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IDAHO PUBLIC
UTILITIES COMMISSION

Attorneys for Eagle Water Company, Inc.

BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION

APPLICATION OF EAGLE WATER)
COMPANY, INC. TO AMEND CERTIFICATE) CASE NO. EAG-W-04-2
OF PUBLIC CONVENIENCE AND)
NECESSITY NO. 278) EAGLE WATER COMPANY, INC.'S
REPLY COMMENTS

COMES NOW, EAGLE WATER COMPANY, INC. ("Eagle Water"), by and through undersigned counsel, and files the following REPLY to the Idaho Public Utilities Commission ("the Commission") Staff's Comments, dated June 29, 2004.

I.

REPLY

Eagle Water wishes to clarify a few of the facts as recited in the Staff's Comments and to provide the Commission with additional factual background relevant to the decision placed before it.

The Staff's Comments state that United Water is currently supplying water to a residential lot at the corner of Horseshoe Bend Road and Hill Road (the Hysell property), which is adjacent to the McKay property that is the subject of Eagle's current Application. The Hysell property owners currently have considerable landscaping in place along the west side of the

property that adjoins Horseshoe Bend Road where both Eagle Water and United Water have main lines. In addition to its Horseshoe Bend Road main line, United Water has a main line along the south side of the Hysell property in the Hill Road right of way and already had a service stub into the property from the Hill Road main line. The Hysell property owner expressed a preference for service from United Water so that the landscaping on the west side of the property would not have to be disrupted with a service line connection to Eagle Water's Horseshoe Bend main line. In discussing the matter with Eagle Water, United Water agreed that service to the Hysell property should not be construed as a precedent for service of adjoining properties by United Water. *See Exhibit A-1.*

The Staff's Comments also reference a temporary problem with water pressure in the Bonita Hills and Eagle Springs subdivisions, which are near the properties that are the subject of the present Application. Eagle Water would like to provide the Commission with a more complete, and current, understanding of the water pressure issues raised by the Commission Staff. To that end, Eagle Water presents the following chronological account of the events leading up to the temporary reduction in water pressure:

1. Eagle Water's 12-inch booster line, which runs east-west from its Highway 55 main line to its main line along Horseshoe Bend Road, through its booster station, was taken out of service by Eagle Water because Prime Earth, Inc. Sand & Gravel had exposed the line while digging into the north bank of its gravel pit. *See Exhibit B-1.* This action occurred with less than 24 hours prior notice to Eagle Water. Eagle Water was required to shut the line off to prevent loss of service to its customers east of its booster station.
2. Despite this short notice, at no time were Eagle Water customers without service.
3. Although Prime Earth, Inc. initially told Eagle Water that it could route its booster line along a route just north of the gravel pit, Eagle Water has been unable to do so because Prime Earth piled tons of overburden on top of that route while excavating the pit. *See Exhibit D-1.*

4. In the meantime, water for Eagle Water customers east of the booster station has been routed north along Highway 55 and then east along Floating Feather Road to Eagle Water's Horseshoe Bend Road main line, circumventing the booster station.
5. Water pressure coming out of the booster station has been historically logged at 90 to 97 pounds per square inch (psi), which exceeds minimum water pressure standards by nearly three-fold. The re-routing of the booster water line has caused a temporary drop of approximately 20 psi of water pressure for Eagle Water customers east of the booster station. At no time has Eagle Water's pressure dropped near or below the state standard for minimum water pressure as a result of having to re-route the booster line.
6. However, it came to Eagle Water's attention, on or about June 28, 2004, that Prime Earth, Inc. was filling its water trucks from a fire hydrant serviced by Eagle Water's main line near the subject area every morning between 6:30 a.m. and 9:00 a.m. This conduct exacerbated the otherwise insignificant drop in water pressure and Eagle Water demanded that Prime Earth cease and desist this conduct immediately.
7. Once this problem was addressed by Eagle Water, the water pressure for its customers east of the booster station returned to approximately 70 psi, twice the minimum state standard.
8. In the meantime, Eagle Water has worked diligently to locate a new route for its booster line.
9. Floyd Patterson, Prime Earth, Inc., has agreed to allow Eagle Water to re-route its booster line along an east-west gravel road that connects to Horseshoe Bend Road. *See Exhibit E-1.*
10. Gene Bailey, President of Farmers Union Canal Company, has agreed to allow Eagle Water to run its booster line north from the Prime Earth, Inc. road along the canal right of way to the Eagle Water booster station. *See Exhibit F-1.*

11. All utilities for the Horseshoe Bend Road crossing to connect the new booster line to the Horseshoe Bend Road main line have been bored, "pot holed" and mapped.
12. Bobby Hall, of Circle H Construction, is scheduled to complete the Horseshoe Bend Road crossing the week of July 18th.
13. Eagle Water Construction Company will then complete placement of the booster line.

II.

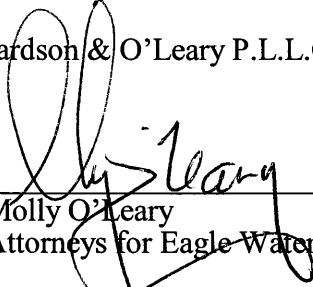
CONCLUSION

Eagle Water believes that the foregoing facts demonstrate that it has acted responsibly in addressing a temporary problem that was not of its making, and further demonstrates that the water pressure problem that resulted in Eagle Water customer complaints has been addressed (Prime Earth, Inc. has ceased filling its water trucks from Eagle Water's main lines). Eagle Water remains committed to getting its booster line back in service as expeditiously as possible, and respectfully requests that the Commission honor the requests of the owners of the properties that are the subject of its Application to allow Eagle Water to provide service to them.

Finally, Eagle Water does not believe that the current proceeding is the appropriate venue for making broad policy decisions regarding future service of customers in the Eagle, Idaho area. Eagle Water is long overdue for a rate case and intends to file for a rate increase later this year. United Water has stated to Eagle Water and Staff that it, likewise, intends to file a rate case in the near future. Therefore, Eagle Water respectfully submits that the appropriate time for the Commission to take up the broader issue of allocating service territory in the Eagle area is after the two companies have brought their service revenue in line with current service costs.

DATED this 14th day of July, 2004.

Richardson & O'Leary P.L.L.C.

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

April 23, 2004

Via Telecopy & U.S. Mail

Molly O'Leary, Esq.
RICHARDSON & O'LEARY
99 East State Street, Suite 200
P.O. Box 1849
Eagle, Idaho 83616

Re: United Water—Eagle Water; Service to Hysell Property

Dear Molly:

This is to confirm our discussions regarding water service to the Hysell property which is located on the northeast corner of the intersection of Hill Road and Horseshoe Bend Road.

As we discussed, the property is in an area not yet designated as part either of United's or Eagle Water's service territory. You have advised that Eagle Water intends shortly to file an application to expand its certificate into areas in close proximity to the Hysell property.

Service to the Hysell property, however, could be more easily accomplished by United Water because it has a main line in the Hill Road utility easement which fronts the Hysell property.

In light of the foregoing we have agreed that Eagle Water has no objection to United Water providing service to the Hysell property. This is with the understanding that service by United would not create any presumption or inference that United Water is better suited to serve any other property in the un-certificated area. Any subsequent applications by either company would be evaluated on their own merits without reference to service by United to Hysell.

We have also agreed that this letter may be submitted to the Commission as an advice that United's certificate may be amended to include the Hysell property.

If this correctly states our understanding, kindly sign the letter in the space provided and return it to me for filing.

Very truly yours,

McDEVITT & MILLER LLP

Dean J. Miller

Molly O'Leary

C: United Water

EXHIBIT A-1

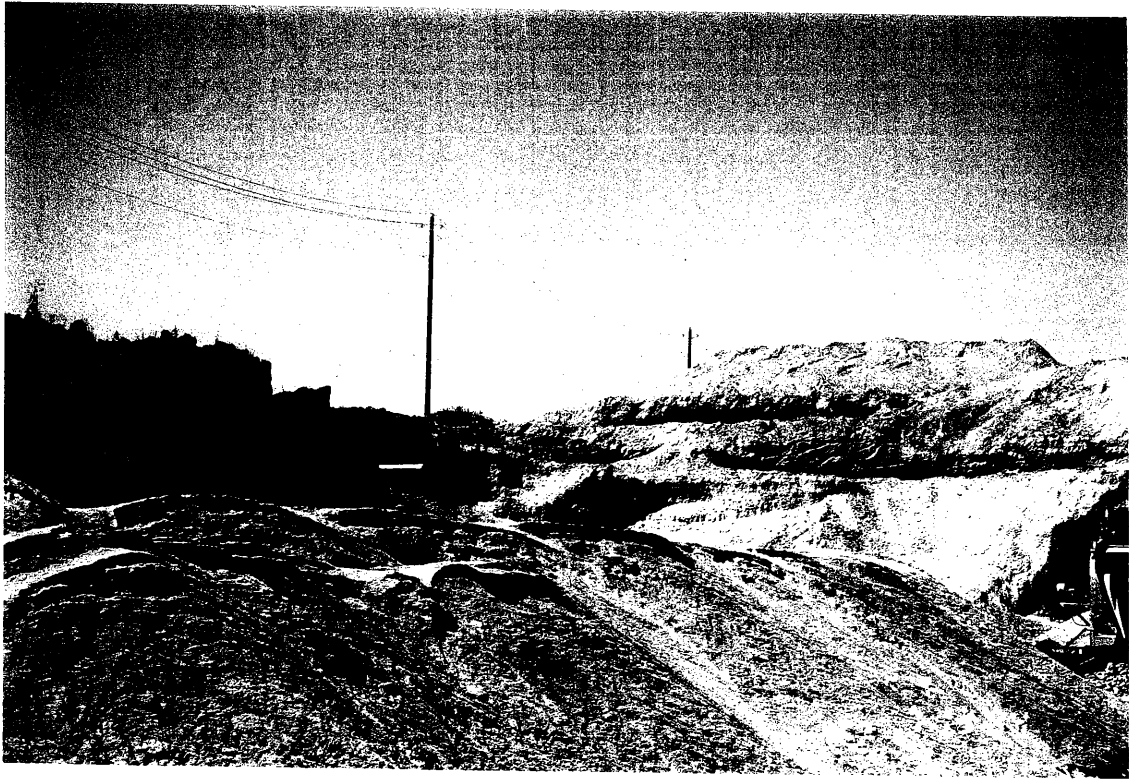
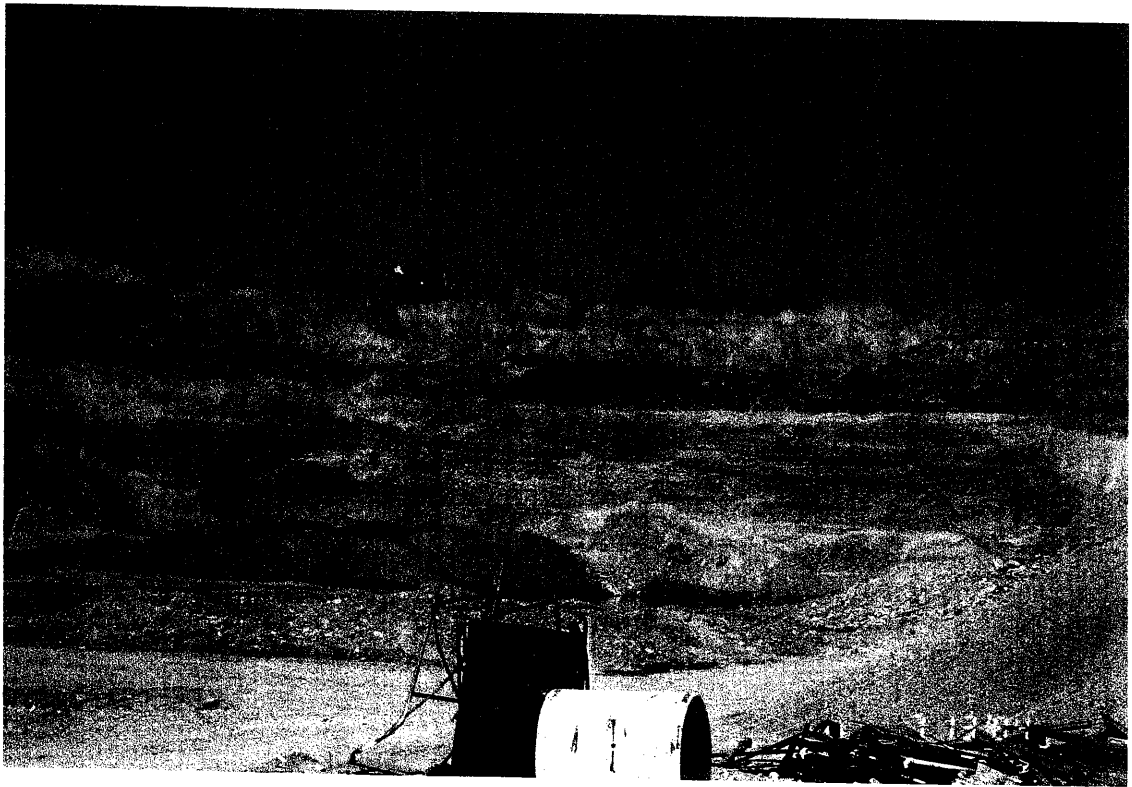
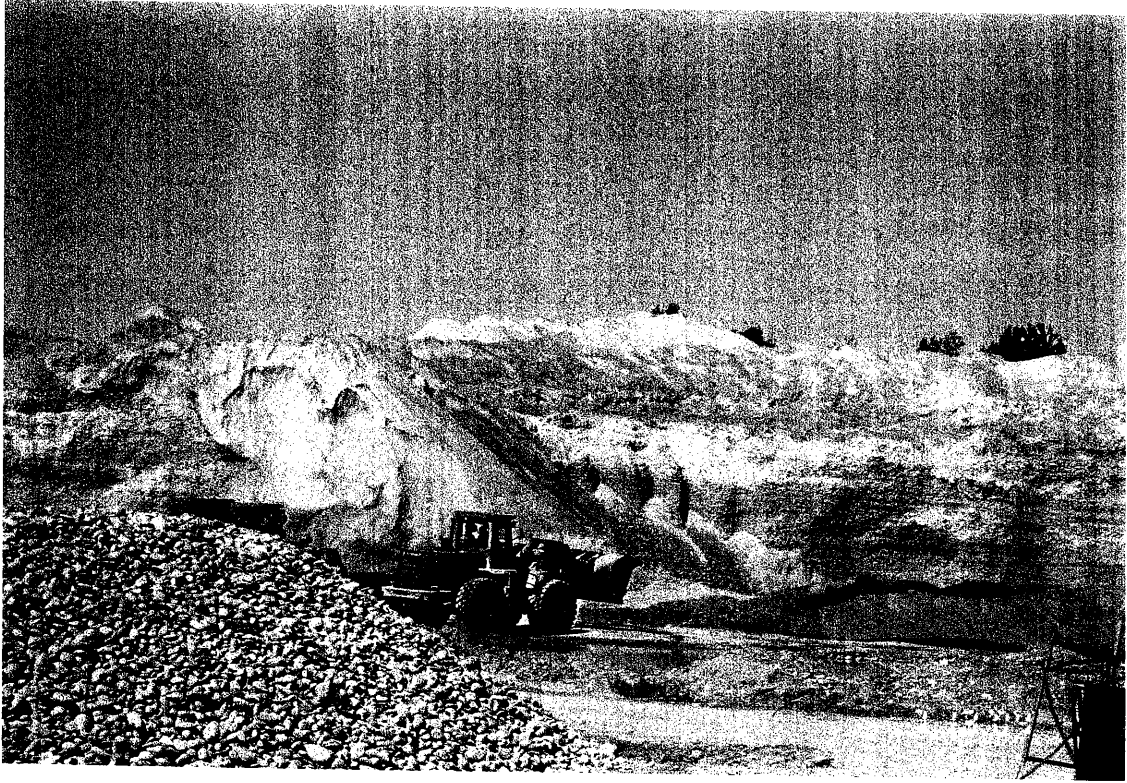
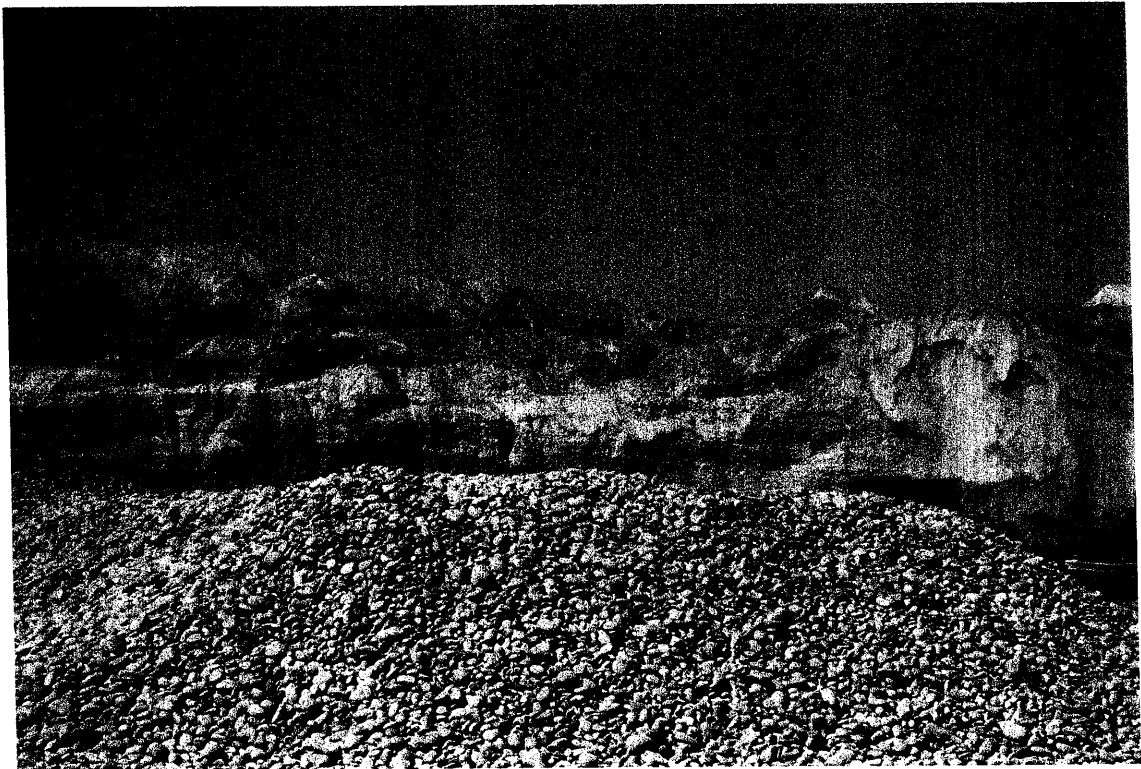
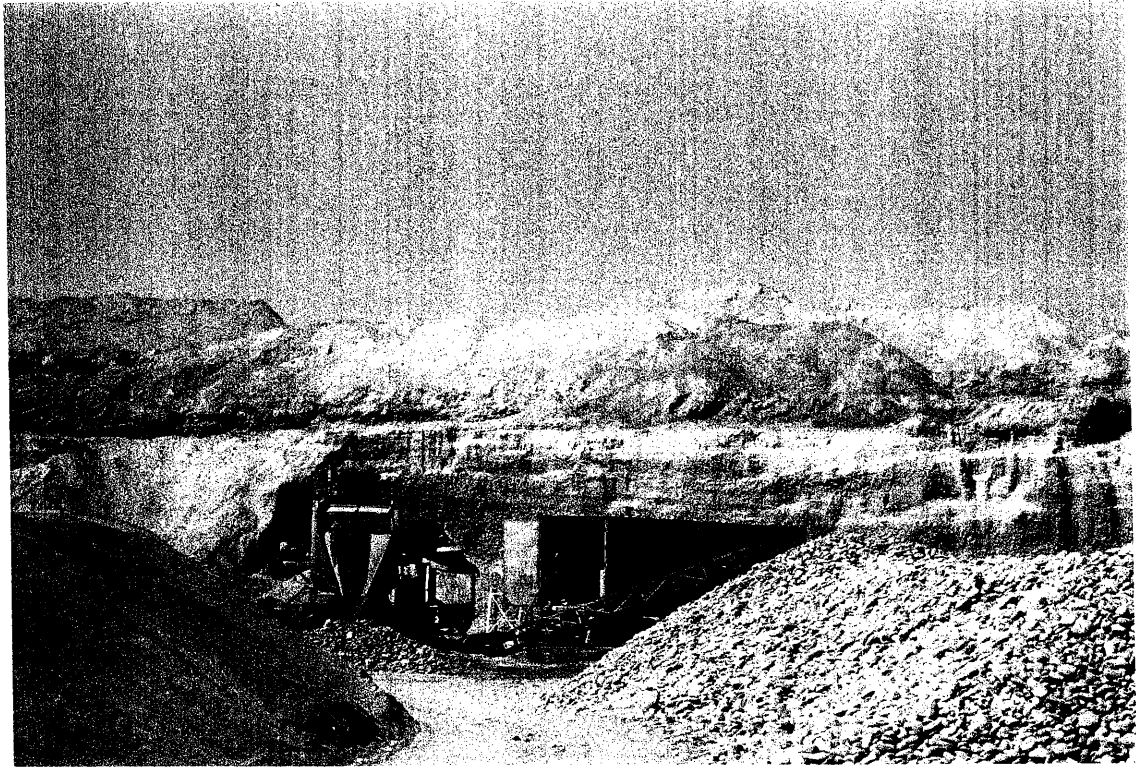


EXHIBIT B-1





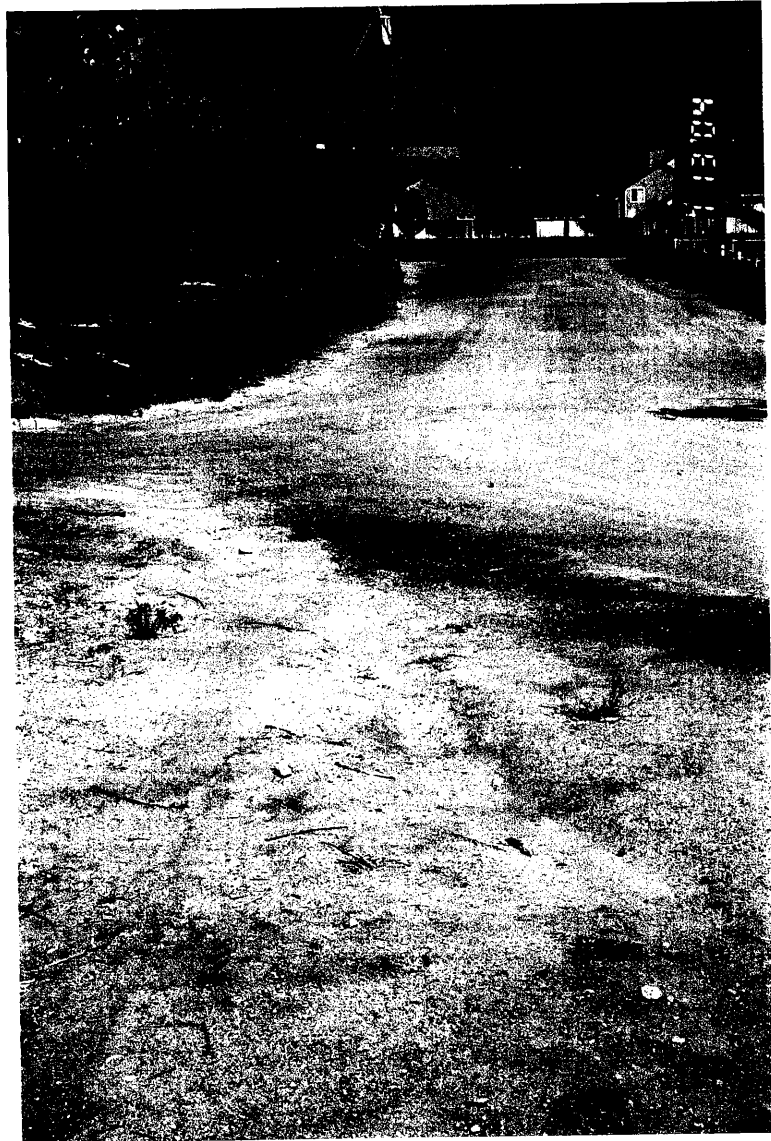


EXHIBIT E-1

