difference between the amount advanced and estimated expenses incurred by the Company in conjunction with the main Extension and appurtenances which are the subject of this Agreement.

11. It is further mutually understood and agreed that the mains and appurtenances within the limits of the street, avenues, roads, ways or easement areas, whether or not attached to or serving customers but constructed as part of the 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 without incurring any liability to Applicant whatsoever.

12. The Applicant shall require the Contractor to use its best efforts to commence and carry to completion as soon as possible the installation of said Extension, having in mind however, delays which may be occasioned by weather, acts of God or the public enemy, strikes or other matters not within its control.

Applicant agrees that before the commencement of work by the contractor, he or his contractor will clearly indicate upon the ground by means of stakes or in some other equally positive manner the exact lines and grades to which the street, highway, or land in which the said water pipes are to be laid is to be finally built and that he or his contractor will grade the said street, highway, or land so that it will be at all points within less than one (1') foot of the above finished grades before the contractor commences the work of installing the said water pipes. The Applicant also agrees to require his contractor to stake the exact location and grade of all meter

RESIDENTIAL, MULTIPLE FAMILY HOUSING, COMMERCIAL, INDUSTRIAL, OR
MUNICIPAL DEVELOPMENT WATER MAIN EXTENSION AGREEMENT (continued)

Page 5

settings. The contractor, however, shall not lay its pipes according to lines or grades which have not been approved. And it is agreed that in case of any time, prior to the dedication and acceptance as a public street or highway by the municipality of any street or highway under which water mains are laid in conformity with this Agreement it shall become necessary to change or move the said pipes or their appurtenances by reason of any change or alteration in the lines or grades of the street, highway, or land in which they are laid, then the expense of such change or moving of said pipes and their appurtenances, and any other expense incidental thereto, shall be borne by Applicant.

14. It is agreed by Applicant that he will not build or have his contractor build, at any time hereafter on, in or over the said easement any structure, the construction or presence of which will endanger or render ineffective or difficult of access the water pipes or appurtenances of the Company, or lay or have laid other pipes or conduits within two (2') feet, measured horizontally, from the said water pipe except pipes crossing same at right angles in which latter case a minimum vertical distance of eighteen (18") inches shall be maintained between the pipes. No excavation or blasting shall be carried on which in any way endangers the said water pipes. Provided, however, that should the Applicant wish to do so he may at his own expense provide a new location acceptable to the Company for the said water pipes and the Company will then move said water pipes and appurtenances to the new location. The cost of moving and altering and any expenses incident thereto, shall be borne by the Applicant. It is further understood and agreed that in case of any damage by Applicant or his contractor or caused by the negligence of Applicant or his contractor to the water pipes or their appurtenances, or other injuries to the property of the Company in connection therewith, these facilities will be repaired and brought to proper grade by the Company or Company's contractor at Applicant's expense.

15. The Applicant shall have its contractor warrant that the work performed in installing the main and appurtenances is free of any defect of equipment, material or workmanship. Such shall continue for a period of two (2) years from completion and approval of the Extension or within such longer period of time as may be prescribed by law. Pursuant to the warranty, the Applicant's contractor, under Company supervision, shall remedy at his 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 contractor shall remedy at his 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 contractor. 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 two year period, whichever is greater. During the warranty periods as defined herein, the contractor 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 shall be incorporated in Applicant's contract with contractor. If contractor fails to reimburse the Company as set forth in

RESIDENTIAL, MULTIPLE FAMILY HOUSING, COMMERCIAL, INDUSTRIAL, OR
MUNICIPAL DEVELOPMENT WATER MAIN EXTENSION AGREEMENT (continued)
Page 6

this Paragraph, within forty-five (45) days of the Company's request for such reimbursement, then the Applicant hereby agrees that it will do so.

16 If the Applicant's contractor, for any reason, should fail to commence installation within sixty (60) days of this Agreement, the Company shall have the right to terminate this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be signed by their duly authorized officers this 21ST day of JUNE, 2004.

COMPANY

UNITED WATER IDAHO INC.

ATTEST:

Justina Caudery

By J.P. Lyfall

Its VICE PRESIDENT

APPLICANT

ATTEST:

By Kathryn N. Guidic

Its owner

EXHIBIT A

Labor and Materials In-Lieu-of-Cash Contractors Rules for Performance and Conduct

The following provide the rules for performance and conduct for contractors performing work on water mains, services and appurtenances in water systems owned by United Water Idaho and those for which it provides contract operations. It is understood that any approved contractor that performs within the guidelines of the specifications and the rules delineated below, will remain on the approval list of contractors and be allowed to bid on developer funded projects. It is also understood that contractors who fail to meet these specifications and rules will be removed from the list.

The rules for performance and conduct fall under six subdivisions, Safety, Materials, Conduct, Contract Violations, Insurance and Unpaid Debits to United Water Idaho. Aside from and in addition to any right to remove a contractor as granted by law and aside from and in addition to any provision relating to removal or termination in any contract executed between the parties, removal of a contractor from the approved list of contractors will occur if any of the following occur.

SAFETY:

- The contractor's Worker's Compensation Experience Modification Factor is above 1.25.
- In United Water's sole but reasonable discretion, the contractor has operated under **unsafe working conditions** – 1st time results in a warning, 2nd time results in removal of the contractor from the approved list.
- In United Water's sole but reasonable discretion, the contractor is operating under **life threatening working conditions** will result in immediate termination of the contractor from current project and removal of the contractor from the approved list.

MATERIALS:

- The contractor installs non-approved materials in a project – 1st time results in a warning, 2nd time results in removal of the contractor from the approved list.

CONDUCT:

- Refusal to perform as required by the United Water Idaho inspector, contractor is subject to termination from current project and removal of the contractor from the approved list.
- Proceeding with project without 48-hour notice – 1st time results in a warning, 2nd time results in removal of the contractor from the approved list.

RULES FOR PERFORMANCE AND CONDUCT – 1

- The abuse of language or hostile behavior toward United Water Idaho employees, public agency representatives and/or the general public – 1st time will, in United Water's sole but reasonable discretion, result in immediate termination of the offending employee from current and future UWID projects, 2nd time results in removal of the contractor from the approved list.
- Failure to deliver as-built drawings and service tickets will result in non-acceptance of project.

CONTRACT VIOLATIONS:

- Failure to comply with any provision of the contract between United Water Idaho and the contractor.

INSURANCE:

- Contractor is required to maintain insurance levels as specified. No work shall be authorized if current coverage does not meet specified limits.

UNPAID DEBTS:

- All debts owed to United Water Idaho by the contractor shall be due and payable on a 30-day basis. If the contractor fails to make timely payment, United Water Idaho may remove the contractor from the list of approved contractors.

Each contractor must require that any subcontractor comply with the requirements outlined herein, and each contractor must include appropriate provisions, which set forth all of the above Rules for Performance and Conduct in each of its contracts with subcontractors working on the Project.

REVIEW AND REINSTATEMENT

United Water Idaho will conduct annual reviews of existing contractors, new contractors and the reinstatement of former contractors on an annual basis in December. Warnings will remain in effect for 12 months. Any contractor removed from the list of approved contractors, as delineated above, will remain off of the list for a minimum of 12 months prior to consideration for reinstatement.

RULES FOR PERFORMANCE AND CONDUCT - 2

**RESIDENTIAL, MULTIPLE FAMILY HOUSING, COMMERCIAL,
INDUSTRIAL, OR MUNICIPAL DEVELOPMENT
WATER MAIN EXTENSION AGREEMENT**

CEA No. C06D376

AGREEMENT between UNITED WATER IDAHO INC. hereinafter called the "Company" and CORPORATION OF THE PRESIDING BISHOP OF THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS, hereinafter called the Applicant.

WHEREAS, the Applicant has applied to the Company for an extension to its mains as follows:

NONREFUNDABLE COST(S):

Installation of 5420'-12" PVC Water Main-----	\$	318,877.00
Installation of 1-2" Service-----	\$	<u>2,572.00</u>
Total Opinion of Probable Contributed Cost-----	\$	321,449.00

and

WHEREAS, the Company has agreed to such extension upon the terms and conditions hereinafter set forth.

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

A. GENERALLY

1. For the purposes of this agreement, a bona fide customer shall mean any person(s), firm, Company, corporation, association, governmental unit or owner of property as guarantor furnished water service of a permanent nature by the Company; and the term "Extension" shall mean the water mains and appurtenances and service laterals as shown on the attached plan excluding fire hydrants.
2. The term of this Agreement shall be for ten (10) years from the date hereof.
3. The Applicant agrees to provide all easements and rights of way, which the Company considers necessary either from the Applicant or from third persons, as the case may be, to assure the legal feasibility of the Extension, without cost to the Company.
4. The applicant's right to receive monies from off-site connections is personal to the Applicant and unassignable either as collateral security or otherwise.
5. This Extension shall be made in accordance with the rules and regulations, and specifications of the Company and subject to the approval of the Company, which approvals will not be unreasonably withheld.

060-C06D376 – LDS Church

RESIDENTIAL, MULTIPLE FAMILY HOUSING, COMMERCIAL, INDUSTRIAL, OR
MUNICIPAL DEVELOPMENT WATER MAIN EXTENSION AGREEMENT (continued)
Page 2

B. WHERE THE APPLICANT HAS ASKED THE COMPANY TO PERFORM THE
EXTENSION

1. Applicant hereby applies to the Company for the said Extension of its system and the Company agrees to construct the said Extension upon the terms and conditions hereinafter set forth and in accordance with its Rules and Regulations.
2. Applicant shall contribute to the Company upon the execution hereof the sum of **Thirteen thousand one hundred thirty five and 84/100 Dollars (\$13,135.84)** which amount the Company estimates to be the cost of installing the said "on-site" Extension as described above including overhead cost to the Company such as supervision, engineering, accounting, legal expenses and the cost of obtaining any necessary governmental permits. Any difference between the actual and the amount contributed shall be shown as a revision of the amount of contribution and shall be payable within thirty (30) days of submission. The actual cost thus finally determined shall be referred to as the "contributed cost of on-site facilities". If it is necessary to adjust the amount of Applicant's contribution, in accordance with the terms of this Paragraph, a supplemental memorandum will be prepared setting forth the "contributed cost of on-site facilities" and shall be attached hereto and made a part hereof.
3. Applicant shall contribute to the Company upon the execution hereof the sum of **Three hundred eight thousand three hundred thirteen and 16/100 Dollars (\$308,313.16)** which amount the Company estimates to be the cost of installing the said off-site main Extension including overhead cost to the Company such as supervision, engineering, accounting, legal expenses and the cost of obtaining any necessary governmental permits. Any difference between the actual and the amount contributed shall be shown as a revision of the amount contributed and shall be payable within thirty (30) days of submission. The actual cost thus finally determined shall be referred to as the "contributed cost of off-site mains". If it is necessary to adjust the amount of Applicant's advance, in accordance with the terms of this Paragraph, a supplemental memorandum will be prepared setting forth the "contributed cost of off-site mains" and shall be attached hereto and made a part hereof.
4. The Company will use its best efforts to commence and carry to completion as soon as possible the installation of said Extension, having in mind however, delays which may be occasioned by weather, acts of God or the public enemy, strikes or other matters not within its control.
5. The amount of "contributed costs for on-site" facilities shall be retained by the Company and booked as a contribution in aid of construction.
6. The amount of "contributed costs for off-site mains" shall be retained by the Company and booked as a contribution in aid of construction. However, an applicant for service for which the service lateral (including laterals to a fire hydrant(s)) will be directly connected to said off-site main Extension within ten (10) years of the date of this Agreement shall deposit with the Company one half the cost per front foot of the main Extension times the Applicant(s) total front

RESIDENTIAL, MULTIPLE FAMILY HOUSING, COMMERCIAL, INDUSTRIAL, OR
MUNICIPAL DEVELOPMENT WATER MAIN EXTENSION AGREEMENT (continued)
Page 3

footage. The cost per front foot shall be the actual cost of the off-site main Extension divided by the total serviceable footage. This deposit will be forwarded to the Applicant without interest within thirty (30) days of receipt by the Company.

7. The total monies forwarded to the Applicant shall not exceed the amount of "contributed cost of off-site mains" as described in Paragraph 3. All future customers whose service lateral connects directly to the said "off-site main(s)" after ten (10) years from the date of this agreement shall not be subject to the deposit described in Paragraph 6 nor shall the Applicant be entitled or receive any reimbursement after ten (10) years from the date of this Agreement.

8. It is further understood and agreed by and between the parties hereto that the Company's agreement to construct the said Extension is subject to the Company 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 the Company, after prompt application and diligent effort, is unable to obtain any necessary consent, order, permit or approval as aforesaid, or in the event that the Company is enjoined or prevented by lawful action of any such public officer or official body from constructing the said Extension, the Company's sole obligation will be to repay to Applicant the said sum of **Three hundred seventeen thousand nine hundred forty nine and 00/100 DOLLARS (\$317,949.00)**.

This amount shall be the difference between the amount advanced and estimated expenses incurred by the Company in conjunction with the main Extension and appurtenances which are the subject of this Agreement.

9. It is further mutually understood and agreed that the mains and appurtenances within the limits of the street, avenues, roads, ways or easement areas, whether or not attached to or serving customers but constructed as part of the 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 by it pursuant to the terms of this Agreement in or to other lands, streets, or avenues without incurring any liability to Applicant whatsoever.

10. Applicant agrees that before the commencement of work by the Company, he will clearly indicate upon the ground by means of stakes or in some other equally positive manner the exact lines and grades to which the street, highway, or land in which the said water pipes are to be laid is to be finally built and that he will grade the said street, highway, or land so that it will be at all points within less than one (1) foot of the above finished grades before the Company commences the work of installing the said water pipes. The Applicant also agrees to stake the exact location and grade of all meter settings. The Company, however, shall not be required to lay its pipes according to lines or grades of which it does not approve. And it is agreed that in case of any time, prior to the dedication and acceptance as a public street or highway by the

RESIDENTIAL, MULTIPLE FAMILY HOUSING, COMMERCIAL, INDUSTRIAL, OR
MUNICIPAL DEVELOPMENT WATER MAIN EXTENSION AGREEMENT (continued)
Page 4

municipality of any street or highway under which water mains are laid in conformity with this agreement it shall become necessary to change or move the said pipes or their appurtenances by reason of any change or alteration in the lines or grades of the street, highway, or land in which they are laid, then the expense of such change or moving of said pipes and their appurtenances, and any other expense incidental thereto, shall be borne by Applicant.

11. It is agreed by Applicant that he will not build at any time hereafter on, in or over the said easement any structure, the construction or presence of which will endanger or render ineffective or difficult of access the water pipes or appurtenances of the Company, or lay other pipes or conduits within two (2') feet, measured horizontally, from the said water pipe except pipes crossing same at right angles in which latter case a minimum vertical distance of eighteen (18") inches shall be maintained between the pipes. No excavation or blasting shall be carried on which in any way endangers the said water pipes. Provided, however, that should the Applicant wish to do so he may at his own expense provide a new location acceptable to the Company for the said water pipes and the Company will then move said water pipes and appurtenances to the new location. The cost of moving and altering and any expenses incident thereto, shall be borne by the Applicant. It is further understood and agreed that in case of any damage by Applicant or caused by neglect of Applicant to the water pipes or their appurtenances, or other injuries to the property of the Company in connection therewith, these facilities will be repaired and brought to proper grade by the Company or Company's contractor at Applicant's expense.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be signed by their duly authorized officers this 5th day of June, 2006.

COMPANY

UNITED WATER IDAHO INC.

By [Signature]

Its VICE PRESIDENT

ATTEST:

[Signature]

APPLICANT

By [Signature]

Its Authorized Agent

ATTEST:

[Signature]

EXHIBIT D
LEGAL DESCRIPTION OF THE REAL PROPERTY WELL LOT

A parcel of land located in the Northwest $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ of Section 11, Township 2 North, Range 1 West, Boise Meridian, Ada County, Idaho more particularly described as follows:

Lot 2, Block 1 of Danskin Ridge Subdivision No. 1, according to the official plat thereof, filed in Book 80 of Plats at pages 8623 – 8625, records of Ada County, Idaho.

Exhibit E
Commitment Exceptions

COMMITMENT FOR TITLE INSURANCE

SCHEDULE B – Section 2
EXCEPTIONS

Commitment No. 7054190

The policy or policies to be insured will contain exceptions to the following unless the same are disposed of to the satisfaction of the Company:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records. Proceedings by a public agency, which may result in taxes or assessments.
 2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or by making inquiry of person in possession thereof.
 3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
 4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any facts, which a correct survey and inspection of the premises would disclose, and which are not shown by the public records.
 5. Unpatented mining claims, (b) reservations or exceptions in patents, or an act authorizing the issuance thereof; (c) water rights, claims or title to water.
-
6. Any lien, or right to a lien, for services, labor or material heretofore or hereafter furnished, imposed by law and not shown by public records.
 7. Any service, installation, connection, maintenance or construction charges for Sewer, Water, Electricity, or Garbage collection or disposal or other Utilities unless shown as an existing Lien by the Public Records.
 8. Defects, liens, encumbrances, adverse claims or other matters, if any created, first appearing in the Public Records or attached subsequent to the effective date hereof but prior to the date the proposed insured acquires of record for value the Estate or interest or Mortgage thereon covered by this commitment.
- Paragraphs 1-8 will not appear as printed exceptions on Extended coverage Policies, except as to such parts thereof which may be typed as a Special Exception in Schedule B, Section 2.
9. General taxes for the Year 2007, a Lien not yet due and payable.

10. General taxes for the Year 2006, which are a Lien;
Original Amount : \$12.52 paid
Homeowner's
Exemption : No
Code Area : 239
Tax Parcel
Number : R1727700020
11. General Taxes which may be assessed and extended on any "subsequent" or "occupancy" Tax Roll for the current tax year and previous tax years with respect to improvements completed during current and previous years which may escape assessment of the regular Tax Roll; which are a Lien not yet due or payable.
12. Water rights, claims or title to water.
13. Unpatented mining claims; reservations or exceptions in patents or in acts authorizing the issuance thereof.
14. Liens and Assessments of the Ada County Treasurer (Trash), and the rights, powers and easements of said District as by law provided. No search has been made.
15. Liens and Assessments of the Boise Kuna Irrigation District, and the rights, powers and easements of said District as by law provided. No search has been made.
16. Easements, reservations, restrictions and dedications, if any, as shown on the official plat of said subdivision.
17. Rights-of-way for ditches, tunnels and telephone and transmission lines constructed by authority of the United States as granted to the United States under provision of Section 58-604, Idaho Code-1947.
18. Ditch, road and public utility easements as the same may exist over said premises.
19. Rights and claims in and to that portion of said premises lying within the Kuna Canal Right of Way.
20. A Memorandum of Agreement, and the terms and conditions contained therein;
By : United Water Idaho, Inc
and between : Stetson Properties, LLC
Recorded: March 1, 2001 as Instrument No. 101019094, records of Ada County, Idaho.
21. A Development Agreement, and the terms and conditions contained therein;
By : City of Kuna
and between : Stetson Properties, LP
Recorded: July 17, 2006 as Instrument No. 106113969
Re-Recorded July 25, 2006 as Instrument No. 106118591, records of Ada County, Idaho.
22. Protective Covenants, Conditions and Restrictions, and/or easements, and other matters imposed by Instrument recorded June 13, 2000 as Instrument No. 100046103, records of Ada County, Idaho.

But omitting any Covenants, Condition or Restriction, if any, based on Race, Color, Religion, Sex, Handicap, Familial status or National Origin unless and only to the extent that the

Covenant, Condition or Restriction (a) is exempt under Title 42 of the United States Code, or (b) relates to Handicap, but does not discriminate against handicapped persons.

23. Liens, levies and assessments of the Danskin Ridge Homeowners Association. No search has been made.
24. Questions of survey, discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, rights of parties in possession, material or labor Liens, disposition of which will be determined by our inspection of the premises.

Note: A general index search of the county records for liens and judgments has been performed on the names of the parties and none were found other than what is shown in Schedule B herein.

End of Exceptions

Note: for a new Deed of Trust, the Trustee should appear as follows:

Stewart Title

Your Title Officer for this transaction is: Jeff Sturges who can be reached at: Stewart Title of Boise, Inc. (Emerald Office) at (208) 373-0009. Your "Escrow Officer" is: Title Only who can be reached at 208-373-0009 or 1-800-573-3310 If you have any questions, please do not hesitate to call us.

EXHIBIT F

ASSIGNMENT AND ASSUMPTION OF AGREEMENTS

THIS ASSIGNMENT AND ASSUMPTION OF AGREEMENTS is made by and among **UNITED WHATER IDAHO INC.**, an Idaho corporation (hereinafter referred to as "United Water" or "Assignor") and **THE CITY OF KUNA**, an Idaho municipal corporation (hereinafter referred to as "Kuna" or "Assignee").

RECITALS

A. Contemporarily with the execution of this ASSIGNMENT AND ASSUMPTION OF AGREEMENTS, United Water and Kuna have executed that certain AGREEMENT FOR PURCHASE AND SALE (hereinafter referred to as the "Sale Agreement") whereby United Water has agreed to convey and Kuna has agreed to purchase the Domestic Water System described therein.

B. United Water has previously entered into a RESIDENTIAL OR MULTIPLE FAMILY HOUSING NON-CONTIGUOUS WATER SYSTEM AGREEMENT ("Non-Contiguous Agreement") with Stetson Properties, L.P. and Walter T. Sigmont and Ruth A. Sigmont, husband and wife dated December 30, 1999 United Water desires to assign and Kuna desires to assume United Water's obligations under the Non-Contiguous Agreement. United Water has also previously entered into three RESIDENTIAL, MULTIPLE FAMILY HOUSING, COMMERCIAL INDUSTRIAL OR MUNICIPAL DEVELOPMENT WATER MAIN EXTENSION AGREEMENTS; one with Stetson Partners, LP dated October 15, 2003 ("Stetson Agreement"); one with Joseph & Kathryn Guido dated June 21, 2004 ("Guido Agreement"); and one with the Corporation of the Presiding Bishop of the Church of Jesus Christ of Latter-Day Saints dated June 5, 2006 ("LDS Agreement"). United Water desires to assign and Kuna desires to assume United Water's obligations under the Stetson Agreement, the Guido Agreement and the LDS Agreement. The Non-Contiguous Agreement, the Stetson Agreement, the Guido Agreement and the LDS Agreement are all attached to the Sale Agreement as **Exhibit C**. The Agreements contained in Exhibit C are herein collectively referred to as "The Agreements."

ASSIGNMENT AND ASSUMPTION

NOW, THEREFORE, in consideration of the foregoing recitals and of the terms, conditions and mutual covenants contained in the Sale Agreement:

1. ASSIGNMENT

United Water hereby assigns, sells and sets over to Kuna all of its right title and interest in and to The Agreements

2. ASSUMPTION

Kuna hereby assumes and covenants to perform all of the obligations of United Water under The Agreements and guarantees to hold United Water harmless from any claims or demands made under The Agreements arising after the date hereof.

3. WARRANTY OF UNITED WATER

United Water represents and warrants that it is not in breach of The Agreements that all payments required to be made as of the date hereof have been made.

IN WITNESS WHEREOF, the undersigned have executed this ASSIGNMENT AND ASSUMPTION OF AGREEMENTS as of the respective dates set forth below, effective as of _____.

ASSIGNOR:
UNITED WATER IDAHO INC.
An Idaho Corporation

By: _____
Title: _____
Date: _____

ASSIGNEE:
CITY OF KUNA
A Municipal Corporation

By: _____
Title: _____
Date: _____

EXHIBIT G

BILL OF SALE

United Water Idaho Inc., an Idaho corporation, whose address is 8248 Victory Road, Boise, Idaho 83709 ("Seller"), for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, does hereby sell, assign, transfer, and set over to City of Kuna, whose address is 763 W Avalon, Kuna, Idaho 83634 ("Buyer"), the following property described on Exhibit A, attached hereto and made a part hereof (the "**Property**").

Seller hereby represents and warrants to Buyer that Seller is the absolute owner of the Property, that the Property is free and clear of liens, charges and encumbrances, that Seller shall defend the same from all claims whatsoever, and that Seller has full right, power and authority to sell said Property and to make this Bill of Sale; provided, however, Seller has neither made nor makes any warranties, whether expressed or implied, concerning the condition of the Property, and Buyer takes and receives the Property "**AS IS,**" "**WHERE IS,**" with "**ALL FAULTS.**"

IN WITNESS WHEREOF, Seller has signed this Bill of Sale this ____ day of _____, 2007.

UNITED WATER IDAHO INC.,
an Idaho corporation

By: _____
Gregory P. Wyatt, Vice President

EXHIBIT G

EXHIBIT A TO BILL OF SALE

Physical Description of Domestic Water System

Distribution System:

12,498' - 12" PVC Water Main and associated control valves
8,867' - 8" PVC Water Main and associated control valves
321' - 6" PVC Water Main and associated control valves
1,054' - 4" PVC Water Main and associated control valves

16 - 3/4" Domestic Services
83 - 1" Domestic Services
2 - 1" Irrigation Services
6 - 2" Irrigation Services
1 - 8" Fire Service
16 - Fire Hydrants with associated laterals and valves

Source of Supply:

16' x 32' Well House
20" Supply Well – 1,000 gpm rated capacity
12" Supply Well – 250 gpm rated capacity
1 - Submersible Pump with 100 hp Motor
1 - Submersible Pump with 30 hp Motor
Mechanical Piping & Metering Equipment
1- 75 kW generator/auxiliary power supply
Water Treatment Equipment
Communication, Control, and Telemetry Equipment specifically excluding:
1 – Radio, remote, digital, 900 Mhz, Alligator, MPR1888A, 1039067
1 – Opto 22 RTU, Brain, Snap B3000, OPT750
1 – Opto 22 RTU, Controller, Snap-LCSX-Plus, OPT749
1 – Opto 22, RTU, Power Supply, 5 Volt, DC, Snap-PS5-24DC, OPT759

Land:

Well Lot
Associated Landscaping
Irrigation System

EXHIBIT H

After recording send to:

**Gregory P. Wyatt
United Water Idaho
P.O. Box 190420
Boise, Idaho 83719-0420**

FOR RECORDING INFORMATION

WARRANTY DEED

United Water Idaho Inc., an Idaho corporation, hereinafter referred to as "Grantor," for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, does hereby grant, bargain, sell, convey, and warrant unto the City of Kuna, an Idaho municipal corporation, hereinafter referred to as "Grantee," whose address is 763 W. Avalon, Kuna, Idaho 83634, the real property located in Canyon County, Idaho, more particularly described as follows, hereinafter referred to as the "Premises."

A parcel of land located in the Northwest ¼ of the Northwest ¼ of Section 11, Township 2 North, Range 1 West, Boise Meridian, Ada County, Idaho more particularly described as follows:

Lot 2, Block 1 of Danskin Ridge Subdivision No. 1, according to the official plat thereof, filed in Book 80 of Plats at pages 8623 – 8625, records of Ada County, Idaho, including all ground water and ground water rights, pumps, buildings, sources of supply, and other improvements in connection with such groundwater and groundwater rights, and sources of supply; and excluding surface water and surface water rights, ditch and ditch rights, minerals and mineral rights, and irrigation equipment.

TO HAVE AND TO HOLD the Premises, together with its tenements, hereditaments and appurtenances thereto belonging or in any way appertaining, the reversion and reversions, remainder and remainders, rents, issues and profits thereof, including, without limitation, all water and water rights, ditches and ditch rights, water storage rights, the right to ground water, middle rights, easements, and rights of way, unto Grantee and Grantee's heirs, successors and assigns forever. And Grantor does hereby covenant to and with Grantee that Grantor is the owner in fee simple of the Premises; that the Premises are free from all liens, claims and encumbrances, and that Grantor shall warrant and defend the same from all claims whatsoever.

IN WITNESS WHEREOF, the undersigned have caused their names to be hereunto ascribed this ____ day of _____, 2007.

UNITED WATER IDAHO INC.,
an Idaho corporation

By: _____
Gregory P. Wyatt, Vice President

United Water Idaho
Proposed Journal Entry to Record Danskin-Saddle Ridge Sale
Assumes Closing as of December 31, 2007

<u>UNITED WATER IDAHO</u>	<u>Account Number</u>	<u>Debit</u>	<u>Credit</u>
Advanced Plant- Reverse original cost plant; book amount of advance liability; and accum depr on refunds			
Plant in Service	101-00		\$390,832
Advances for Construction	252-00	\$310,687	
Accumulated Depreciation of refunds	108-10	\$8,507	
Accumulated Depreciation of Company betterment	108-10	\$566	
Net Company Investment	101-00	\$71,072	
Sub-Total Advanced Plant		\$390,832	\$390,832
Contributed Plant- Reverse original cost plant; CIAC; and amortization of CIAC			
Plant in Service	101-000		\$794,611
Contributions in Aid of Construction	271-000	\$794,611	
Accumulated Depreciation	108-010	\$60,207	
Accumulated Amortization of CIAC	272-000		\$60,207
Sub-Total Contributed Plant		\$854,818	\$854,818
Miscellaneous Plant & Other:			
PIS Meters & Auxiliary Power	101-00		\$42,705
Accumulated Depreciation	108-10	\$5,192	
Uranium Mitigation Study	107-00		\$39,160
Net Company Investment	101-00	\$76,673	
Sub-Total Miscellaneous Plant & Other		\$81,865	\$81,865
Accounting of Proceeds:			
Cash	131-00	\$375,000	
Total UWID Investment as of December 31, 2007	101-00		\$147,745
Reimbursement of Legal & IPUC Filing Expenses	912-00		\$15,000
Gain on Sale	712-00		\$212,255
Sub-Total Accounting of Proceeds		\$375,000	\$375,000
Grand Total Debits and Credits		<u>\$1,702,515</u>	<u>\$1,702,515</u>

Month Day, 2007

Dear United Water Customer:

United Water Idaho has owned and operated the domestic water system in the Danskin-Saddle Ridge area since 2000. Recently, United Water and the City of Kuna entered into an agreement enabling the City of Kuna to purchase the domestic water system from United Water. We anticipate that the sale would be complete by the end of the year. Thereafter, the City's municipal water system will be connected to the Danskin-Saddle Ridge system. There, of course, should be no disruption of water service to you.

United Water believes the sale, and subsequent operation of the system by Kuna, will be beneficial for these reasons:

- Kuna has adequate source of supply and operational capability to provide safe and reliable water service to the area.
- Connection of Kuna's distribution system to the Danskin-Saddle Ridge domestic water system will provide a redundant source of supply as required by Department of Environmental Quality rules, thus insuring reliable water supply to the subdivision. The interconnection will also improve fire protection flows.
- The rates charged by Kuna for domestic water service are lower than the rates charged by United Water, and customers within the subdivisions will therefore experience a decrease in the cost of domestic water service.

Because United Water is regulated by the Idaho Public Utilities Commission, United Water has filed an Application with the Commission for approval of the sale. A complete copy of the proposal is available at the Commission's office at 472 West Washington Street, Boise, Idaho. It is also available on-line at the Commission's website: <http://www.puc.state.id.us/FILEROOM/water/water.htm>

You can also file a comment on the Application via the Commission's website at: <http://www.puc.state.id.us/scripts/polyform.dll/ipuc>

Or mail comments to:

Idaho Public Utilities Commission
P.O. Box 83720
Boise, Idaho 83720-0074.

Sincerely,

United Water Idaho

EXHIBIT - D