

Molly O'Leary
Richardson & O'Leary, P.L.L.C.
P.O. Box 7218
Boise, ID 83707
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Idaho State Bar No. 4996

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IDAHO PUBLIC
UTILITIES COMMISSION

Attorneys for Eagle Water Company, Inc.

BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE INVESTIGATION)
OF LOW WATER PRESSURE IN A)
PORTION OF EAGLE WATER)
COMPANY'S SERVICE AREA)

CASE NO. EAG-W-05-*102*

EAGLE WATER COMPANY, INC.'S
APPLICATION FOR AN
EMERGENCY SURCHARGE

COMES NOW, Eagle Water Company, Inc. ("Eagle Water" or "the Company")
and hereby requests that the Idaho Public Utilities Commission ("the Commission")
issue an order granting an emergency surcharge to cover certain necessary expenses
already incurred and expenses it proposes to incur for improvements to its water system
to alleviate pressure problems in the Eagle Springs Estates subdivision ("Eagle
Springs") area of its system. These expenses are proper expenses to be duly
recovered from its ratepayers.

EAGLE WATER COMPANY, INC.
APPLICATION FOR EMERGENCY SURCHARGE

Eagle Water's request is based on the following:

1. As the Commission knows, Eagle Water customers in the highest elevation of Eagle Springs experienced low water pressure problems in late July of this year.
2. Eagle Water worked to alleviate the low water pressure problem by replacing the eight-inch mainline that was connected to the booster pump serving Eagle Springs with a 12-inch mainline. (The eight-inch mainline was installed last summer as a temporary solution to the undermining of the 12-inch line that had been serving the booster pump by the operator of the adjacent gravel pit.) The new 12-inch mainline was fully operational as of August 5, 2005. The 12-inch line could not be replaced earlier because the gravel operator was still mining gravel from that area. See **Exhibit 1**, attached.
3. The cost of replacing the eight-inch mainline with a 12-inch mainline was \$40,027.00 dollars. See **Exhibit 2**, attached.
4. The replacement of the eight-inch mainline has addressed the immediate low water pressure problems in Eagle Springs. Nevertheless, the potential for occasional drops in water pressure remains, especially in light of the continued wasting of water that has been observed in Eagle Springs, despite water conservation suggestions from Eagle Water. See **Exhibit 3**, attached.
5. Eagle Water engineer, James M. Rees, P.E., MTC, Inc., has identified additional measures that may further alleviate water pressure problems in the Eagle

Springs area. Those measures can be summed up as follows: (1) increase the power of the current Booster Pump from 60 horse power (HP) to 75HP or 100 HP ("Option 1"); (2) add an additional booster pump station under Big Springs Street at the 2,700-foot elevation to ensure the 51 Eagle Water customers at the highest elevation in Eagle Springs have 40 pounds per square-inch of pressure ("PSI") consistently at the meter regardless of the water wasting by their lower elevation neighbors and the homeowners association. ("Option 2"); or (3) add a new well to the Eagle Water system ("Option 3).

6. The estimated cost of Option 1 is \$87,075.00. Mr. Rees estimates that it would take a minimum of 38 days with a three-man crew to fully implement Option 1; however it would take an additional two weeks to complete engineering design before work could begin. This would put the solution well past the current irrigation season. See **Exhibit 4**, attached. The estimated cost of Option 2 is \$81,607.50, or \$1,600.00 per affected service. Similar to Option 1, this option would take approximately six weeks to fully implement, well past the current irrigation season. *Id.*

7. In order to develop a long-term solution for pressure problems in the Eagle Springs area, as well as develop a long-term plan for its overall system, the Commission has ordered Eagle Water to produce an engineering report for its entire system. The estimated cost of this report is \$79,894.75. See **Exhibit 4**.

8. In analyzing the relative cost-benefit of Option 1 or Option 2, Mr. Rees has concluded that the addition of a new well on the Eagle Water system (Option 3) would be a more cost-effective and, therefore, more prudent resolution to the Eagle Springs water pressure problems. See **Exhibit 4**.

9. The east portion of the Company's water system includes all customers located east of Old Highway 55 and North of Hill Road. Based on a lot count, there are approximately 275 customers in this area, which includes Eagle Springs.

10. On August 15, 2004, Eagle Water pumped 4,763,000 gallons of water to meet customer demand. On July 17, 2005, Eagle Water pumped 5,156,000 gallons to meet customer demand. The Eagle Springs subdivision accounts for 13 percent (13%) of Eagle Water's peak demand for 2004 and 2005, even though it only represents 9 percent (9%) of its overall customers.

11. Based on DEQ criteria for estimating system demand for metered public water systems, the peak demand anticipated for the Eagle Springs area is approximately 2,000 gallons per minute (gpm). In addition to normal peak demands, fire flow requirements for public safety are 1,500 gpm. Thus, under a worst-case scenario, peak hour demand could exceed 3,500 gpm. See **Exhibit 4**.

12. Eagle Water Company has four fully operating wells in its system (Well Nos. 1, 2, 4 & 6). Well No. 3 is only used as a back-up supply source due to problems with sand. Well No. 5 has never been developed.

13. Based on the maximum pumping rates of Eagle Water's current system wells (Well No.1 – 600 gpm; Well No. 2 – 400 gpm; Well. No. 4 – 2,000 gpm; Well No. 6 – 2,000 gpm), the maximum the existing wells can supply is 7, 138,000 gallons. Thus, if either Well No. 4 or Well No. 6 should temporarily fail, there would not be adequate quantity or pressure for the system. See **Exhibit 4**.

14. Eagle Water has a permit from the Idaho Department of Water Resources to develop this resource. That permit is set to expire on March 1, 2006. See **Exhibit 4**.

15. The addition of this well has previously been approved by the Idaho Department of Environmental Quality ("DEQ") and the Idaho Department of Water Resources. See **Exhibit 4**.

16. Due to the fast-paced growth in the Eagle area, well drillers have to be 60 to 90 days in advance. Consequently, Eagle Water needs to execute a drilling contract for this well in September of 2005.

17. The estimated cost for bringing this well online in the Eagle Water system is \$390,305.00. See **Exhibit 4**.

18. Because Eagle Water is a small company, the cost of preparing and processing an interim surcharge request will represent a significant extraordinary expense. Eagle Water estimates that the legal and accounting expenses associated with implementing the proposed improvements and applying to the Commission for approval to recover the investments through an interim surcharge will be approximately \$7,250.00. See attached **Exhibits 5 and 6**.

19. The Company proposes to borrow the necessary funds to cover these proposed capital investment expenses. The total estimated cost for the expenditures identified in Exhibits 2, 5 and 6, as well as the system-wide Engineering Study, and either Option 1 or Option 2, is \$214,246.75. Under the terms of a financing proposal

from Idaho Banking Company, the cost of the loan would be the WSJ Prime plus 2 percent (currently, 8.5%) spread over three years. See **Exhibit 7**, attached.

20. Certified Public Accountant Geneva Trent has calculated the necessary surcharge to repay the loan identified in Exhibit 7, as shown in **Exhibit 8**. Ms. Trent has prepared draft Revised Tariffs based on this alternative. Those draft Revised Tariffs are attached hereto as **Exhibit 9**.

21. The total estimated cost for the expenditures identified in Exhibits 2, 5 and 6, as well as the system-wide Engineering Study and Option 3 is \$517,476.75. Based on the proposed financing terms outlined in Exhibit 7, Ms. Trent has tentatively calculated the necessary surcharge to cover these costs as shown on the attached **Exhibit 10**. Draft Revised Tariffs, reflecting this alternate proposed surcharge are attached as **Exhibit 11**.

22. Based on the foregoing, and because the expenses incurred to date and the proposed expenditures would be in the public interest, Eagle Water requests that the Commission authorize the expenditures identified in Exhibits 2, 5 and 6, as well as the proposed expenditure for a system-wide Engineering Study, and the proposed expenditure for Option 3 as prudent capital investments, the costs of which are proper expenses to be duly recovered from ratepayers with an Emergency Surcharge.

23. The Company further requests the Commission issue its order approving the scheduled surcharge shown on the attached **Exhibits 10** and **11**, as a fair, just and reasonable method for recovery of its costs associated with the capital investments referenced above.

24. The Company will maintain a separate balancing account on its books with all transactions related to this Application flowing through the account on a monthly basis as transactions occur. None of the expenditures proposed in this Application and approved by the Commission for recovery will be recorded to the Company's plant accounts and the Company will not seek to add these costs to its rate base for rate-making purposes. Quarterly status reports will be provided to the Commission, in writing, to apprise the Commission of moneys expended, construction progress, and testing results, if any. Eagle Water proposes to borrow the funds necessary for this capital investment expenditure. Eagle Water has not, however, obtained a formal financing proposal from Idaho Banking Company for this expenditure, pending the Commission's decision.

25. Communications with reference to this request should be sent to the following:

Molly O'Leary
Richardson & O'Leary, P.L.L.C.
P.O. Box 7218
Boise, ID 83707

Robert V. DeShazo., Jr., President
Eagle Water Company, Inc.
P.O. Box 455
Eagle, ID 83616

26. Because the issues presented by this request are limited in scope, Eagle Water requests that this request be processed without the need for a hearing, under Commission Rule of Procedure 202, Modified Procedure.

RESPECTFULLY SUBMITTED this 24th day of August, 2005.

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

By  _____

Molly O'Leary

Attorneys for Eagle Water Company,
Inc.

EXHIBIT 1

~~EAGLE WATER~~ C O M P A N Y I N C.

(208) 939-0242
FAX (208) 939-0267
P.O. BOX 455
EAGLE, IDAHO 83616

August 24, 2005

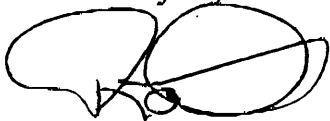
Molly,

The 12" could not be reconnected last year (2004) because they were still mining gravel from that area.

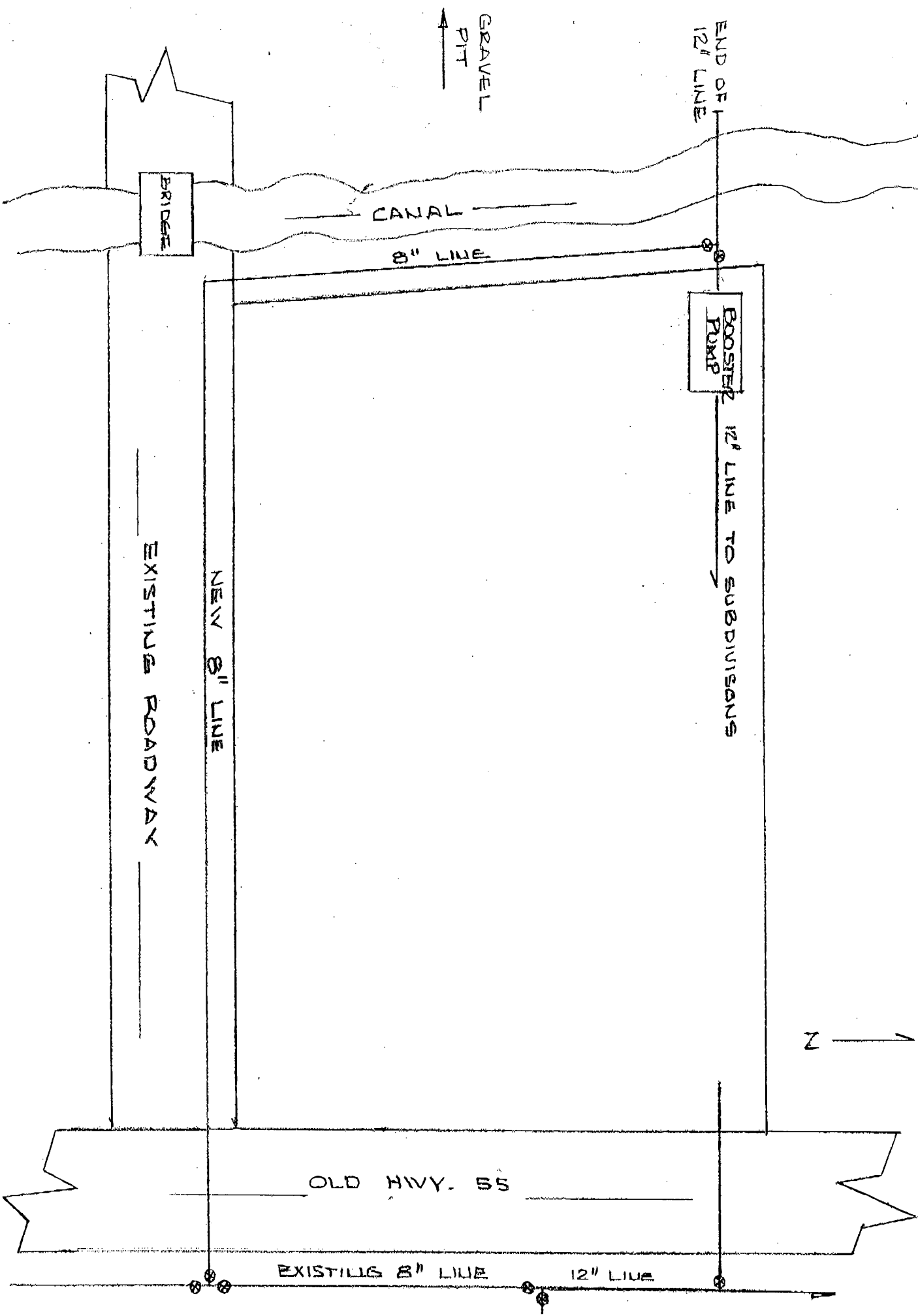
The 8" installed in 2004 came off of an existing 8" main line as shown on the enclosed drawing.

Any questions or comments please call me at 939-0242.

Thank you,



Robert DeShazo, Jr.
President



GRAVEL
PIT
↑

END OF
12" LINE

CANAL

8" LINE

BOOSTER
PUMP

12" LINE TO SUBDIVISIONS
↓

BRIDGE

EXISTING ROADWAY

NEW 8" LINE

OLD HWY. 55

EXISTING 8" LINE

12" LINE

↑

EXHIBIT 2

EAGLE WATER COMPANY, INC.
APPLICATION FOR EMERGENCY SURCHARGE

~~EAGLE WATER~~

C O M P A N Y I N C.

(208) 939-0242
FAX (208) 939-0267
P.O. BOX 455
EAGLE, IDAHO 83616

August 18, 2005

Re: Booster Pump

Replacement of 12" Water Main

Labor	\$ 4,334.00
Equipment	\$ 7,324.00
Materials	\$ 18,388.00
Legal	\$ 2,511.00
Engineering	<u>\$ 7,470.00</u>
Total Due	\$ 40,027.00

Any questions or comments please call me at 939-0242.

Thank you,



Robert DeShazo, Jr.
President

MTC, INC.
CONSULTING ENGINEERS, SURVEYORS, AND PLANNERS
707 N. 27TH ST.
Boise, ID 83702-3113
(208) 345-0780 Fax (208) 343-8967

FOR PROFESSIONAL ENGINEERING SERVICES

FEDERAL ID No. 82-0398542

ACCOUNT OF :

EAGLE WATER COMP.
P.O. BOX 455
EAGLE, ID 83616

JOB NUMBER:

#05-846
AUGUST 18, 2005

JOB # 05-846
12" Line replacement
EAGLE, ID
Meetings with PUC & DEQ
Inspection of 12" line
Preparing for the Study

Engineer (Jim Rees)	
63 Hrs. @ \$85.00/Hr.	\$5,355.00
Engineer	
8 Hrs. @ \$70.00/Hr.	\$ 560.00
Sr. Engineering Technician	
26 Hrs. @ \$45.00/Hr.	\$ 1,170.00
Draftsman	
14 Hrs. @ \$27.50/Hr.	\$ 385.00

TOTAL DUE 8-18-05 \$7,470.00




EXHIBIT 3

EAGLE WATER COMPANY, INC.
APPLICATION FOR EMERGENCY SURCHARGE

EAGLE WATER C O M P A N Y I N C .

(208) 939-0242
FAX (208) 939-0267
P.O. BOX 455
EAGLE, IDAHO 83616

January 21, 2005

Frank Passaro
10574 N. Cayuse
Boise, Idaho 83714

Dear Frank,

Enclosed are some ideas that might help with water pressure in your subdivision.

The biggest use of water in your subdivision is the common areas.

Install drip systems in islands and other areas that it could be used.

Check all sprinkler heads to insure they are the right gauge and size.

During the irrigation season, check for over watering in some areas.

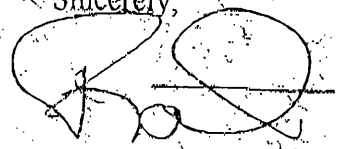
Most importantly set common area sprinkler timers NOT to water between 5:00 am to 9:00 - 9:30 am, so there is adequate pressure in the system.

When cutting lawn leave the grass clippings or mulch on the to build humus to retain moisture.

Do annual plugging of lawns and common areas.

Find a landscaper to work with your association on ideas to improve and conserve your water needs.

Sincerely,



Robert DeShazo, Jr.
President

EX-12

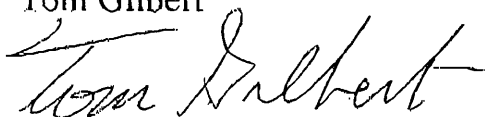
January 21, 2005

Dear Frank,

I am dealing with Idaho Rural Water Resource and the Department of Environmental Quality to get you some fliers for you and your subdivision. I am trying to have them for you on Monday before your Homeowner's meeting.

Thank you,

Tom Gilbert

A handwritten signature in cursive script that reads "Tom Gilbert". The signature is written in black ink and is positioned below the typed name.

EAGLE WATER

C O M P A N Y I N C.

(208) 939-0242
FAX (208) 939-0267
P.O. BOX 455
EAGLE, IDAHO 83616

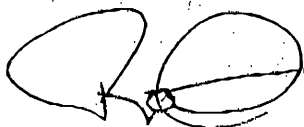
Exhibit 2

Sometime in mid February of this year, Frank Passaro called me about the Eagle Springs Subdivision water system. He and I talked about some ideas that I had about conserving water usage in this subdivision.

I wrote these ideas down and sent them to Frank Passaro on February 21, 2005 for their Homeowners meeting.

Tom Gilbert, an Eagle Water Co. Inc. employee also sent a letter on February 21, 2005 to Frank Passaro about some information he was obtaining.

Enclosed you will find these letters.



Robert DeShazo, Jr.
President
August 23, 2005

~~EAGLE WATER~~

C O M P A N Y . I N C.

(208) 939-0242

FAX (208) 939-0267

P.O. BOX 455

EAGLE, IDAHO 83616

I, Tom Gilbert, an employee of Eagle Water Co., Inc., an Operations Assistant, have gotten up before 5 a.m. many times to observe common area usage around our water system, and asked customers not to use common areas during 5 a.m. to 9 a.m. for several years. This summer the community has cooperated a lot more than in the past. When I go to the Eagle Springs Subdivision this year, there have been times that they were still watering during the off periods.

Respectfully,

Tom Gilbert

Tom Gilbert
Operations Assistant
August 24, 2005

EXHIBIT 4

EAGLE WATER COMPANY, INC.
APPLICATION FOR EMERGENCY SURCHARGE



MTC, INC.



CONSULTING ENGINEERS, SURVEYORS, AND PLANNERS

707 N. 27TH ST. BOISE, IDAHO 83702-3113 (208) 345-0780 FAX (208) 343-8967

August 24, 2005

Molly O'Leary
Richardson & O'Leary PLLC
515 N. 27th Street
Boise, ID 83702

Re: Eagle Water Company: Pressure

Dear Molly;

The initial pressure loss in the Eagle Springs Subdivision occurred last summer when the operator of the gravel pit between Old Horseshoe Bend Road and New Highway 55 removed the 12-inch C-900 water main. This was without adequate notice to the Eagle Water Company. An 8-inch line was installed last summer to provide emergency service to the area. The original 12-inch line was the feeder to a 60 HP booster pump that serves the Eagle Springs and Brenson subdivisions. The 8-inch temporary line did not supply enough water to the booster pump for the amount of irrigation the Eagle Springs and Brenson homeowners and Eagle Springs Homeowners Association, Inc. were using during the peak of the 2005 irrigation season. This resulted in a pressure below 40 psi (pounds per square inch) in the main lines serving above elevation 2,700 in Eagle Springs.

The 12-inch line has now been reinstalled and the pressure has increased. If the excessive irrigation demand is reduced and the peak demand is spread over a longer time period, pursuant to the Commission's directive to Eagle Springs customers, then the pressure should be above the required minimum.

The 12-inch pipe installation, however, is only a short term fix. Consequently, the Idaho Department of Environmental Quality ("DEQ") has requested assurance from Eagle Water that water pressure in the Eagle Springs area would not drop below 20 psi at the meter. As a result, we have looked at alternate methods to ensure pressure would remain above the required DEQ minimums. Those options are discussed below.

OPTION 1

The first option we evaluated was changing out the existing booster pump from the current 60 H.P. to a 100 H.P. pump with enough pressure to maintain a pressure of 40 psi at 9658 Big Springs (the highest residential service elevation in Eagle Springs). During the high demand time, this would increase the pressure at the pump on the discharge side

from the existing 90-plus psi to the 120-125 psi range. The increased pressure would be even worse in normal demand times. To do this it would require Pressure Reducing Valves ("PRVs") to be installed on 141 homes on the lower side of the system serving Brenson Subdivision. In addition, a new meter box would be required for every two of the 141 homes and 5 Common Areas to accommodate the PRVs.

The meter at each home would have to be moved onto the property and the new meter box installed with the PRV. This reconstruction will require repair of the lawns and sidewalks at each home.

The construction cost for Option 1 is estimated to be:

Pump	21,500.00
Material	25,000.00
Labor	18,000.00
25% profit	16,125.00
Miss.10%	6,450.00

TOTAL \$ 87,075.00

This cost is approximately \$364.00 per house. This station would have to be designed by a professional Engineer, approved by DEQ, and constructed. The estimated time frame for the construction would be 38 days for a 3 man crew with equipment of a backhoe and truck. Including the time needed for engineering design and DEQ approval time, this option would take six (6) weeks at a minimum, well past the current irrigation season.

OPTION 2

We also evaluated adding another booster pump to serve the 51 highest elevation customers in Eagle Springs. The cost estimate and details are as follows.

To be sure there is 40 psi in the mainline serving the highest home in Eagle Springs, a booster station would be required in Big Springs Street at approximately elevation 2700. This booster facility would have two pumps in accordance with DEQ requirements, unless a waiver could be obtained. If a waiver could be obtained this price could be significantly reduced.

Again this station would have to be designed by a professional Engineer, approved by DEQ, and constructed... This would take approximately six (6) week at a minimum, once again putting the solution well past the current irrigation season.

An estimated cost for this duplex-pump booster station would be as follows:

2 Pumps	@ \$4200.00	\$ 8,400.00
2 VFD's	@ \$2050.00	\$ 4,100.00
1 Electrical Service Concrete Structure		

	Est 14500.00	\$14,500.00
Piping		\$ 5,000.00
Pressure Sustaining Valve		\$ 4,125.00
Street Repair		\$14,000.00
Engineering Design & Inspections		\$ 6,025.00
Misc. Minor items		\$ 4,000.00
	Total	\$60,450.00
Contractor Overhead & Profit	@ 25%	\$15,112.50
Contingency	@ 10%	\$ 6,045.00
	Grand Total	\$81,607.50

This would result in a cost of approximately \$1600.00 per affected service.

OPTION 3

While evaluating the potential short-term fixes it became evident that another well is essential..

The evaluation of Option 1 and Option 2 were based on the assumption that adequate water is available. However, if one of the two main wells were to break down or fail, for any reason, then there would not be adequate supply to either of the booster pumps. This potential supply problem was previously noted by this Engineer and discussed with the Eagle Water Company. Eagle Water directed us to prepare a set of specifications and a design for a well capable of producing a minimum of 2000 gallons per minute (gpm). These specifications and design were completed, a permit was obtained from the Idaho Department of Water Resources, and approval was obtained from the DEQ. These specifications and approval letters are enclosed.

The wells serving Eagle Water customers pumped 4,763,00 gallon on 15 August 2004. On 17 July 2005, 5,156,000 gallons was pumped. Using the pumping rate timed on August 5, 2005 as the maximum the existing wells can supply, the daily rate would be 7,138,00 gallons per day. This rate was based on a short interval observation of the two biggest producing wells on August 5th. This observed rate was approximately 2,000 gpm on either well. If either one of these 2000 gpm wells failed, then the maximum pumping rate would not produce the required quantity and, consequently, pressure.

A cost estimate to bring a new well online is as follows:

Well Lot Cost	100'x100' Lot	\$ 40,000.00
Well Drilling, Test Pumping Etc.		\$110,000.00
Pump House	384 sq. ft.	\$ 25,500.00
I.P. Co. Electricity to Pump House		\$ 5,000.00

Pump, Column, Strainer, Etc. installed	\$ 54,000.00
300 HP Electric Motor	\$ 18,000.00
300 HP Frequency Drive	\$ 18,000.00
Electrical Installation	\$ 15,000.00
Piping, Valves, Air Vac., etc. installed	\$ 20,100.00
1,600 feet of mainline, installed	\$ 60,000.00
Engineering	\$ 21,205.00
Legal	\$ 3,500.00
TOTAL	\$390,305.00

There was not sufficient time to consider other methods to satisfy the Eagle Springs pressure problem. But in accordance with the Idaho Public Utilities Commission's recent order, we are submitting an estimate to prepare a master plan and system evaluation to include computer based simulation of the existing system and a model of needed improvements. Considering the fast-paced growth of Eagle over the last two or three years, and projecting future demand accordingly, we expect this Engineering Study to demonstrate the need for yet another new supply source to meet this growing demand.

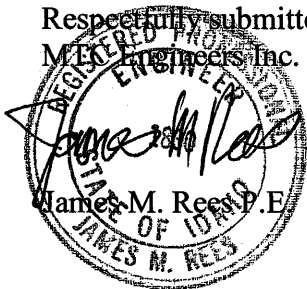
Estimate for detailed Engineering Report of Eagle Water Co. System

Up grade Computer Program		
Software Upgrade	\$ 4,995.00	
Tax	\$ 249.75	\$ 5,244.75
Install program time 8 Hrs. @ \$60.00/Hr		\$ 480.00
Up grade Map of existing system		
80 Hrs. @ \$60.00/Hr		\$ 4,800.00
Date entry of system into computer program		
320 Hrs. @ \$60.00/Hr.		\$19,200.00
Collecting System Data, Elevations, Pump curves Pressures, flows		
240 Hrs. @ \$70.00/Hr.		\$16,800.00
Computer Runs		
80 Hrs. @ \$85.00/Hrs.		\$ 6,800.00
Changing computer data for System, analysis i.e. to show where Lines are needed—how much additional source and location of these wells. Evaluate Storage Reg'd		
160 Hrs. @ \$85.00/Hr.		\$13,600.00
Recording Pressure Meters 4 @ \$480/each		\$ 1,920.00
Data from Compass Population estimates & Maps		\$ 4,250.00
Write Report and Exhibits		
80 Hrs. @ \$85.00/Hr.		\$ 6,800.00
Total		\$79,894.75

CONCLUSION

Based on the short study time and the length of time to construct either Option 1 or Option 2, it is our professional conclusion that the best short term solution is to continue with alternate-day and staggered-hour irrigation in the Eagle Springs and Brenson subdivisions for the remainder of the current irrigation season. In addition, it is our professional opinion that a new well should be drilled as soon as possible and a complete study of the system conducted that will outline global solutions and system planning for the next three to five years. We anticipate such a study will take a minimum of three months to complete.

Respectfully submitted,
M. E. Rees, Inc.



James M. Rees, P.E.

Enclosures



STATE OF IDAHO
DEPARTMENT OF
ENVIRONMENTAL QUALITY

1410 North Hilton • Boise, Idaho 83706-1255 • (208) 373-0502

Dirk Kempthorne, Governor
C. Stephen Allred, Director

TSCEE-51/2004

February 27, 2004

James M. Rees, PE
MTC, Inc.
707 N. 27th Street
Boise, Idaho 83702-3113

RE: Eagle Municipal Well #7, Well Construction Design

Dear Mr. Rees:

DEQ staff has completed evaluation of the Well Construction specification. The well construction is determined to be acceptable following incorporation of the changes listed below. Staff will convey this position to IDWR.

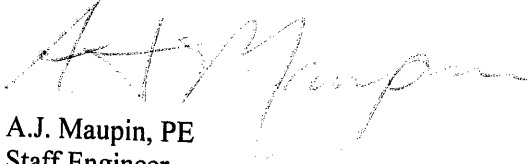
- 1) Clay seals may only be used in wells with annular gaps greater than six inches. (RSWW 3.2.5.9.c, 2003 Edition. Clay Seals "Where an annular opening greater than six inches is available a clay seal of clean local clay mixed with at least 10 per cent swelling bentonite may be used when approved by the reviewing authority.")
- 2) Test pumping shall adhere to the requirements stated in the 10 States Standards (a), and IDAPA rules for duration of testing with respect to drawdown (b).
 - a) RSWW 3.2.4.1.e, 2003 Edition: "The test shall provide, as a minimum, for continuous pumping for at least 24 hours at the design pumping rate or until stabilized drawdown has continued for at least six hours when test pumped at 1.5 times the design pumping rate, or as required by the reviewing authority."
 - b) IDAPA 58.01.08.550.03.f.i states: "The well shall be test pumped at the desired yield (design capacity) of the well for at least twenty-four (24) consecutive hours after the drawdown has stabilized. Alternatively, the well may be pumped at a rate of one hundred fifty percent (150%) of the desired yield for at least six (6) continuous hours after the drawdown has stabilized. In either case, if the drawdown does not stabilize, the pumping must continue for at least seventy-two (72) consecutive hours. The field pumping equipment must be capable of maintaining a constant rate of discharge during the test. Discharge water must be piped an adequate distance to prevent recharge of the well during the test. If the well fails the test protocol, the well design shall be re-evaluated and submitted to the Department for approval. (5-3-03)"
- 3) Add the following data to the test pumping data submittal per RSWW 3.2.4.1.f, 2003 Edition.
 - a) Test pump capacity-head characteristics,
 - b) depth of test pump setting,
 - c) time of starting and ending each test cycle, and
 - d) the zone of influence for the well.

James M. Rees, PE
February 27, 2004
Page 2

- 4) Add the following information requirements per RSWW 3.2.4.1.g, 2003 Edition. "A report shall be submitted which provides recordings and graphic evaluation of the following at one hour intervals or less as may be required by the reviewing authority:
- a) pumping rate,
 - b) pumping water level,
 - c) drawdown, and
 - d) water recovery rate and levels."

This encompasses DEQ's requirements and expectations for the design and construction of this community public drinking water well. If you have any questions, or comments concerning issues addressed in this letter, please contact me at 208-373-0140, or at amaupin@deq.state.id.us.

Sincerely,



A.J. Maupin, PE
Staff Engineer

AJM:sjt

- c: Chas Ariss, PE, IDEQ Boise Regional Office
Robert Whitney, Idaho Department of Water Resources
Robert Deshazo, President, Eagle Water Company
TSCEE Reading File
BRO Source File - Engineering, Reading File



State of Idaho

DEPARTMENT OF WATER RESOURCES

1301 North Orchard Street, Boise, ID 83706 - P.O. Box 83720, Boise, ID 83720-0098
Phone: (208) 327-7900 Fax: (208) 327-7866 Web Site: www.idwr.state.id.us

DIRK KEMPTHORNE
Governor

KARL J. DREHER
Director

March 5, 2004

EAGLE WATER CO INC
PO BOX 455
EAGLE ID 83616

RE: PERMIT NO. 63-12559

Dear Permit Holder:

Enclosed is a copy of the approved request for extension of time submitted in connection with the above referenced permit that extends the time within which to submit proof of beneficial use to **March 1, 2006**. The department has granted this extension based on governmental agency delay. It is important that you work diligently toward the completion of the development during the construction period allowed since the department may not be able to grant additional extensions in connection with this permit.

Section 42-248, Idaho Code, requires you or the owner of this water right to maintain current ownership and address records on file with the department. Please contact any office of the department for the proper form to file a change of ownership of a water right and/or a change in the address of the owner.

Please contact me directly at (208) 327-7953 if you have any questions or information.

Sincerely,

A handwritten signature in cursive script that reads "Deborah J. Gibson".

Deborah J. Gibson
Administrative Assistant
Water Allocation Bureau

Enclosure

c: IDWR - Regional Office

99-621

For Office Use Only
\$50 Fee Received by pmc
Date 2-27-04
Receipt No. C077827

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
REQUEST FOR EXTENSION OF TIME RECEIVED
TO PROVIDE ADDITIONAL TIME IN WHICH TO SUBMIT PROOF OF BENEFICIAL USE FOR A WATER RIGHT PERMIT
FEB 27 2004

The Idaho Department of Water Resources will consider this form as a request that the permit holder(s) be granted an additional period of time under the provisions of Section 42-204, Idaho Code in which to complete development of a water right.

Permit No. 63 12559
Name(s) of Permit Holder: Eagle Water Co., Inc.
Address: 172 W. State Unit D/P.O. Box 455 City Eagle State ID Zip 83616
Telephone No. 028-939-0242 Date Proof is Due: March 1, 2004

Describe what work has been completed toward the development of this water right
(This must be filled out! If no work has been completed, show "none".)

Please see attached letter.

Costing \$ _____

The permit holder(s) has been unable to complete the remainder of the work for the following reasons:

Please see attached letter.

Permit holder(s) request an extension to March 1, 2006

[Signature]
(Signature)
*If other than permit holder, Power of Attorney must be supplied.

ACTION OF THE DEPARTMENT OF WATER RESOURCES

IT IS HEREBY ORDERED that the above request for extension of time be APPROVED and the time within which to submit proof of beneficial use is extended to March 1, 2006.

Signed this 4th day of March, 20 04

[Signature: Gary Spackman]
GARY SPACKMAN

99-621

EAGLE WATER CO., INC.

P.O. BOX 455, EAGLE, ID. 83616 (208) 939-0242
FAX (208) 939-0267

FACSIMILE COVER SHEET

DATE: March 8, 04

TO: Jim Rees

COMPANY MTC, Inc.

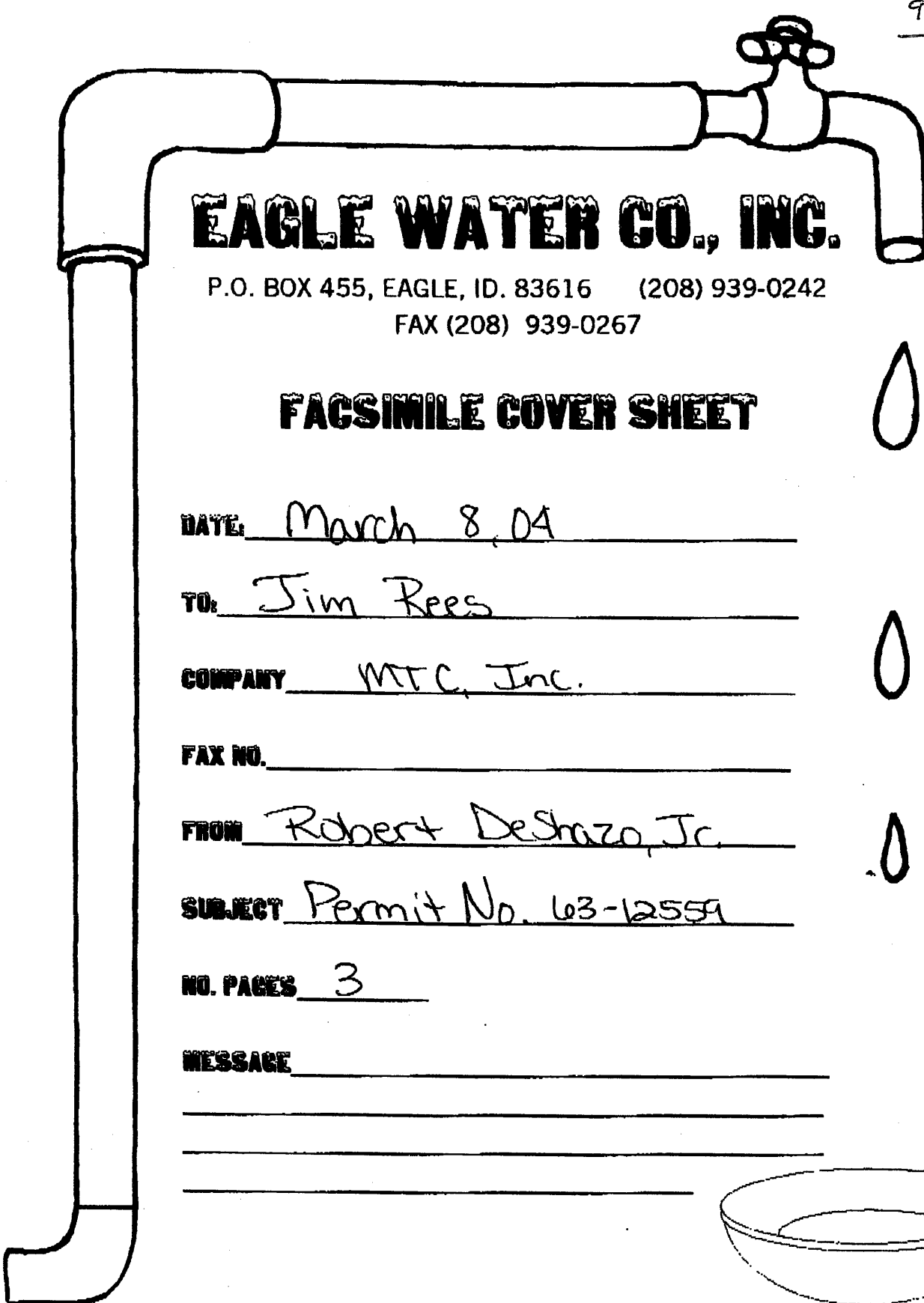
FAX NO. _____

FROM Robert DeShazo, Jr.

SUBJECT Permit No. 63-12559

NO. PAGES 3

MESSAGE _____





STATE OF IDAHO
DEPARTMENT OF
ENVIRONMENTAL QUALITY

1410 North Hilton • Boise, Idaho 83706-1255 • (208) 373-0502

Dirk Kempthorne, Governor
C. Stephen Allred, Director

TSCEE-102/2004

April 14, 2004

James M. Rees, PE
MTC, Inc.
707 N. 27th Street
Boise, Idaho 83702-3113

RE: Eagle Municipal Well #7, Special Conditions Document

Dear Mr. Rees:

DEQ staff has received and reviewed the Special Conditions specification submitted for Eagle Water Company's well #7. This document, in combination with the cover letter, addresses the conditions presented in DEQ letter number TSCEE-51/2004, dated February 27, 2004.

The well construction is determined to be acceptable, based upon the changes identified in these documents. Staff will convey this position to IDWR. If you have any questions, or comments concerning issues addressed in this letter, please contact me at 208-373-0140, or at amaupin@deq.state.id.us.

Sincerely,

A handwritten signature in cursive script, appearing to read "A.J. Maupin".

A.J. Maupin, PE
Staff Engineer

AJM:slt

c: Chas Ariss, PE, IDEQ Boise Regional Office
Robert Whitney, Idaho Department of Water Resources
Robert Deshazo, President, Eagle Water Company
TSCEE Reading File
BRO Source File - Engineering, Reading File

SPECIFICATIONS FOR DRILLING

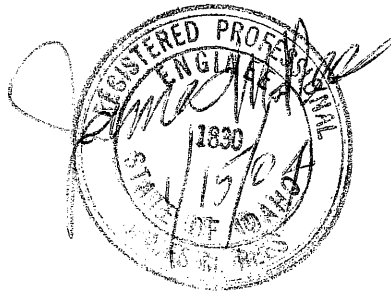
OF

EAGLE WATER COMPANY, INC.

WELL NUMBER 7

(Revised Jan 13, 2004)

GENERAL INFORMATION, PROPOSAL,
CONTRACT AGREEMENT, GENERAL CONDITIONS,
SPECIAL SPECIFICATIONS, AND WELL SKETCHES



EAGLE WATER COMPANY, INC.

P.O. Box 455

Eagle, Idaho 83616

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SECTION (A)
CONTRACT DOCUMENTS

EAGLE WATER COMPANY, INC. WELLS

GENERAL INFORMATION

1. General: The work contemplated under this Contract comprises the drilling of one water supply well using a rotary drill rig including but not limited to drilling, installation of casing and screens, well development, and all testing required by the State of Idaho including bacterial, chemical, yield and draw-down. It is estimated that the well will be approximately 450 feet in final depth. It is the intent of these Specifications that the Contractor shall furnish all necessary labor, equipment, and materials as not provided by the Owner, and he shall perform all operations required for the completed water supply well.
2. Specifications: The Specifications under which it is proposed to execute this work consists of all the information bound or referenced herewith and is intended to be mutually cooperative and to provide the details reasonably required for the execution of the proposed work. Any interpretation as to the meaning or the intent of the Specifications should be directed to the Engineer in writing. Any interpretation or change in the Specifications shall be made only in writing and a copy of such interpretation or change shall be mailed or delivered to each Bidder. The Owner will not be responsible for any other explanations or interpretations of the Specifications.
3. Type of Proposal: Proposals for the work contemplated are to be submitted on a unit price basis unless a lump sum basis is specifically designated for certain items.
4. Estimated Quantities: The estimate of quantities of work to be done is approximate only and is solely for the basis of calculation upon which the contract award shall be based.
5. Preparation of Proposals: All blank spaces in the Schedule of Items and Prices for the well being bid upon must be filled in with ink or typewriter. No changes shall be made in any of the items within the Proposal. Where the word "none" is applicable, it should be inserted.
6. Submission of Proposal: Proposals must be made on the prescribed forms bound herewith and submitted to the Owner, intact with the complete Specifications, within 30 days after receipt by the Bidder. There will be no public opening of bid proposals. The Owner will open and review bid proposals at his option. Any proposal shall be deemed informal which contains omissions, erasures, alterations or additions, or items not called for or which in any other manner shall fail to conform to the conditions of these Specifications. The Bidder shall sign the Proposal in the space provided therefore.
7. Withdrawal of Proposal: No proposal may be withdrawn after the time scheduled for submission of said proposal until a period of thirty (30) days after the date of submission shall have elapsed.
8. Conditions of Work: Each bidder must inform himself of the conditions relating to the work and it is assumed that he has inspected the site of the work and has made himself

familiar with the Specifications. Failure to do so will not relieve the successful bidder of his obligation to enter into a contract and complete the work in accordance with the Specifications. Each bidder must also inform himself on all laws and statutes relative to the execution of the work, employment of labor, protection of public safety and private property, right-of-way and access to the work, and similar requirements.

9. Award of Contract: The Owner reserves the right to accept or reject any or all proposals. The acceptance of any proposal will be made in writing, together with a notice to proceed, mailed to or delivered to the office designated in the successful Bidder's proposal. The successful Bidder shall, within seven (7) days after receiving the written acceptance of award and notice to proceed from the Owner, execute the Contract Agreement attached hereto with the Owner for the performance of the work.
10. Performance and Payment Bond: The successful Bidder shall be required to furnish the Owner at the time of execution of the Contract Agreement, a performance and payment bond in full amount of the contract price which bond shall be in force for one year after the date of final payment for the work to insure payment of all claims made against the Contractor for the payment of labor, materials, and other services in accordance with the laws of the State, and cover all guarantees against defective workmanship and materials. The Surety Company furnishing this performance bond shall be acceptable to the Owner and shall be further authorized to do business in Idaho. The Contractor shall pay the cost of the bond.
11. Time for Completion: The successful Bidder shall commence the work included under this Contract within sixteen (16) days after execution of the Contract and prosecute said work diligently until completed in all respects. Completion date for this Contract shall be within 120 days after execution of this Contract.
12. Licenses: All Bidders shall be duly licensed well drilling contractors within the existing provisions of Idaho State laws.

EAGLE WATER COMPANY, INC. WELLS

PROPOSAL

TO: EAGLE WATER COMPANY, INC.

The undersigned, hereinafter called the Bidder, declares that the only persons or parties interested in this Proposal are those named herein and that this Proposal is in all respects fair and without fraud; that it is made without collusion with any official or employee of the Eagle Water Company, Inc., hereinafter called Owner, and that the Proposal is made without any connection or collusion with any other person or firm making another proposal on this same Contract.

The Bidder agrees that if this Proposal is accepted by the Owner, he will within seven (7) days after notification of the acceptance, execute the Contract with Owner in the form attached hereto and will at the time of execution of the Contract deliver a performance and payment bond, and will to the extent of this Proposal, furnish all machinery, tools, and other means of construction and do all the work and furnish all materials as not provided by the Owner which are necessary to complete the work in the manner covered by the Specifications. Contractor shall pay for the bond.

The bidder further agrees to begin work within sixteen (16) days after execution of the Contract and to prosecute the work diligently until completed in all respects. Completion date for this Contract shall be within 120 days after execution of this Contract.

The Bidder further agrees to accept as full payment for the work proposed herein the amount computed under the provisions of the Specifications and based on the unit price or lump sum amounts as set forth herein under the appropriate Schedule for Items and Prices. It shall be expressly understood that the unit prices are independent of the exact quantities involved and that the unit prices stated herein represent a true measure of the labor and materials required for the work including any and all allowance for overhead or profit.

If the Bidder is awarded a Contract based upon this Proposal, the surety who will provide the performance and payment bond will be _____ whose address is _____.

The Bidder further certifies that he has carefully examined the Specifications for the work; that he has personally inspected the sites; that he has satisfied himself as to the quantities of materials, items of equipment and conditions of work involved; that this Proposal is made according to the provisions and terms of the Specifications; and that he is aware and has taken into consideration all factors which may affect this Proposal.

SECTION (B)
GENERAL CONDITIONS

EAGLE WATER COMPANY, INC. WELLS

GENERAL CONDITIONS

1. Owner: Wherever the word "Owner" appears, it shall signify Eagle Water Company, Inc., P.O Box 455, Eagle, Idaho 83616, acting through its duly authorized officers.
2. Contractor: Wherever the word "Contractor" appears, it shall signify the party or parties contracting with the Owner to perform the work outlined and contemplated herein.
3. Engineer: Wherever the word "Engineer" appears in these Contract Documents, it shall signify the representative of MTC, Inc., 707 N. 27th Street, Boise, Idaho 83702.
4. Written Notice: Wherever the term "Written Notice" appears, it shall signify a written communication delivered in person to the individual or to a member of the firm for whom it is intended, or is delivered or sent by registered or certified mail, to the last business address known to him who gives such notice.
5. Work: Wherever the term "Work" appears, it shall signify all materials, labor, tools and all other appliances, machinery and appurtenances necessary to perform and complete everything covered in the Specification and such additional items of labor, material and equipment not specifically indicated or described but which can be reasonably inferred as belonging to the item described or indicated and as required by good practice to provide a complete and satisfactory well.
6. Bidder: Wherever the term "Bidder" appears, it shall signify any person, firm, partnership or corporation submitting a proposal on this project.
7. Days: Wherever the term "Days" appears, it shall refer to consecutive calendar days.
8. Alterations: The owner, without invalidating the Contract, may order extra work or may make changes in the specifications by altering, adding to, or deducting from the work originally planned. All such work shall be executed under the conditions of the original contract except that claims for extension of time for completion and payment for extra work occasioned by such changes shall be adjusted at the time of making the change. The Engineer shall have authority to make minor changes in the work not involving extra cost and not inconsistent with the purpose of the Contract. In other cases, however, except in an emergency endangering life and property, extra work or deductions from the work shall be made only upon a written order from the Owner stating that the Owner has authorized the change. No claim for additional payment shall be valid unless so ordered in writing.

Any changes or alterations, which reduce the quantity of work to be done, shall not constitute a claim for damages for any anticipated profit on the work that is thus dispensed with.

9. Inconsistencies and Omissions: The Specifications are complementary, and what is called for by any one shall be as binding as if called for by all. The intent of the Specifications is to include all labor and material (except any specific items to be furnished by the Owner), equipment, machinery, and transportation necessary for the proper execution of the work. Materials or work described in words, which so applied have a well known technical and trade meaning shall be held to refer to such recognized standards. Should any discrepancies occur or any misunderstanding arise as to the import of anything contained in the Specifications, the explanations and decisions of the Engineer shall be final and conclusive on the Contractor, and all directions and explanations required to complete any of the provisions will be given by the Engineer. Where inconsistencies exist between the Special Conditions and any other portion of these Specifications, the Special Conditions shall govern.
10. Authority of the Owner: The owner shall have general supervision and direction of the work. He has authority to stop the work whenever such stoppage may be necessary to insure the proper execution of the Contract. He shall also have authority to reject all work and materials which do not conform to the contract, to direct the application of forces to any portion of the work as in his judgment is required, to order the force increased or diminished, and to decide questions which arise in the execution of the work. To prevent disputes and litigations, the Owner shall, within a reasonable time after their presentation to him, make decisions, in writing, on all claims of the Contractor and on all other matters relating to the execution and progress of the work or the interpretation of the Specifications; his estimate and decision shall be final and conclusive. The Owner shall not have authority to order changes in the work or extra work except as provided. The Owner shall have at all times full access to all parts of the work. The inspection of the work done shall not relieve the Contractor of his obligations to furnish proper materials, certifications and perform sound and reliable work.
11. Reception of Owner's Directions: The superintendent or other authorized representative of the Contractor shall represent the Contractor in his absence from the job site and all directions given to him shall be binding as if given to the Contractor. Important directions shall be confirmed in writing to the Contractor and other directions shall be likewise confirmed in writing upon request of the Contractor.
12. Right to Retain Imperfect Work: If any part or portion of the work done or material furnished under the Contract shall prove defective and not in accordance with the Specifications, and if the imperfection in the same shall not be of sufficient magnitude or importance as to make the work dangerous or undesirable, or if the removal of such work will create conditions which are dangerous or undesirable, the Owner shall have the right and authority to retain such work but shall make such deduction in the final payment therefore as may be just and reasonable.
13. Insurance: The Contractor shall not commence any work until he has provided insurance coverage, as evidence by an Insurance Certificate or Certificates on a form supplied by the Owner. The required coverage shall be indicated below.

TYPE INSURANCE

Workmen's Compensation Comprehensive General Liability, Including

1.	Contractors Liability	Each Person	\$250,000	Each Accident	\$250,000
		Each Accident	500,000	Aggregate	500,000
2.	XCU hazards of explosion, blasting, collapse & underground	Each Person	\$250,000	Each Accident	\$250,000
		Each Accident	500,000	Aggregate	500,000
3.	Contractual Liability	Each Person	\$250,000	Each Accident	\$250,000
		Each Accident	500,000	Aggregate	500,000
4.	Contractors Protective Liability	Each Person	\$250,000	Each Accident	\$250,000
		Each Accident	500,000	Aggregate	500,000
	Comprehensive Auto Liability, including owned vehicles, hired vehicles and other non-owned vehicles	Each Person	\$250,000	Each Accident	\$100,000
		Each Accident	500,000		

The Contractor shall pay the premiums thereon and maintain such insurance in effect until the completion of the work hereunder. Notice of expiration of any such insurance must be forwarded to the Owner ten (10) days before expiration.

The Contractor shall agree to indemnify, hold harmless and defend the Company from and against any and all liability for loss, damage or expense which the Owner may suffer or for which the Owner may be held liable by reason of injury (including death) to any person or damage to any property arising out of or in any manner connected with the work under this Contract whether or not due in whole or in part to any act, omission or negligence of the Owner or any of its representatives or employees together with any and all attorneys fees incurred by the Owner on account thereof.

14. Maintenance Guarantee: The Contractor agrees to make any repairs or replacements necessary at his own expense for defects in materials or workmanship supplied by him that become evident within one (1) year after the date of final payment. The Contractor shall make all repairs and replacements promptly upon receipt of written order from the Owner, and if he fails to make such repair or replacement promptly, the Owner may then do the work and the Contractor and his surety shall be liable for the cost thereof.

15. Superintendence: The Contractor shall keep on the work, during its progress, a competent superintendent and necessary assistants, all satisfactory to the Owner. The Contractor shall give efficient supervision to the work, using his best skill and attention.
16. Employees: The Contractor shall employ only competent, skillful personnel to do the work; and whenever any person shall appear to the Owner to be incompetent or to act in a disorderly or improper manner, such persons shall be removed from the work immediately upon notification from the Owner and shall not be employed on the work again, except by consent of the Owner. The Contractor shall at all times enforce strict discipline and good order among his employees. The Contractor shall comply with all labor rules, wage scales, and regulations of the Government of the United States, and the State, City or Town and County in which the work is to be done, including nondiscriminatory laws.
17. Materials and Workmanship: The Contractor shall provide any pay for all materials, all labor, tools, equipment, light, power, transportation, and other facilities necessary for the execution and completion of the work.

Unless otherwise specified, all materials shall be new, and both workmanship and materials shall be of a good quality. The Contractor shall, if required, furnish satisfactory evidence as to the kind and quality of materials.

18. Release: The final payment shall not become due until the Contractor shall submit to the Owner a complete release of all liens arising out of this Contract, or receipts in full in lien thereof, and an affidavit that so far as he has knowledge or information, the releases and receipts include all the labor and materials for which a lien could be filed; but the Contractor may, if he is unable to furnish a release or receipt in full as provided above, furnish a bond satisfactory to the Owner to indemnify him against any lien. If any lien remains unsatisfied after all payments are made, the Contractor shall refund to the Owner all monies that the latter may be compelled to pay in discharging such a lien, including all costs and a reasonable attorney's fee.
19. Subcontracting: The Contractor shall, as soon as practicable after the execution of the Contract, notify the Owner, in writing, of the names of any subcontractors which he plans to use on this Contract and shall not employ any that the Owner may within a reasonable time object to as incompetent or unfit.
20. Progress of the Work: The Contractor shall commence the work contemplated under these Contract Documents within sixteen (16) days after the date of execution of the Contract and receipt of the Owner's notification to begin work; it being expressly understood and agreed that the time of beginning, rate of progress, and time of completion of the work are of the essence of this Contract. All work included under this Contract shall be completed within 120 days after execution of this Contract.

21. Assignment: Neither party to the Contract shall assign the Contract or sublet it as a whole without the written consent of the other; nor shall the Contractor assign any monies due or to become due to him hereunder without the previous written consent of the Owner.
22. Owner's Right to Terminate Contract: If the Contractor should be adjudged a bankrupt, or if he should make a general assignment for the benefit of his creditors; or if he should persistently or repeatedly refuse or should fail, except in cases for which extension of time is provided, to supply enough properly skilled workers or proper materials, or if he should fail to make prompt payment to subcontractors or for material or labor, or persistently disregard laws, ordinances, or the instruction of the Owner; or otherwise be guilty of a substantial violation of any provision of the Contract or any laws or ordinance, then the Owner, when sufficient cause exists to justify such action, may, without prejudice to any other right or remedy, and after giving the Contractor and Surety seven (7) days written notice, transfer the employment for said work from the Contractor to the Surety. Upon receipt of such notice, the Surety shall enter upon the premises and take possession of all materials, tools, and appliances thereon for the purpose of completing the work included under this Contract and employ, by contract or otherwise, any person or persons to finish the work and provide the materials therefore without termination of the continuing full force and effect of this Contract. In case of such transfer of employment to such Surety, the Surety shall be paid in its own name on estimates according to the terms hereof without any right of the Contractor to make any claim for the same or any part thereof. In lieu of the foregoing, if the Owner so elects, he may terminate the employment of the Contractor and take possession of the premises and of all materials, tools, and appliances thereon and finish the work by whatever method he may deem expedient. In such case, the Contractor shall not be entitled to receive any further payment until the work is finished. If the expense of completing the Contract, including compensation for additional managerial and administrative services, shall exceed such unpaid balance, the Contractor shall pay the difference to the Owner.
23. Basis of Payment: In consideration of the faithful performance of all the covenants, stipulations, and agreements in this Contract to be kept and performed by the Contractor, the Owner covenants and agrees to pay the Contractor, the amount bid in the Contractor's Proposal for the work actually performed as determined by the final estimate, together with any amounts due for extra work not classified under the items listed in the Contractor's Proposal as provided in these General Conditions less any deductions for claims and damages paid by the Owner due to acts or omissions of the Contractor and for which he is liable under this Contract.
24. Extra Work: Any work necessary or required to carry out the intent of these Specifications by changes clearly not indicated or which cannot reasonably be implied from the intent and meaning thereof shall be paid for at the unit price agreed to in the Specifications. If this extra work cannot be classified under any of the items for which unit prices are listed in the Contractor's Proposal, it shall be paid for as extra work at the rate agreed to in writing between the Contractor and the Owner prior to the time of commencing such extra work. If such method payment cannot be agreed upon prior to the beginning of the work, then such

work shall be performed by the Contractor on the basis of furnishing labor and material at costs and labor rates in effect at the time the work is accomplished.

25. Final Payment: Upon completion of the work, the Contractor shall notify the Owner in writing that he has completed the Contract and shall request final payment. Upon approval of this final estimate by the Owner and receipt by the Owner of the release required under these General Conditions and within ten (10) days after the time limit for the filing of all liens shall have expired, the Owner shall pay to the Contractor all monies due him under the provisions of the Specifications, including any retained percentages.
26. Protection of Property: The Contractor shall maintain adequate protection of all of his work from damage and shall protect the Owner's property from injury or loss arising in connection with the work.
27. Safety Precautions: The Contractor shall take all necessary precautions for the safety of the employees and shall comply with all applicable regulations and laws to prevent accidents or injury to persons on or adjacent to the job site. He shall erect and properly maintain at all times the necessary safeguards for the protection of workers and the public and shall post danger or warning signs against hazards created by the construction. Said work is to be conducted that no liability will accrue under the Employers' Act of Idaho.
28. Minimum Wage Rate: The prevailing wage rates for Ada County, Idaho which are to be paid employees engaged in this work, in accordance with Section 44-100 (c) of the Idaho Code are prescribed by the Commission of Labor for Idaho and are published periodically. The Contractor shall conform to this Section of the Idaho Code.
29. Permits, Certificates, Laws and Ordinances: The Contractor shall, at his own expense, procure all permits, certificates and licenses required of him by law for the execution of his work. He shall comply with all Federal, State or local laws, ordinances or rules and regulations relating to the performance of the work.
30. Materials Furnished by the Contractor: Where the term "furnishing" is used herein, it shall include handling, transporting, unloading, storing, protecting from the elements and vandalism, and distribution to the construction site. The Contractor is responsible for the care and protection of all materials until incorporated into the system and accepted. Payment in all cases shall constitute full compensation for all transportation, handling and incidentals; no additional payments will be made on any item over and above the prices as stated in the Contractor's Proposal, except as otherwise provided herein.

SECTION (C)

SPECIAL CONDITIONS

EAGLE WATER COMPANY, INC. WELLS

SPECIAL CONDITIONS

SECTION C-1 GENERAL:

- a. Scope: This Specification covers the complete drilling, casing, screening, development, and testing of the water supply well for Eagle Water Company, Inc. As stated herein, the estimated quantities are only approximate. The Owner reserves the right to increase or decrease individual items in such amount as may be, in his sole judgment, to his best interest, depending upon conditions encountered or observed during drilling.
- b. Location: The general location of the well is as follows:
The well site is located in the SE1/4 NE1/4 SW1/4, Section 15, T.4N., R.1E., B.M., Eagle, Ada County, Idaho. Said location is approximately 0.25 miles southwest of the intersection of State Highway 44 and State Highway 55. The exact location of the well will be staked in the field prior to the award of the Contract.
- c. Minimum Well Construction Standards: The contractor shall be required to conform to the applicable portions of the Minimum Well Construction Standards established by the Idaho Department of Water Resources. All construction equipment, holes, pits and chemical storage and use shall comply fully with all requirements of OSHA.

The Engineer and IDWR Representative must be notified 24 hours before drilling and before the seal is placed and must be on site to observe the sealing. Any seal placed without the Engineer and IDWR Representative being on site will not be accepted.
- d. Mobilization: The contractor shall move in all necessary tools, equipment and supplies required for the work, and upon completion of the work shall remove all such items including rubbish, drilling debris and cuttings from the premises promptly and leave the site in a neat and orderly fashion as close to original condition as feasible. Payment for any work under this paragraph shall be at the lump sum price bid in the bid schedule.
- e. Testing: Upon completion of the development of this well, the Contractor shall test said well in the presence of the engineer to determine the yield and draw-down in accordance with requirements of Recommended Standards for Water Works and the State of Idaho Rules for Public Drinking Water. The well shall be test pumped at the desired yield for the well for at least twenty-four (24) consecutive hours after the drawdown has stabilized. Alternatively, the well may be pumped at a rate of one hundred fifty percent of the desired yield for at least six (6) continuous hours after the drawdown has stabilized. In either case, if the drawdown does not stabilize, the pumping must continue for at least seventy-two consecutive hours. The field pumping equipment must be capable of maintaining a constant rate of discharge during the test. Discharge must be piped an adequate distance to prevent recharge of the well during the test.

The contractor's submittal to the state shall contain the following (items e through f shall be documented on one hour intervals unless otherwise directed in writing by the state):

- a. Test pump capacity-head characteristics
- b. Depth of test pump setting
- c. Time of starting and ending each test cycle
- d. The zone of influence for the well
- e. Pumping rate
- f. Pumping water level
- g. Drawdown
- h. Water recovery rate and levels

Contractor shall document all test results as required by the State of Idaho. Testing equipment shall be capable of delivering a continuous supply of at least 3500 GPM from a depth of 450 feet. All testing discharges shall be piped to a suitable waste site a minimum of 250 feet from the well and be disposed of in an environmentally acceptable manner. Testing shall be with a standard turbine pump. The Contractor shall furnish and install all necessary equipment for the testing including a suitable means for accurately measuring the discharge from the well and the water level in the well during the testing operation. The Contractor shall be responsible for providing a means for safe refueling during operation, to prevent even brief shutdowns during the test. The Contractor shall be responsible for making arrangements with the Owner for satisfactory disposal of water during the test period. Payment for furnishing, installing and removing the testing equipment shall be at the applicable lump sum price bid in the bid schedule. Payment for operating test-pumping equipment shall be at the hourly rate bid for conducting pumping test.

1. Flow measuring Equipment: The Contractor shall provide flow measuring equipment capable of determining discharges of up to 3500 GPM at intervals of 25 GPM.
2. Well level Measurement Equipment: Contractor shall provide a means of accurately measuring water levels in the well before, during and after pumping tests. Electric water level probe or and airline is acceptable. If an airline method is used provide an airline, draw down gauge and air pressure source. The pressure gauge must be accurate to 0.5 psi. The airline shall be securely fastened to the pump unit and shall terminate approximately 2 feet above the pump. If the electric level probe is used it shall be accurately calibrated and be inserted between the pump column and the well casing.
3. A preliminary capacity test will be run prior to the pumping test. Preliminary test shall last approximately 1 hour to check pumping equipment and to estimate production capacity of the well.
4. Records: Make accurate written records of water levels, pumping rates, time intervals and other pertinent details of the pumping test as required by the State of Idaho.

Sand Measurements: The sand content of a new well shall not be more than five (5) parts per million fifteen (15) minutes after the start of test pumping. Sand testing and measurement shall be done in accordance with Idaho Rules for Public Drinking Water Systems, Section 58.01.05.550.03.d.iii.

- f. Plumbness and Alignment: The wells shall be drilled straight and plumb in accordance with the provisions of this paragraph. The casing, upon completion of development, shall be sufficiently straight to a depth of 400 feet. Plumbness and alignment of the well casing shall be tested in accordance with AWWA Standards A-100. It shall be the responsibility of the Contractor to see that the wells are being constructed straight and plumb within these limits at all times. The Owner may at any time make request for Contractor to conduct test or tests as necessary to determine whether these limitations are being met. Any additional work required by the Contractor in redrilling or straightening the well shall be at no cost to the Owner.
- g. Abandonment: In the event that the Contractor fails to complete the well or wells to the depths specified or to a greater depth as may be determined during the actual drilling or should he abandon any well because of loss of tools or equipment or for any other cause, or if any well shall fail to meet the requirements for plumbness and alignment as previously set forth, the Contractor, if requested and as directed by the Engineer, shall fill the abandoned well with clay or cuttings and salvage and remove such casing as can be salvaged. The materials furnished by the Contractor shall remain his property. The cost of abandonment of the well, including the filling and casing, shall be borne solely by the Contractor and no allowance or payment shall be made for the drilling or other work performed by the Contractor on any abandoned well. Any partial payments already made to the Contractor on an abandoned well will be applied to a subsequent well which will meet the provisions of the Specifications.
- h. Disposal of Materials: It is anticipated drilling mud will be recirculated with a loss of no more than two cubic yards. Arrangements for the disposal of all drill cutting, sludge and other materials from the drilling shall be made by the Contractor in accordance with Minimum Well Construction Standards for the State of Idaho, and regulations by IDWR and DEQ. Disposal will be in an approved sanitary landfill or at another site approved in writing by the Engineer that meets all environmental regulations.
- i. Utilities: The Contractor shall be responsible for furnishing or arranging for electricity, water, or other utilities required in the drilling of the well.
- j. Recovery of Tools: In the event of loss of tools or equipment during any phase of the work, the Contractor shall not be entitled to any payment for time spent or expense incurred in an attempt to fish or recover the tools or equipment prior to possible abandonment of any well.

- k. Protection of Water Quality: The contractor shall take all necessary precautions to prevent contamination of the water in the well by the introduction of any foreign substances, including contaminated water, gasoline, oil, etc. The Contractor shall disinfect all down hole materials (gravel filter, packer, etc) and equipment as required by AWWA B-100 Section 3, Recommended Standards for Water Works or the State of Idaho.
- l. Completion and Clean-Up: Upon acceptance of the well by the Owner, the Contractor shall cut off the 16-inch casing at a point not less than 24 inches above ground level or as designated by the Engineer. The casing shall be further protected by covering with a ¼-inch thick steel plate tack welded to the casing, or by other means satisfactory to the Engineer. The well site shall be cleaned up by removing all equipment, materials, and supplies, including the filling of any pits or excavations, and the site left in a neat and orderly fashion. No payment shall be made for any work under this paragraph and the cost of all such work shall be included in the amount bid for other items of work.

SECTION C-2 ROTARY DRILLING:

- a. Sealing: The well shall be sealed from the water producing aquifer to the surface with Bentonite slurry to prevent cross contamination of aquifers and to prevent surface water from entering any aquifers. The annular space between the well casing and the bore opening shall be filled by pumping Bentonite slurry into the annular space from the bottom to the surface. When the Bentonite slurry reaches the surface the contractor shall pump in sufficient cement grout to form a secure cement seal around the bottom of the well casing. Following consolidation of the Bentonite slurry additional Bentonite shall be added to the top of the annular opening. As Bentonite is added to the top the temporary surface casing shall be removed as part of the grouting process. Bentonite slurry shall be mixed in accordance with manufacturer's recommendation and requirements of the State of Idaho. Cement grout will be a mixture of 94 pounds of cement and 5.2 gallons of water or as required by Idaho Well Construction Standard Rules 37.03.09.010.12.

Payment will be made for work under this paragraph in accordance with the lump sum price for providing surface seal as listed in the bid schedule. The lump sum price shall be considered as full compensation to the Contractor for furnishing and installing the seal to include all labor, materials, and equipment required to complete the work. No seal may be placed without a minimum of 150% of estimated seal materials being on site. A minimum of 12 hours shall elapse between the placement of cement grout seal and the resumption of drilling.

- b. Drilling: The well shall contain a 28-inch temporary oversize surface casing as required by Idaho Well Construction Standards and the attached plans. The temporary casing shall extend from the surface into an impervious layer. After the oversize temporary surface casing has been set in place the well shall be drilled to an estimated total depth of 450 feet below ground surface. The well shall be drilled a minimum of 24-inch diameter to accommodate a 16-inch diameter casing, along with a telescoping screen sized for a 16 inch

casing and required gravel filter. It is estimated that all drilling will be in sediments such as clay, silt, sand, or gravel. The Contractor shall provide the well drilling rig and well tools as required, and all other equipment, materials, and supplies required for drilling and completing the well. All such equipment shall be in good condition and properly maintained. Measurement for payment for drilling shall be the depth below ground surface of the hole actually drilled. No classification of materials will be made and payment for drilling will be at the unit price listed in the bid schedule regardless of the type of materials encountered. Only NSF approved drilling materials and mud products will be used in drilling.

Drilling Method: The Contractor shall drill an 8" pilot hole, collect soil samples in accordance with Section C-2.g of Special Conditions and conduct electronic logging of the different soil strata. This information shall be used to determine how the well will be completed. The contractor will provide soil samples for design of screen and gravel packing in the water strata that will be developed. Screen design shall include length and slot size. Following determination the well will be developed further, the pilot hole will be increased to 24" diameter to an estimated depth of 450 feet.

- c. **Casing:** It is contemplated that the well, when completed, shall be cased with a 16-inch diameter casing which shall extend from 2 feet above the ground surface to approximately 450 feet. The screens shall consist of telescoping sections for commercial well screen as set forth elsewhere in these Specifications and drawings and be sized for a 16-inch casing. The 16-inch casing shall have minimum wall thickness of 0.375 inches and conform to ASTM-A53 Grade B - Domestic Prime Specifications. All casings shall be joined with full penetration welds made by properly qualified operators conform to AISC Standards.

Measurement for payment for the permanent casing shall consist of the actual length in linear feet of blank casing installed in the well, not including the lengths of screens.

- d. **Screens:** The Contractor shall furnish and install the appropriate screens. Screens shall be of the continuous wire-wound type (UOP-Johnson manufacturer or equal) in stainless steel suitable for installation in a 16-inch diameter well casing. The screen assembly shall consist of a stainless steel screen along with a minimum 15 foot blank above the screen and 10 foot minimum blank below the screen. The lower blank shall be closed at the bottom with a welded steel plate of 3/8-inch minimum thickness. The manufacturer shall determine the length of screen, depth of screen placement and size of screen slots after the drilling of the well and samples of water-bearing formations have been properly analyzed. The Engineer shall review manufactures recommendations for screen length, placement and slot sizing and approve for installation. Screen sizing, length and depths shall be determined by material analysis, logs and other information supplied by the contractor.

Measurement for payment for screens shall be of the actual lengths of slotted screen installed. Payment for screens shall include all costs of the materials, equipment, and labor required for installation including the packers and blanks above and below the slotted screen.

- e. Filter: After the screen assembly has been installed in the well the Contractor shall introduce a graded filter into the annular space surrounding the well screen. The graded filter shall be designed by the screen manufacturer based on material samples supplied by the contractor. The engineer will review the graded filter design and approve for installation. A detailed plan showing how filter materials will be placed and measured in place shall be determined by the contractor and be presented to the engineer. The engineer and Idaho Department of water Resources will review and approved the installation plan prior to beginning filter material placement. Measurement for payment shall be of the actual number of cubic yards used. Payment shall be at the unit price bid in the bid schedule and shall include all costs of furnishing and installing graded filter materials.
- f. Development: Upon completion of the drilling, installation of the casing and screens and installation of the gravel filter, the Contractor shall develop the well or wells by compressed air, or other method approved in advance by the Engineer. Development shall continue until no appreciable amounts of material are brought into the well after 30 minutes of vigorous surging. Upon completion of development, all materials shall be thoroughly cleaned from inside the casing and screen. If clay, bentonite or other similar substance has been added to the well during construction, the Contractor may be required to use dispersant and/or mud removing chemicals to remove the clayey materials from the well. Measurement for payment for development shall be of the actual hours spent in developing the well and shall not include time spent in installation or removal of equipment or for any repairs or maintenance work.
- g. Records and Samples: An accurate, detailed log or record shall be kept by the Contractor's driller on a form suitable to the Engineer which shall indicate for each shift worked the general character, thickness and type of material encountered, the depth at which the water level stands in the well at the beginning and end of each shift, and the nature and extent of all other work performed including time spent on each item of work. The log shall be kept carefully and accurately at the time the work is being done; a copy of the log shall be maintained at all times at the job site and shall be available at any time for inspection by the Owner. Upon completion of the work, a complete copy shall be furnished the Owner and the Contractor shall further file with the State Department of Water Resources the necessary log and record on forms obtainable from the department.

Samples of all materials penetrated during drilling shall be taken at every formation change and every 10 feet above 200 feet and every 5 feet below 200 feet. These samples shall be saved and maintained on the job site by the Contractor. These samples shall be at least one pint in volume and shall be kept in transparent waterproof containers to be provided by the Contractor. All samples shall be clearly labeled to show the depth from which they were collected. Cloth bags and used oil cans are not acceptable containers.

Samples shall be taken from a split sampler on the drill pump discharge and caught in a container of not less than 50-gallon capacity. When possible aquifer materials are encountered, the Contractor shall reduce his drilling speed sufficiently to permit accurate

logging and sampling of the hole. Every effort shall be made by the Contractor to insure that samples are representative of the materials penetrated. No payment will be made to the Contractor for keeping the prescribed records or collecting samples and the cost of all such work shall be included in the amount bid for drilling in the proposal.

SCHEDULE A

<u>ITEM NO.</u>	<u>DESCRIPTION</u>	<u>TOTAL FOR ITEM</u>
1.	Mobilization on site for the lump sum price of _____ dollars and _____ cent. 1 Lump Sum at \$ _____ complete.	\$ _____
2.	Install surface seal for the lump sum price of _____ dollars and _____ cents. 1 Lump Sum at \$ _____ complete.	\$ _____
3.	Drill 8" pilot hole, collect soil samples & conduct electronic log, 450 linear feet at the unit price of _____ dollars and _____ cents. 450 L.F. at \$ _____ Per linear foot.	\$ _____
4.	Drilling 24" hole, complete, 450 linear feet at the unit price of _____ dollars and _____ cents. 450 L.F. at \$ _____ Per linear foot.	\$ _____
5.	Installation of 16-inch casing in place, 420 linear feet at the unit price of _____ dollars and _____ cents. 420 L.F. at \$ _____ Per linear foot.	\$ _____
6.	Furnish and install 16-inch well screen in place, 50 linear feet at the unit price of _____ dollars and _____ cents. 50 L.F. at \$ _____ Per linear foot.	\$ _____

7. Furnish and install gravel filter, 5 cubic yards at the unit price of _____ dollars and _____ cents. 5 C.Y. at \$ _____ Per Cubic Yard \$ _____

8. Well Development, complete, 24 hours at the unit price of _____ dollars and _____ cents. 24 Hours at \$ _____ Per hour. \$ _____

9. Furnish, install and remove temporary test pump, complete, for the lump sum price of _____ dollars and _____ cents. 1 Lump Sum at \$ _____ complete. \$ _____

10. Conduct pump test, complete (24) hours at the unit price of _____ dollars and _____ cents. 24 Hours at \$ _____ per hour. \$ _____

11. Miscellaneous Work Items, complete 20 hours at the unit price of _____ dollars and _____ cents. 20 Hours at \$ _____ per hour. \$ _____

TOTAL BID \$ _____

Signature _____ Idaho License No. _____

Title _____

Address _____

Dated this _____ day of _____, 200_____.

Drilling to start _____ days after award.

TO BE ENCLOSED IN WELL HOUSE

1/4" PLATE CAP
1/2" Dia SCREENED CASING VENT

24" MIN.

MUSKIE

28" SURFACE CASING TEMPORARY

SURFACE SEAL

50' ±

IMPERVIOUS LAYER

ADEQUATE DISTANCE FOR WATER TIGHT SEAL

600 SHEETS, FILLER, 5 SQUARE
42-381 50 SHEETS, FILLER, 5 SQUARE
42-382 100 SHEETS, FILLER, 5 SQUARE
42-383 200 SHEETS, FILLER, 5 SQUARE
42-384 400 SHEETS, FILLER, 5 SQUARE
42-385 100 RECYCLED WHITE, 5 SQUARE
42-386 200 RECYCLED WHITE, 5 SQUARE
MADE IN U.S.A.



24"

BENTONITE SLURRY W/ CEMENT GROUT AT BOTTOM

24" BORE

450' ±

16" WELL CASING 0.375" THICKNESS W/CENTERING GUIDES

NEOPRENE DOUBLE FIN PACKER

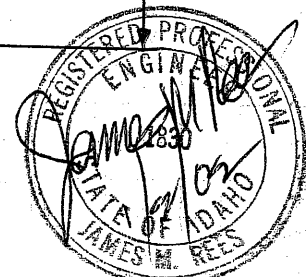
15' - BLANK with Centering Guides

50' ± - SCREEN FOR 16" CASING WITH CENTERING GUIDES. FIELD VERIFY LENGTH & SIZING W/ DRILLING SAMPLES

GRAVEL PACK IF REQUIRED

10' - BLANK WITH CAP MATCH SCREEN SIZE

EAGLE WELL NO 7 (NTS)



REVISED 4-18-02 PER DEQ LTR 3-11-02



STATE OF IDAHO
DEPARTMENT OF
ENVIRONMENTAL QUALITY

1410 North Hilton • Boise, Idaho 83706-1255 • (208) 373-0502

Dirk Kempthorne, Governor
C. Stephen Allred, Director

TSCEE-102/2004

April 14, 2004

James M. Rees, PE
MTC, Inc.
707 N. 27th Street
Boise, Idaho 83702-3113

RE: Eagle Municipal Well #7, Special Conditions Document

Dear Mr. Rees:

DEQ staff has received and reviewed the Special Conditions specification submitted for Eagle Water Company's well #7. This document, in combination with the cover letter, addresses the conditions presented in DEQ letter number TSCEE-51/2004, dated February 27, 2004.

The well construction is determined to be acceptable, based upon the changes identified in these documents. Staff will convey this position to IDWR. If you have any questions, or comments concerning issues addressed in this letter, please contact me at 208-373-0140, or at amaupin@deq.state.id.us.

Sincerely,

A handwritten signature in black ink, appearing to read "A.J. Maupin".

A.J. Maupin, PE
Staff Engineer

AJM:sjt

c: Chas Ariss, PE, IDEQ Boise Regional Office
Robert Whitney, Idaho Department of Water Resources
Robert Deshazo, President, Eagle Water Company
TSCEE Reading File
BRO Source File - Engineering, Reading File

EXHIBIT 5

EAGLE WATER COMPANY, INC.
APPLICATION FOR EMERGENCY SURCHARGE



RICHARDSON & O'LEARY
ATTORNEYS AT LAW

Molly O'Leary

Tel: 208-938-7900 Fax: 208-938-7904
molly@richardsonandoleary.com
P.O. Box 7218 Boise ID. 83707 - 515 N. 27th St. Boise, ID. 83702

24 August 2005

Robert V. DeShazo, Jr. - President
Eagle Water Company, Inc.
172 W. State Street
Eagle, Idaho 83616

Re: 1076/15 - Emergency Surcharge

Dear Robert:

I have estimated my legal fees for the handling of Eagle Water Company's Emergency Surcharge Application as follows:

- 20 HOURS @ \$175.00 per hour = \$3,500.00

Sincerely,

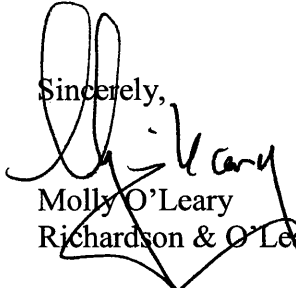
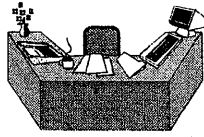

Molly O'Leary
Richardson & O'Leary, PLLC

EXHIBIT 6



Geneva A. Trent, CPA
Solutions for small businesses

August 19, 2005

**Estimate to calculate required surcharge and prepare revised tariffs
for Eagle Water Company's Request for Emergency Surcharge:**

5 hours at \$100.00 per hour \$500.00

**Estimate to set up accounting records to track surcharge revenues
and related loan payments, and monitor them:**

15 hours at \$100.00 per hour \$1500.00

**Total estimated accounting fees for Request for Emergency Surcharge:
\$2000.00**

Geneva Trent

EXHIBIT 7

EAGLE WATER COMPANY, INC.
APPLICATION FOR EMERGENCY SURCHARGE



August 24, 2005

Eagle Water Co
Attn: Robert DeShazo, Jr.

▪ **Eagle**

402 S.Eagle Rd.
Eagle, Idaho 83616
208-939-7040

Dear Robert,

Pursuant to our recent conversation, here is an estimate of anticipated loan costs associated with your request.

▪ **Fairview**

6010 Fairview Ave.
Boise, Idaho 83704
208-472-4700

- Loan Amount: \$214,246.00
- Term/Amortization: 3 Years
- Variable Interest Rate: WSJ Prime + 2.00%
(today's rate = 8.50%)
- Starting Payment: \$6,764.00/month
- Loan Fee: 1% of Loan Amount

▪ **Meridian**

1875 S. Eagle Rd.
Meridian, Idaho 83642
208-955-0686

Please note that this is not to be considered a commitment to finance by Idaho Banking Company, but simply for discussion purposes only.

▪ **ParkCenter**

449 E. Parkcenter Blvd.
Boise, Idaho 83706
208-395-1505

If you should have any further questions please call me at (208) 939-0554.

Sincerely,

Becky Fowers
Asst. Vice President
Idaho Banking Company

▪ **Mortgage**

2965 E. Tarpon Dr., Ste. 150
Meridian, Idaho 83642
208-378-1013

▪ **Construction**

2965 E. Tarpon Dr., Ste. 150
Meridian, Idaho 83642
208-947-5588

EXHIBIT 8

Eagle Water Company

Calculation of Surcharge Amount - Proposed
August 2005

2004 Customers:	Revenues	
Residential	\$ 491,998.00	79.87%
Commercial	124,031.00	20.13%
Total	<u>\$ 616,029.00</u>	<u>100.00%</u>

Annual Payments of	\$ 81,168.00
Multiplied by Gross-up (from below)	127.88%
Annual Surcharge Total	<u>\$ 103,797.64</u>

Annual Surcharge Amount	\$ 103,797.64
Divided by Total Annual Revenue	\$ 616,029.00

Surcharge to be added to each billing 16.85%

Calculation of Tax Rate:

(1)	100.00%	taxable	
(2)	<u>8.00%</u>	State Tax Rate	
(3)	92.00%	Federal Taxable	
(4)	13.80%	Effective Federal Tax Rate	15%
(5)	21.80%	Composite Tax Rate	(2) + (4)
(6)	78.20%	Net Aftr Tax Income	
(7)	127.88%	Gross-up Factor	

Eagle Water Company

Capital Investment Loan Amortization - Proposed
August 2005

Principal Loan Amount	\$ 214,246.00
Term	3 years
Interest Rate	8.50%
Monthly Payment	\$ 6,764.00
Annual Cash Required	\$ 81,168.00

Amortization Schedule							
Month	Interest	Principal	Balance	Month	Interest	Principal	Balance
1	\$ 1,517.58	\$ 5,246.42	\$ 208,999.58	19	\$ 806.82	\$ 5,957.18	\$ 107,946.75
2	\$ 1,480.41	\$ 5,283.59	\$ 203,715.99	20	\$ 764.62	\$ 5,999.38	\$ 101,947.38
3	\$ 1,442.99	\$ 5,321.01	\$ 198,394.98	21	\$ 722.13	\$ 6,041.87	\$ 95,905.50
4	\$ 1,405.30	\$ 5,358.70	\$ 193,036.28	22	\$ 679.33	\$ 6,084.67	\$ 89,820.84
5	\$ 1,367.34	\$ 5,396.66	\$ 187,639.62	23	\$ 636.23	\$ 6,127.77	\$ 83,693.07
6	\$ 1,329.11	\$ 5,434.89	\$ 182,204.73	24	\$ 592.83	\$ 6,171.17	\$ 77,521.89
7	\$ 1,290.62	\$ 5,473.38	\$ 176,731.35	25	\$ 549.11	\$ 6,214.89	\$ 71,307.01
8	\$ 1,251.85	\$ 5,512.15	\$ 171,219.19	26	\$ 505.09	\$ 6,258.91	\$ 65,048.10
9	\$ 1,212.80	\$ 5,551.20	\$ 165,668.00	27	\$ 460.76	\$ 6,303.24	\$ 58,744.85
10	\$ 1,173.48	\$ 5,590.52	\$ 160,077.48	28	\$ 416.11	\$ 6,347.89	\$ 52,396.96
11	\$ 1,133.88	\$ 5,630.12	\$ 154,447.36	29	\$ 371.15	\$ 6,392.85	\$ 46,004.11
12	\$ 1,094.00	\$ 5,670.00	\$ 148,777.36	30	\$ 325.86	\$ 6,438.14	\$ 39,565.97
13	\$ 1,053.84	\$ 5,710.16	\$ 143,067.20	31	\$ 280.26	\$ 6,483.74	\$ 33,082.23
14	\$ 1,013.39	\$ 5,750.61	\$ 137,316.59	32	\$ 234.33	\$ 6,529.67	\$ 26,552.56
15	\$ 972.66	\$ 5,791.34	\$ 131,525.25	33	\$ 188.08	\$ 6,575.92	\$ 19,976.64
16	\$ 931.64	\$ 5,832.36	\$ 125,692.89	34	\$ 141.50	\$ 6,622.50	\$ 13,354.14
17	\$ 890.32	\$ 5,873.68	\$ 119,819.22	35	\$ 94.59	\$ 6,669.41	\$ 6,684.74
18	\$ 848.72	\$ 5,915.28	\$ 113,903.93	36	\$ 47.35	\$ 6,684.74	\$ (0.00)

EXHIBIT 9

EAGLE WATER COMPANY, INC.
APPLICATION FOR EMERGENCY SURCHARGE

Tariff No.

PageSheet 29

I.P.U.C. No.

4th Revised

Canceling Sheet 29, 3rd Revised

Name of Utility

EAGLE WATER COMPANY, INC.

(Approval Stamp)

RATE SCHEDULE No. 1

Small Volume Unmetered Service

AVAILABILITY:

Service under this Rate Schedule is available for each service connection of 1 - 1/4 inch or smaller which is not metered.

RATES:

- (a) For the months of November through April, inclusive, a flat rate of \$11.75 per month.
- (b) For the months of May through October, inclusive, a flat rate of \$19.75 per month.
- (c) A surcharge of 16.85 % will be added from September 2005 through August 2008 per IPUC Order Number _____.

SERVICE CONDITIONS:

- (a) All water service under this Rate Schedule is subject to the General Service Provisions of the Company's tariff, of which this Rate Schedule is a part.
- (b) The Company, at its option, may meter service otherwise qualifying under this rate schedule, in which case such service shall be governed by Rate Schedule No. 2.

Issued

2005

Effective

2005

Issued by _____

By **EAGLE WATER COMPANY, INC.** Title _____

Tariff No. PageSheet 30
 I.P.U.C. No. 3rd Revised
 Canceling Sheet 30, 2nd Revised

Name of Utility

EAGLE WATER COMPANY, INC.

(Approval Stamp)

RATE SCHEDULE No. 2

Residential Metered Service

AVAILABILITY:

To all metered customers.

RATES:

First 600 cu. ft. or less
 All over 600 cu. ft. per 100 cu. ft.

**Monthly
 Per Meter**
 \$7.84
 0.451

MINIMUM CHARGES:

	Cubic Ft. Allowed	Monthly Per Meter Charge
3/4" and smaller	600	\$ 7.84
1"	1,000	9.64
1 1/4" and 1 1/2"	2,000	14.15
2"	3,200	19.56
3" or multiple meters of equivalent capacity	6,400	34.00
4" or multiple meters of equivalent capacity	10,600	52.94
6" or multiple meters of equivalent capacity	21,000	99.84
8" or multiple meters of equivalent capacity	32,000	149.45
10" or multiple meters of equivalent capacity	45,000	208.08

SURCHARGE: A surcharge of 16.85% will be added from September 2005 through August 2008 per IPUC Order Number _____.

CONDITIONS OF CONTRACT:

The customer shall pay the minimum charge only when the amount resulting from applying the rates to the quantity of water used is less than the minimum charge.

A minimum bill will be prorated whenever the customer had not been a customer for the entire billing period and if the same customer has used less than the minimum allowance.

Issued 2005 Effective 2005

Issued by _____
 By **EAGLE WATER COMPANY, INC.** Title _____

Tariff No. PageSheet 31
I.P.U.C. No. 2nd Revised
Canceling Sheet 31, 1st Revised

Name of Utility

EAGLE WATER COMPANY, INC.

(Approval Stamp)

RATE SCHEDULE No. 3

NON-RECURRING CHARGES

RECONNECTION CHARGE:

CONDITION: When it becomes necessary to disconnect service for failure of the customer to comply with the Company's rules and regulations under this tariff including default (non-payment) as defined in this tariff, a charge will be made to restore service.

CHARGE: \$15.00 Regular business hours Monday through Friday
\$30.00 After business hours, Weekends and Holidays

SURCHARGE: A surcharge of 16.85% will be added from September 2005 through August 2008 per IPUC Order Number _____.

Issued

2005

Effective

2005

Issued by _____

By **EAGLE WATER COMPANY, INC.** Title _____

Tariff No.

Page Sheet 32
1st Revised

I.P.U.C. No.

Canceling Sheet 32, Original

Name of Utility

EAGLE WATER COMPANY, INC.

(Approval Stamp)

RATE SCHEDULE No. 4

RATES FOR PRIVATE FIRE SPRINKLER AND HOSE SERVICE

AVAILABILITY:

To all customers who have sprinkler systems and/or inside hose connections for fire fighting purposes.

RATES:

For service through a separate line for fire fighting purposes.

	<u>Monthly</u>
For 3" service or smaller	\$ 6.85
For 4" service	10.37
For 6" service	25.74
For 8" service	42.32
For 10" service	65.97

SURCHARGE: A surcharge of 16.85% will be added from September 2005 through August 2008 per IPUC Order Number _____.

MISCELLANEOUS:

Provided that if the installation of a private fire service shall require an extension of the existing mains of the company, the cost of such extension shall be borne by the customer.

All private fire services shall be equipped with an approved backflow device or assembly and sealed gate valves or thermal automatic openings.

Meters may be placed on fire services by the utility at any time, however, metered rates will not apply unless improper use of water is disclosed, and if such be the case, usage will be billed to the customer under Rate Schedule No. 2.

Issued

2005 Effective

2005

Issued by _____

By **EAGLE WATER COMPANY, INC.** Title _____

EXHIBIT 10

Eagle Water Company

Calculation of Surcharge Amount - Alternate Proposal
August 2005

2004 Customers:	Revenues	
Residential	\$ 491,998.00	79.87%
Commercial	124,031.00	20.13%
Total	<u>\$ 616,029.00</u>	<u>100.00%</u>

Annual Payments of	\$ 196,800.00
Multiplied by Gross-up (from below)	127.88%
Annual Surcharge Total	<u>\$ 251,667.84</u>

Annual Surcharge Amount	\$ 251,667.84
Divided by Total Annual Revenue	\$ 616,029.00

Surcharge to be added to each billing 40.85%

Calculation of Tax Rate:

(1)	100.00%	taxable	
(2)	8.00%	State Tax Rate	
(3)	<u>92.00%</u>	Federal Taxable	
(4)	13.80%	Effective Federal Tax Rate	15%
(5)	21.80%	Composite Tax Rate	(2) + (4)
(6)	78.20%	Net Aftr Tax Income	
(7)	127.88%	Gross-up Factor	

Eagle Water Company

Capital Investment Loan Amortization - Alternate Proposal

August 2005

Principal Loan Amount	\$ 517,476.75
Term	3 years
Interest Rate	8.50%
Monthly Payment	\$ 16,400.00 (approximate)
Annual Cash Required	\$ 196,800.00

Amortization Schedule

Month	Interest	Principal	Balance	Month	Interest	Principal	Balance
1	\$ 3,665.46	\$ 12,734.54	\$ 504,742.21	19	\$ 1,940.26	\$ 14,459.74	\$ 259,458.73
2	\$ 3,575.26	\$ 12,824.74	\$ 491,917.47	20	\$ 1,837.83	\$ 14,562.17	\$ 244,896.57
3	\$ 3,484.42	\$ 12,915.58	\$ 479,001.88	21	\$ 1,734.68	\$ 14,665.32	\$ 230,231.25
4	\$ 3,392.93	\$ 13,007.07	\$ 465,994.81	22	\$ 1,630.80	\$ 14,769.20	\$ 215,462.05
5	\$ 3,300.80	\$ 13,099.20	\$ 452,895.61	23	\$ 1,526.19	\$ 14,873.81	\$ 200,588.24
6	\$ 3,208.01	\$ 13,191.99	\$ 439,703.62	24	\$ 1,420.83	\$ 14,979.17	\$ 185,609.08
7	\$ 3,114.57	\$ 13,285.43	\$ 426,418.19	25	\$ 1,314.73	\$ 15,085.27	\$ 170,523.81
8	\$ 3,020.46	\$ 13,379.54	\$ 413,038.65	26	\$ 1,207.88	\$ 15,192.12	\$ 155,331.69
9	\$ 2,925.69	\$ 13,474.31	\$ 399,564.34	27	\$ 1,100.27	\$ 15,299.73	\$ 140,031.95
10	\$ 2,830.25	\$ 13,569.75	\$ 385,994.59	28	\$ 991.89	\$ 15,408.11	\$ 124,623.84
11	\$ 2,734.13	\$ 13,665.87	\$ 372,328.72	29	\$ 882.75	\$ 15,517.25	\$ 109,106.60
12	\$ 2,637.33	\$ 13,762.67	\$ 358,566.04	30	\$ 772.84	\$ 15,627.16	\$ 93,479.43
13	\$ 2,539.84	\$ 13,860.16	\$ 344,705.89	31	\$ 662.15	\$ 15,737.85	\$ 77,741.58
14	\$ 2,441.67	\$ 13,958.33	\$ 330,747.55	32	\$ 550.67	\$ 15,849.33	\$ 61,892.25
15	\$ 2,342.80	\$ 14,057.20	\$ 316,690.35	33	\$ 438.40	\$ 15,961.60	\$ 45,930.65
16	\$ 2,243.22	\$ 14,156.78	\$ 302,533.57	34	\$ 325.34	\$ 16,074.66	\$ 29,856.00
17	\$ 2,142.95	\$ 14,257.05	\$ 288,276.52	35	\$ 211.48	\$ 16,188.52	\$ 13,667.48
18	\$ 2,041.96	\$ 14,358.04	\$ 273,918.48	36	\$ 96.81	\$ 13,667.48	\$ (0.00)

EXHIBIT 11

Tariff No.

Page Sheet 29

I.P.U.C. No.

4th Revised

Canceling Sheet 29, 3rd Revised

Name of Utility

EAGLE WATER COMPANY, INC.

(Approval Stamp)

RATE SCHEDULE No. 1

Small Volume Unmetered Service

AVAILABILITY:

Service under this Rate Schedule is available for each service connection of 1 - 1/4 inch or smaller which is not metered.

RATES:

- (a) For the months of November through April, inclusive, a flat rate of \$11.75 per month.
- (b) For the months of May through October, inclusive, a flat rate of \$19.75 per month.
- (c) A surcharge of 40.85 % will be added from September 2005 through August 2008 per IPUC Order Number _____.

SERVICE CONDITIONS:

- (a) All water service under this Rate Schedule is subject to the General Service Provisions of the Company's tariff, of which this Rate Schedule is a part.
- (b) The Company, at its option, may meter service otherwise qualifying under this rate schedule, in which case such service shall be governed by Rate Schedule No. 2.

Issued

2005 Effective

2005

Issued by _____

By **EAGLE WATER COMPANY, INC.** Title _____

Tariff No. _____ Page Sheet 30
 I.P.U.C. No. _____ 3rd Revised
 Canceling Sheet 30, 2nd Revised

Name of Utility

EAGLE WATER COMPANY, INC.

(Approval Stamp)

RATE SCHEDULE No. 2

Residential Metered Service

AVAILABILITY:

To all metered customers.

RATES:

First 600 cu. ft. or less
 All over 600 cu. ft. per 100 cu. ft.

**Monthly
Per Meter**
 \$7.84
 0.451

MINIMUM CHARGES:

	Cubic Ft. Allowed	Monthly Per Meter Charge
3/4" and smaller	600	\$ 7.84
1"	1,000	9.64
1 1/4" and 1 1/2"	2,000	14.15
2"	3,200	19.56
3" or multiple meters of equivalent capacity	6,400	34.00
4" or multiple meters of equivalent capacity	10,600	52.94
6" or multiple meters of equivalent capacity	21,000	99.84
8" or multiple meters of equivalent capacity	32,000	149.45
10" or multiple meters of equivalent capacity	45,000	208.08

SURCHARGE: A surcharge of 40.85% will be added from September 2005 through August 2008 per IPUC Order Number _____.

CONDITIONS OF CONTRACT:

The customer shall pay the minimum charge only when the amount resulting from applying the rates to the quantity of water used is less than the minimum charge.

A minimum bill will be prorated whenever the customer had not been a customer for the entire billing period and if the same customer has used less than the minimum allowance.

Issued _____ 2005 Effective _____ 2005

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 By **EAGLE WATER COMPANY, INC.** Title _____

Tariff No. Page Sheet 31
I.P.U.C. No. 2nd Revised
Canceling Sheet 31, 1st Revised

Name of Utility

EAGLE WATER COMPANY, INC.

(Approval Stamp)

RATE SCHEDULE No. 3

NON-RECURRING CHARGES

RECONNECTION CHARGE:

CONDITION: When it becomes necessary to disconnect service for failure of the customer to comply with the Company's rules and regulations under this tariff including default (non-payment) as defined in this tariff, a charge will be made to restore service.

CHARGE: \$15.00 Regular business hours Monday through Friday
\$30.00 After business hours, Weekends and Holidays

SURCHARGE: A surcharge of 40.85% will be added from September 2005 through August 2008 per IPUC Order Number _____.

Issued 2005 Effective 2005

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By **EAGLE WATER COMPANY, INC.** Title _____

Tariff No.

Page Sheet 32
1st Revised

I.P.U.C. No.

Canceling Sheet 32, Original

Name of Utility

EAGLE WATER COMPANY, INC.

(Approval Stamp)

RATE SCHEDULE No. 4

RATES FOR PRIVATE FIRE SPRINKLER AND HOSE SERVICE

AVAILABILITY:

To all customers who have sprinkler systems and/or inside hose connections for fire fighting purposes.

RATES:

For service through a separate line for fire fighting purposes.

	<u>Monthly</u>
For 3" service or smaller	\$ 6.85
For 4" service	10.37
For 6" service	25.74
For 8" service	42.32
For 10" service	65.97

SURCHARGE: A surcharge of 40.85% will be added from September 2005 through August 2008 per IPUC Order Number _____.

MISCELLANEOUS:

Provided that if the installation of a private fire service shall require an extension of the existing mains of the company, the cost of such extension shall be borne by the customer.

All private fire services shall be equipped with an approved backflow device or assembly and sealed gate valves or thermal automatic openings.

Meters may be placed on fire services by the utility at any time, however, metered rates will not apply unless improper use of water is disclosed, and if such be the case, usage will be billed to the customer under Rate Schedule No. 2.

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2005

Issued by _____

By **EAGLE WATER COMPANY, INC.** Title _____