

FLS-W

# ***ANNUAL REPORT***

OF

FALLS WATER CO., INC.  
NAME

1770 Sabin Dr, Idaho Falls, ID 83406  
ADDRESS

TO THE

**IDAHO PUBLIC**

**UTILITIES COMMISSION**

FOR THE

YEAR ENDED December 31, 2007

IDAHO PUBLIC  
UTILITIES COMMISSION

08 MAY - 7 PM 3:30

RECEIVED

**ANNUAL REPORT FOR WATER UTILITIES TO  
THE IDAHO PUBLIC UTILITIES COMMISSION  
FOR THE YEAR ENDING December 31, 2007**

**COMPANY INFORMATION**

1 Give full name of utility Falls Water Co., Inc.  
 Telephone Area Code (208) 522-1300  
 E-mail address scott1@fallswater.com  
 2 Date of Organization 1/9/1959  
 3 Organized under the laws of the state of Idaho  
 4 Address of Principal Office (number & street) 1770 Sabin Drive  
 5 P.O. Box (if applicable) \_\_\_\_\_  
 6 City Idaho Falls  
 7 State Idaho  
 8 Zip Code 83406  
 9 Organization (proprietor, partnership, corp.) Corporation  
 10 Towns, Counties served Bonneville County and portions of Ammon, Idaho

11 Are there any affiliated companies? No  
**If yes, attach a list with names, addresses & descriptions. Explain any services provided to the utility.**

12 Contact Information	Name	Phone No.
President (Owner)	Brent Johnson	208-681-5335
Vice President	Jay Johnson	208-589-4560
Secretary	Paul Johnson	208-709-7160
General Manager	K. Scott Bruce	208-522-1300
Complaints or Billing	K. Scott Bruce	208-522-1300
Engineering	Tony Wise	208-522-1300
Emergency Service	Tony Wise	208-522-1300
Accounting	K. Scott Bruce	208-522-1300

13 Were any water systems acquired during the year or any additions/deletions made to the service area during the year? Yes  
**If yes, attach a list with names, addresses & descriptions. Explain any services provided to the utility.**

14 Where are the Company's books and records kept?  
 Street Address 1770 Sabin Drive  
 City Idaho Falls  
 State Idaho  
 Zip 83406

NAME: Falls Water Co., Inc.

**COMPANY INFORMATION (Cont.)**

For the Year Ended December 31, 2007

15 Is the system operated or maintained under a service contract? No

16 If yes: With whom is the contract? \_\_\_\_\_  
When does the contract expire? \_\_\_\_\_  
What services and rates are included? \_\_\_\_\_

17 Is water purchased for resale through the system? Yes, Leased well site within FWC's Service Area

18 If yes: Name of Organization Lincoln Land Company LLC  
Name of owner or operator Well operated by Falls Water Company, Inc.  
Mailing Address PO Box 1768  
City Idaho Falls  
State Idaho  
Zip 83403

	Gallons/CCF	\$Amount
Water Purchased	<u>51,204,700</u>	<u>\$ 1,112.00</u>

19 Has any system(s) been disapproved by the Idaho Division of Environmental Quality? No

**If yes, attach full explanation**

20 Has the Idaho Division of Environmental Quality recommended any improvements? No

**If yes, attach full explanation**

21 Number of Complaints received during year concerning:  
Quality of Service No Record  
High Bills No Record  
Disconnection 4

22 Number of Customers involuntarily disconnected 33

23 Date customers last received a copy of the Summary of Rules required by IDAPA 31.21.01.701? June 2007

**Attach a copy of the Summary**

24 Did significant additions or retirements from the Plant Accounts occur during the year? Yes

**If yes, attach full explanation and an updated system map**

NAME: Falls Water Co., Inc.

**REVENUE & EXPENSE DETAIL**

For the Year Ended December 31, 2007

ACCT #	DESCRIPTION		
<b><u>400 REVENUES</u></b>			
1	460	Unmetered Water Revenue	<u>73,842</u>
2	461.1	Metered Sales - Residential	<u>684,661</u>
3	461.2	Metered Sales - Commercial, Industrial	<u>23,273</u>
4	462	Fire Protection Revenue	<u>-</u>
5	464	Other Water Sales Revenue	<u>1,936</u>
6	465	Irrigation Sales Revenue	<u>-</u>
7	466	Sales for Resale	<u>-</u>
8	400	Total Revenue (Add Lines 1 - 7) (also enter result on Page 4, line 1)	<u>783,712</u>
9	* DEQ Fees Billed separately to customers		Booked to Acct # _____
10	** Hookup or Connection Fees Collected	<u>132,800</u>	Booked to Acct # <u>271.3</u>
11	***Commission Approved Surcharges Collected		Booked to Acct # _____
<b><u>401 OPERATING EXPENSES</u></b>			
12	601.1-6	Labor - Operation & Maintenance	<u>136,557</u>
13	601.7	Labor - Customer Accounts	<u>1,131</u>
14	601.8	Labor - Administrative & General	<u>118,052</u>
15	603	Salaries, Officers & Directors	<u>-</u>
16	604	Employee Pensions & Benefits	<u>47,413</u>
17	610	Purchased Water	<u>1,112</u>
18	615-16	Purchased Power & Fuel for Power	<u>94,602</u>
19	618	Chemicals	<u>5,837</u>
20	620.1-6	Materials & Supplies - Operation & Maint.	<u>33,298</u>
21	620.7-8	Materials & Supplies - Administrative & General	<u>59,910</u>
22	631-34	Contract Services - Professional	<u>13,102</u>
23	635	Contract Services - Water Testing	<u>2,540</u>
24	636	Contract Services - Other	<u>65,099</u>
25	641-42	Rentals - Property & Equipment	<u>32,560</u>
26	650	Transportation Expense	<u>25,886</u>
27	656-59	Insurance	<u>12,294</u>
28	660	Advertising	<u>2,594</u>
29	666	Rate Case Expense (Amortization)	<u>6,462</u>
30	667	Regulatory Comm. Exp. (Other except taxes)	<u>-</u>
31	670	Bad Debt Expense	<u>9,316</u>
32	675	Miscellaneous	<u>2,899</u>
33	<b>Total Operating Expenses (Add lines 12 - 32, also enter on Pg 4, line 2)</b>		<b>670,663</b>

Name: Falls Water Co., Inc.

**INCOME STATEMENT**

For Year Ended December 31, 2007

ACCT #	DESCRIPTION		
1	Revenue (From Page 3, line 8)		<u>783,712</u>
2	Operating Expenses (From Page 3, line 33)	<u>670,663</u>	
3 403	Depreciation Expense	<u>57,053</u>	
4 406	Amortization, Utility Plant Aquisition Adj.		
5 407	Amortization Exp. - Other		
6 408.10	Regulatory Fees (PUC)	<u>1,714</u>	
7 408.11	Property Taxes	<u>10,217</u>	
8 408.12	Payroll Taxes		
9A 408.13	Other Taxes (list)      DEQ Fees	<u>10,988</u>	
9B			
9C			
9D			
10 409.10	Federal Income Taxes		
11 409.11	State Income Taxes	<u>20</u>	
12 410.10	Provision for Deferred Income Tax - Federal		
13 410.11	Provision for Deferred Income Tax - State		
14 411	Provision for Deferred Utility Income Tax Credits		
15 412	Investment Tax Credits - Utility		
16	Total Expenses from operations before interest (add lines 2-15)		<u>750,654</u>
17 413	Income From Utility Plant Leased to Others		
18 414	Gains (Losses) From Disposition of Utility Plant		
19	Net Operating Income (Add lines 1, 17 & 18 less line 16)		<u>33,058</u>
20 415	Revenues, Merchandizing Jobbing and Contract Work		
21 416	Expenses, Merchandizing, Jobbing & Contracts		
22 419	Interest & Dividend Income		
23 420	Allowance for Funds used During Construction		
24 421	Miscellaneous Non-Utility Income	<u>23,431</u>	
25 426	Miscellaneous Non-Utility Expense	<u>18,199</u>	
26 408.20	Other Taxes, Non-Utility Operations		
27 409-20	Income Taxes, Non-Utility Operations		
28	Net Non-Utility Income (Add lines 20,22,23 & 24 less lines 21,25,26, & 27)		<u>5,232</u>
29	Gross Income (add lines 19 & 28)		<u>38,290</u>
30 427.3	Interest Exp. on Long-Term Debt		<u>13,262</u>
31 427.5	Other Interest Charges		
32	NET INCOME (Line 29 less lines 30 & 31) (Also Enter on Pg 9, Line 2)		<u><u>25,028</u></u>

Name: Falls Water Co., Inc.

**ACCOUNT 101 PLANT IN SERVICE DETAIL**  
 For Year Ended December 31, 2007

SUB ACCT #	DESCRIPTION	Balance Beginning of Year	Added During Year	Removed During Year	Balance End of Year
1 301	Organization				
2 302	Franchises and Consents				
3 303	Land & Land Rights	978,156	450,000.00		1,428,156
4 304	Structures and Improvements	8,707			8,707
5 305	Collecting & Impounding Reservoirs				
6 306	Lake, River & Other Intakes				
7 307	Wells	83,191	263,156		346,348
8 308	Infiltration Galleries & Tunnels				
9 309	Supply Mains				
10 310	Power Generation Equipment	16,693			16,693
11 311	Power Pumping Equipment	219,774	6,484		226,257
12 320	Purification Systems	23,626			23,626
13 330	Distribution Reservoirs & Standpipes	494			494
14 331	Trans. & Distrib. Mains & Accessories	717,742	175,257		892,999
15 333	Services				
16 334	Meters and Meter Installations	403,243	306,288		709,531
17 335	Hydrants	30,907	1,538		32,446
18 336	Backflow Prevention Devices				
19 339	Other Plant & Misc. Equipment				
20 340	Office Furniture and Equipment	20,538	5,869		26,406
21 341	Transportation Equipment	43,789	21,587	4769	60,607
22 342	Stores Equipment				
23 343	Tools, Shop and Garage Equipment	26,842	881		27,723
24 344	Laboratory Equipment				
25 345	Power Operated Equipment				
26 346	Communications Equipment				
27 347	Miscellaneous Equipment				
28 348	Other Tangible Property				
29	<b>TOTAL PLANT IN SERVICE</b>	<b>2,573,701</b>	<b>1,231,059</b>	<b>4,769</b>	<b>3,799,992</b>

(Add lines 1 - 28)

Enter beginning & end of year totals on Pg 7, Line 1

**ACCUMULATED DEPRECIATION ACCOUNT 108.1 DETAIL**

For Year Ended December 31, 2007

SUB ACCT #	DESCRIPTION	Depreciation Rate %	Balance Beginning of Year	Balance End of Year	Increase or (Decrease)
1 304	Structures and Improvements				
2 305	Collecting & Impounding Reservoirs				
3 306	Lake, River & Other Intakes				
4 307	Wells		34,344	42,063	7,719
5 308	Infiltration Galleries & Tunnels				
6 309	Supply Mains				
7 310	Power Generation Equipment		7,616	8,451	835
8 311	Power Pumping Equipment		142,388	152,171	9,783
9 320	Purification Systems		15,671	16,595	924
10 330	Distribution Reservoirs & Standpipes		494	494	-
11 331	Trans. & Distrib. Mains & Accessories		96,877	116,697	19,820
12 333	Services				
13 334	Meters and Meter Installations		153,248	226,897	73,649
14 335	Hydrants		820.46	1,864	1,043
15 336	Backflow Prevention Devices				
16 339	Other Plant & Misc. Equipment				
17 340	Office Furniture and Equipment		7,431	11,133	3,702
18 341	Transportation Equipment		20,541	27,817	7,276
19 342	Stores Equipment				
20 343	Tools, Shop and Garage Equipment		11,647	14,607	2,959
21 344	Laboratory Equipment				
22 345	Power Operated Equipment				
23 346	Communications Equipment				
24 347	Miscellaneous Equipment				
25 348	Other Tangible Property				
26	TOTALS (Add Lines 1 - 25)		491,076	618,787	127,711

Enter beginning & end of year totals on Pg 7, Line 7

Name: Falls Water Co., Inc.

**BALANCE SHEET**

For Year Ended December 31, 2007

		<b><u>ASSETS</u></b>		
ACCT #	DESCRIPTION	Balance Beginning of Year	Balance End of Year	Increase or (Decrease)
1	101 Utility Plant in Service (From Pg 5, Line 29)	2,573,701	3,799,992	1,226,290
2	102 Utility Plant Leased to Others			
3	103 Plant Held for Future Use			
4	105 Construction Work in Progress			
5	114 Utility Plant Aquisition Adjustment			
6	Subtotal (Add Lines 1 - 5)	2,573,701	3,799,992	1,226,290
7	108.1 Accumulated Depreciation (From Pg 6, Line 26)	491,076	618,787	127,711
8	108.2 Accum. Depr. - Utility Plant Lease to Others			
9	108.3 Accum. Depr. - Property Held for Future Use			
10	110.1 Accum. Amort. - Utility Plant in Service			
11	110.2 Accum. Amort. - Utility Plant Lease to Others			
12	115 Accumulated Amortization - Aquisition Adj.			
13	Net Utility Plant (Line 6 less lines 7 - 12)	2,082,625	3,181,205	1,098,580
14	123 Investment in Subsidiaries	250,000	250,000	-
15	125 Other Investments			
16	Total Investments (Add lines 14 & 15)	250,000	250,000	-
17	131 Cash	10220.53	537,511	527,291
18	135 Short Term Investments			
19	141 Accts/Notes Receivable - Customers	50,842	47,020	(3,822)
20	142 Other Receivables	90,113	360,470	270,357
21	145 Receivables from Associated Companies			
22	151 Materials & Supplies Inventory			
23	162 Prepaid Expenses	5,629	9,382	3,753
24	173 Unbilled (Accrued) Utility Revenue			
25	143 Provision for Uncollectable Accounts	1,300	1,300	-
26	Total Current (Add lines 17 -24 less line 25)	155,505	953,083	797,579
27	181 Unamortized Debt Discount & Expense			
28	183 Preliminary Survey & Investigation Charges			
29	184 Deferred Rate Case Expenses			
30	186 Other Deferred Charges			
31	<b>Total Assets (Add lines 13, 16 &amp; 26 - 30)</b>	<b>2,488,130</b>	<b>4,384,288</b>	<b>1,896,158</b>

Name: Falls Water Co., Inc.

**BALANCE SHEET**

For Year Ended December 31, 2007

**LIABILITIES & CAPITAL**

ACCT #	DESCRIPTION	Balance Beginning of Year	Balance End of Year	Increase or (Decrease)
1	201-3 Common Stock	25,000	25,000	-
2	204-6 Preferred Stock			
3	207-13 Miscellaneous Capital Accounts			
4	214 Appropriated Retained Earnings			
5	215 Unappropriated Retained Earnings	141,536	214,328	72,792
6	216 Reacquired Capital Stock			
7	218 Proprietary Capital			
8	Total Equity Capital (Add Lines 1-5+7 less line 6)	166,536	239,328	72,792
9	221-2 Bonds			
10	223 Advances from Associated Companies	94,382	86,225	(8,157)
11	224 Other Long - Term Debt	248,944	654,889	405,945
12	231 Accounts Payable	25,980	60,887	34,907
13	232 Notes Payable	23,013	15,169	(7,844)
14	233 Accounts Payable - Associated Companies	21,415	18,917	(2,498)
15	235 Customer Deposits (Refundable)			
16	236.11 Accrued Other Taxes Payable			
17	236.12 Accrued Income Taxes Payable		-	-
18	236.2 Accrued Taxes - Non-Utility			
19	237-40 Accrued Debt, Interest & Dividends Payable			
20	241 Misc. Current & Accrued Liabilities			
21	251 Unamortized Debt Premium			
22	252 Advances for Construction			
23	253 Other Deferred Liabilities			
24	255.1 Accumulated Investment Tax Credits - Utility			
25	255.2 Accum. Investment Tax Credits - Non-Utility			
26	261-5 Operating Reserves			
27	271 Contributions in Aid of Construction	1,951,494	3,439,827	1,488,333
28	272 Accum. Amort. of Contrib. in Aid of Const. **	(43,634)	(130,953)	(87,319)
29	281-3 Accumulated Deferred Income Taxes			
30	Total Liabilities (Add lines 9 - 29)	2,321,594	4,144,960	1,823,366
31	<b>TOTAL LIAB &amp; CAPITAL ( Add lines 8 &amp; 30)</b>	<b>2,488,130</b>	<b>4,384,288</b>	<b>1,896,158</b>

**\*\* Only if Commission Approved**

Name: Falls Water Co., Inc.

**STATEMENT OF RETAINED EARNINGS**  
For Year Ended December 31, 2007

1	Retained Earnings Balance @ Beginning of Year	141,536
2	Amount Added from Current Year Income (From Pg 4, Line 32)	25,028
3	Other Credits to Account	47,764
4	Dividends Paid or Appropriated	
5	Other Distributions of Retained Earnings	
6	Retained Earnings Balance @ End of Year	214,328

**CAPITAL STOCK DETAIL**

7	Description (Class, Par Value etc.)	No. Shares Authorized	No. Shares Outstanding	Dividends Paid
	COMMON	1000	25	

**DETAIL OF LONG-TERM DEBT**

8	Description	Interest Rate	Year-end Balance	Interest Paid	Interest Accrued
	Frontier Property Group	6%	86,225	5,915	
	DEQ State Revolving Loan Fund - DW-9923	3.25%	238,184	8,345	

Name: Falls Water Co., Inc.

**SYSTEM ENGINEERING DATA**

For Year Ended December 31, 2007

1 Provide an updated system map if significant changes have been made to the system during the year.

2 Water Supply:

Pump Designation or location	Rated Capacity (gpm)	Type of Treatment: (None, Chlorine Fluoride Filter etc.)	Annual Production (000's Gal.)	Water Supply Source (Well, Spring, Surface Wtr)
Well #1	750	SAND SEP	121,611	WELL
Well #2	400		79,941	WELL
Well #4	1500	SAND SEP/CHLRN	234,812	WELL
Well #5	750	SAND SEP/CHLRN	437,318	WELL
Well #6 (Pump 6)	600		65,284	WELL
Pump #7 (In Well #6)	600		85,422	WELL
Well #8	1500	CHLORINATION	125,102	WELL

3 System Storage:

Storage Designation or Location	Total Capacity 000's Gal.	Usable Capacity 000's Gal.	Type of Reservoir (Elevated, Pressurized, Boosted)	Construction (Wood, Steel Concrete)
Well 2/4	5	1.8	Pressurized	Steel

(Duplicate form and attach if necessary. Asterisk facilities added this year.)

Name: Falls Water Co., Inc.

**SYSTEM ENGINEERING DATA  
(continued)**

For Year Ended December 31, 2007

4 Pump information for ALL system pumps, including wells and boosters.

Designation or Location & Type of Pump**	Horse Power	Rated Capacity (gpm)	Discharge Pressure (psi)	Energy Used This Year
Well #2, Turbine Pump #2	40	400	65	
Well #4, Turbine Pump #4	150	1500	65	
Well #6, Submersible Pump #6	75	600	65	
Pump #7, Submersible Pump #7	75	600	65	
SUBTOTAL OF ABOVE	The Above are all on one Power Meter Totaling			651,360
Well #1, VFD Turbine Pump #1	75	750	65	260,055
Well #5, Turbine Pump #5	75	750	65	583,903
Well #8, Turbine Pump #8	150	1500	65	207,200

**\*\* Submit pump curves unless previously provided or unavailable. Asterisk facilities added this year.  
Attach additional sheets if inadequate space is available on this page.**

- 5 If Wells are metered:
- |   |                      |
|---|----------------------|
| What was the total amount pumped this year?         | <u>1,149,489,604</u> |
| What was the total amount pumped during peak month? | <u>233,382,018</u>   |
| What was the total amount pumped on the peak day?   | <u>9,572,132</u>     |
- 6 If customers are metered, what was the total amount sold in peak month? 178,945,000
- 7 Was your system designed to supply fire flows? Yes  
 If Yes: What is current system rating? 4
- 8 How many times were meters read this year? 7  
 During which months? April, May, June, July, August, September, October for Residential.  
Commercial and Multi-family Residential are read year round.
- 9 How many additional customers could be served with no system improvements  
 except a service line and meter? 300  
 How many of those potential additions are vacant lots? 300
- 10 Are backbone plant additions anticipated during the coming year? Yes  
 If Yes, attach an explanation of projects and anticipated costs!
- 11 In what year do you anticipate that the system capacity (supply, storage or distribution)  
 will have to be expanded? 2008

Name: Falls Water Co., Inc.

**SYSTEM ENGINEERING DATA**  
 (continued)  
 For Year Ended December 31, 2007

**FEET OF MAINS**

1	Pipe Size	In Use Beginning Of Year	Installed During Year	Abandoned During Year	In Use End of Year
	2"	1,532.95	-	-	1,532.95
	4"	2,262.64	-	-	2,262.64
	6"	138,352.30	19,258.59	-	157,610.89
	8"	42,985.68	3,858.90	-	46,844.58
	10"	19,118.31	3,880.45	-	22,998.76
	12"	11,822.98	2,932.65	-	14,755.63

**CUSTOMER STATISTICS**

		Number of Customers		Thousands of Gallons Sold	
		This Year	Last Year	This Year	Last Year
2	Metered:				
2A	Residential	3,229	2,759	874,057	659,158
2B	Commercial	63	52	37,931	31,924
2C	Industrial				
3	Flat Rate:				
3A	Residential	145	391	N/A	N/A
3B	Commercial				
3C	Industrial				
4	Private Fire Protection				
5	Public Fire Protection	341	316	N/A	N/A
6	Street Sprinkling				
7	Municipal, Other				
8	Other Water Utilities				
	<b>TOTALS (Add lines 2 through 8)</b>	<b>3,778</b>	<b>3,518</b>	<b>911,988</b>	<b>691,082</b>

# CERTIFICATE

State of Idaho )  
 ) ss  
County of Bonneville )

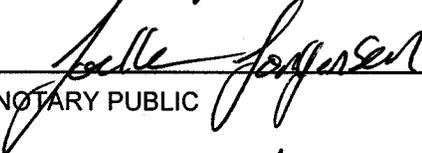
WE, the undersigned Brent Johnson, President, and K. Scott Bruce, Manager, of the of the Falls Water Company, Inc. utility, on our oath do severally say that the foregoing report has been prepared under our direction, from the original books, papers and records of said utility; that we have carefully examined same, and declare the same to be a correct statement of the business and affairs of said utility for the period covered by the report in respect to each and every matter and thing therein set forth, to the best of our knowledge, information and belief.

  
\_\_\_\_\_  
(Chief Officer)

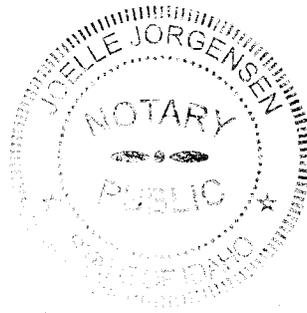
  
\_\_\_\_\_  
(Officer in Charge of Accounts)

Subscribed and Sworn to Before Me

this 29 day of April, 2008

  
\_\_\_\_\_  
NOTARY PUBLIC

My Commission Expires April 19, 2013



gdk/excel/jnelson/anulrpts/wtrannualrpt

**Attachments for response for additional information to page 1 question 13:**

During 2007, Falls Water Co., Inc.'s service area added the following new subdivisions and divisions of existing subdivisions:

1. Calico Sky Subdivision Division 4 was added (Legal description is attached to this form).
2. Summit Park Subdivision Division 9 was added (Legal descriptions are attached to this form).
3. Clover Canyon Subdivision Division 1 was added (Legal description is attached to this form).
4. Bridgewater Subdivision Divisions 2 through 4 were added (Legal description is attached to this form).
5. Crimson Valley Subdivision Division 4 was added (Legal description is attached to this form).
6. Ridge View Subdivision Division 1 was added (Legal description is attached to this form).
7. Trellis Square Division 4 was added (Legal description is attached to this form).
8. Warm Springs Division 5 was added (Legal description is attached to this form).

**In response to question 23 on page 2, attached is copy of the Falls Water Spout which was distributed to our customers with the June 2007 statements.**

**In response to question 24 on page 2, attached is a copy of an updated system map. The list of significant assets added to the system during 2007 include:**

1. \$100,000.00 toward the purchase of 1,500 AF water right from Idaho Water Company. Total paid to date on contract is \$212,500.00.
2. \$100,000.00 to complete purchase of 1,000 AF of water right from Idaho Sod Farm. Total purchase price \$750,000.00.
3. \$250,000.00 toward purchase of 492 AF of water right from Idaho Sod Farm. Total contract value \$492,000.00. Amount still owed \$242,000.00.
4. \$263,156.00 cost-to-date for Well #9 well drilling.
5. \$306,288.00 for water meters for 2<sup>nd</sup> phase of three year installation plan to meter flat rate customers and to buy meters and MXU's for new customer installations for 2007.
6. \$175,257.00 for new water mains to loop existing mains in water system.

**In response to question 10 on page 11, the backbone plant additions anticipated in 2008 are:**

1. The development of Well #9 was anticipated to be completed in 2007. The anticipated completion date is mid-September 2008. The project is estimated to be \$1,550,000.00. The

project is financed by a loan from DEQ for \$1,200,000.00 and \$350,000.00 from development fees collected by Falls Water Co., Inc. The estimated cost of the well construction and site improvements is \$800,000.00. The well is estimated to be on line in September 2008. See attached engineering cost estimate for the well development. The remaining \$750,000.00 is for the purchase of 1,500 AF of water right from Idaho Water Company. See attached copy of purchase contract.

**Legal Description of**  
**Calico Sky Subdivision – Division 4**

Beginning at a point that is S89°22'29"E 1154.60 feet along the Section line from the Northwest Corner of Section 11, Township 2 North, Range 38 East of the Boise Meridian, said point being the Northeast Corner of Calico Sky Subdivision, Division No. 2, Bonneville County, Idaho as shown on the recorded plat thereof, and running thence S89°22'29"E 690.04 feet along said Section line; thence S00°00'19"W 350.02 feet; thence S89°22'29"E 796.55 feet to the North-South Centerline of Section 11; thence S00°03'41"W 1250.14 feet along said North-South Centerline of Section 11 to the Northeast Corner of Calico Sky Subdivision, Division No. 3, Bonneville County, Idaho as shown on the recorded plat thereof, and running thence the following 7 courses along the North line of Said Division No. 3, 1) N89°59'41"W 235.27 feet; thence 2) S00°00'19"W 15.48 feet; thence 3) N89°59'41"W 250.00 feet; thence 4) N00°00'19"E 3.02 feet; thence 5) N89°59'41"W 310.00 feet; thence 6) N00°00'19"E 7.46 feet; thence 7) N89°59'41"W 690.00 feet to the Northwest Corner of said Division No. 3, said point being on the East line of Calico Sky Subdivision, Division No. 1; thence N00°00'19"E 1621.25 feet along the East line of Calico Sky Division No. 1 and No. 2 to the point of beginning, containing 48.720 acres.

## Legal Description of

### Summit Park Subdivision – Division 9

Beginning at a point that is  $S0^{\circ}00'19''W$  1580.00 feet along the Section Line to the South line of Woodside Drive and  $N89^{\circ}59'41''W$  280.00 feet to a point of curve having a radius of 503.20 feet and a chord that bears  $N84^{\circ}45'50''W$  91.75 feet; thence to the right along said curve 91.88 feet through a central angle of  $10^{\circ}27'42''$  and  $S00^{\circ}29'49''E$  349.47 feet from the Northeast Corner of Section 10, Township 2 North, Range 38 East of the Boise Meridian, said point of beginning being on the East line of Summit Park Division No. 2, and running thence  $S00^{\circ}29'49''E$  41.14 feet; thence  $S45^{\circ}09'26''W$  57.17 feet; thence  $N50^{\circ}27'56''W$  124.27 feet to a point of curve having a radius of 20.00 feet and a chord that bears  $N13^{\circ}31'46''W$  24.04 feet; thence to the right along said curve 25.79 feet through a central angle of  $73^{\circ}52'21''$ ; thence  $S39^{\circ}32'04''W$  88.89 feet to a point of curve having a radius of 20.00 feet and a chord that bears  $S87^{\circ}24'06''E$  24.04 feet; thence to the right along said curve 25.79 feet through a central angle of  $73^{\circ}52'21''$ ; thence  $S50^{\circ}27'56''E$  118.36 feet; thence  $S45^{\circ}09'26''W$  133.38 feet; thence  $N89^{\circ}41'27''W$  338.86 feet to the Northeast corner of Lot 6, Block 5, Summit Park Division No. 5; thence  $S00^{\circ}18'33''W$  204.97 feet to a point on a curve having a radius of 566.06 feet and a chord that bears  $N88^{\circ}10'32''W$  29.95 feet; thence to the right along said curve 29.95 feet through a central angle of  $3^{\circ}01'54''$ ; thence  $S00^{\circ}12'52''W$  183.93 feet to the Southeast corner of Summit Park Division No. 5; thence  $S89^{\circ}47'08''E$  550.95 feet along the North right-of-way line of the Eastern Idaho Railroad to the centerline of Sand Creek; thence along said centerline of Sand Creek the following five (5) courses: 1)  $N33^{\circ}53'56''E$  39.65 feet; 2)  $N41^{\circ}10'14''E$  208.82 feet; 3)  $N38^{\circ}02'17''E$  76.47 feet; 4)  $N21^{\circ}18'42''E$  180.89 feet; 5)  $N15^{\circ}56'33''E$  119.08 feet; thence  $N76^{\circ}41'28''W$  316.51 feet to the point of beginning, containing 7.856 acres.

**Legal Description of  
Clover Canyon Subdivision – Division 1**

Beginning at a point that is N87°11'03"W 776.00 feet from the Southeast Section Corner of Section 11 Township 2 North, Range 38 East of the Boise Meridian, Bonneville County, Idaho and running thence N87°11'03"W 373.45 feet along south section line of said section; thence N00°00'00"E 870.29 feet along said property line; thence S89°59'37"E 190.00 feet; thence S00°00'00"E 45.88 feet; thence N90°00'00"E 96.03 feet; thence S00°00'00"W 127.18; thence S89°59'52"E 31.70 feet; thence S00°00'08"W 190.00 feet; thence S89°59'52"E 55.29 feet; thence S00°00'07"W 525.55 feet to the point of beginning, containing 6.843 acres.

## Legal Description of Bridgewater Subdivision – Division 2

Beginning at a point that is S.00°02'56"E. along the Section line 345.23 feet from the Northeast Corner of Section 15, Township 2 North, Range 38 East of the Boise Meridian; running thence S.00°02'56"E. along said Section line 887.31 feet to the Northeast Boundary corner of Bridgewater, Division No. 1, an Addition to the City of Ammon, Bonneville County, Idaho; thence along the North Boundary line of said Division No. 1 the following three (3) courses: S.89°57'04"W. 200.00 feet; thence N.00°02'56"W. 8.57 feet; thence S.89°57'04"W. 185.00 feet; thence N.00°02'56"W. 312.00 feet; thence S.89°57'04"W. 765.00 feet; thence N.00°02'56"W. 396.74 feet; thence S.89°57'04"W. 200.00 feet; thence S.00°02'56"E. 75.56 feet; thence S.89°57'04"W. 204.00 feet; thence N.00°04'18"W. 376.09 feet; thence S.89°46'18"E. 1076.20 feet; thence S.00°02'56"E. 125.33 feet; thence N.89°57'04"E. 477.95 feet to the POINT OF BEGINNING. Containing 22.850 acres.

## Legal Description of

### Bridgewater Subdivision – Division 3

Beginning at a point that is S.00°02'56"E. 911.97 feet and S.89°57'04"W. 385.00 feet from the Northeast Corner of Section 15, Township 2 North, Range 38 East of the Boise Meridian, said point being the Northwest corner of Lot 5, Block 4, Bridgewater, Division No. 2, an Addition to the City of Ammon, Bonneville County, Idaho; running thence along the South line of Lot 6, Block 4 of said Bridgewater, Division No. 2 a distance of 632.50 feet; thence S.00°02'56"E. 245.83 feet; thence S.25°35'43"W. 809.83 feet; thence S.00°35'42"W. 360.91 feet; thence S.89°24'18"E. 260.76 feet to the most Westerly corner of Lot 12, Block 1, Bridgewater, Division No. 1, an Addition to the City of Ammon, Bonneville County, Idaho; thence along the Boundary of said Bridgewater, Division No. 1 and Division No. 2 the following ten (10) courses: N.62°36'56"E. 120.00 feet; thence N.27°23'04"W. 16.49 feet to a point of curve with a radius of 111.41 feet and a chord bearing N.47°22'54"W. 76.20 feet; thence to the left along said curve 77.76 feet through a central angle of 39°59'39"; thence N.22°37'17"E. 151.92 feet; thence N.04°10'36"W. 115.21 feet; thence N.25°35'43"E. 730.15 feet; thence N.89°57'04"E. 192.03 feet; thence S.00°02'56"E. 7.00 feet; thence N.89°57'04"E. 125.00 feet; thence N.00°02'56"W. 312.00 feet to the POINT OF BEGINNING. Containing 12.57 acres.

## Legal Description of

### Bridgewater Subdivision – Division 4

Beginning at a point that is S.00°02'56"E. 911.97 feet and S.89°57'04"W. 1017.49 feet from the Northeast Corner of Section 15, Township 2 North, Range 38 East of the Boise Meridian, said point being on the South line of Lot 6, Block 4, Bridgewater, Division No. 2, an Addition to the City of Ammon, Bonneville County, Idaho; running thence along the Boundary of said Division No. 2 the following five (5) courses: S.89°57'04"W. 132.51 feet; thence N.00°02'56"W. 396.74 feet; thence S.89°57'04"W. 200.00 feet; thence S.00°02'56"E. 75.56 feet; thence S.89°57'04"W. 204.00 feet; thence N.89°52'18"W. 101.18 feet; thence S.00°07'42"W. 321.50 feet; thence N.89°57'04"E. 236.17 feet; thence S.00°02'56"E. 190.00 feet; thence N.89°57'04"E. 49.98 feet; thence S.00°02'56"E. 73.86 feet; thence S.25°35'43"W. 830.71 feet; thence S.89°24'18"E. 51.13 feet; thence S.00°35'42"W. 137.45 feet; thence S.16°21'54"E. 60.00 feet to a point on a curve with a radius of 111.41 feet and a chord bearing N.82°06'54"E. 32.86 feet; thence to the right along said curve 32.98 feet through a central angle of 16°57'36"; thence S.89°24'18"E. 50.00 feet; thence S.00°35'42"W. 130.00 feet; thence S.89°24'18"E. 210.00 feet; thence N.00°35'42"E. 360.91 feet; thence N.25°35'43"E. 809.83 feet; thence N.00°02'56"W. 245.83 feet to the POINT OF BEGINNING. Containing 14.33 acres.

## Legal Description of Crimson Valley Subdivision – Division 4

Beginning at the Northeast Section Corner of Section 14 Township 2 North, Range 38 East of the Boise Meridian, Bonneville County, Idaho; thence  $S00^{\circ}19'56''W$  221.10 feet along the east section line of said section to the point of beginning and running thence  $S00^{\circ}19'56''W$  2419.06 feet along east section line of said section; thence  $N87^{\circ}02'24''W$  662.52 feet to the east line of Clover Dale Estates Division No. 8; thence  $N00^{\circ}24'01''E$  2638.41 feet along said property line to the north section line of said section; thence  $S87^{\circ}10'31''E$  291.56 feet along said section line to the northwest corner of property owned by Carol L. Ferguson & Byron R. Ferguson, Inst. No. 1072053; thence  $S00^{\circ}39'40''E$  250.00 feet along west property line to the southwest corner of said property thence  $S88^{\circ}17'40''E$  363.35 feet along south line of said property to the point of beginning, containing 38.032 acres.

## Legal Description of

### Ridge View Subdivision – Division 1

Beginning at a point that is S.00°04'04"W. along the Section line 1203.33 feet from the West 1/4 Corner of Section 13, Township 2 North, Range 38 East of the Boise Meridian; running thence S.00°04'04"W. along said Section line 739.42 feet; thence N.87°51'58"E. 537.16 feet; thence 00°04'04"W. 162.19 feet; thence N.87°51'58"E. 925.91 feet; thence N.00°13'33"E. 0.72 feet; thence N.07°01'01"W. 206.26 feet; thence N.89°55'56"W. 421.93 feet; thence N.00°04'04"E. 130.00 feet; thence S.89°55'56"E. 21.92 feet; thence N.00°04'04"E. 190.00 feet; thence N.89°55'56"W. 18.33 feet; thence N.00°04'04"E. 610.11 feet; thence N.80°52'18"W. 126.28 feet; thence S.80°51'25"W. 62.47 feet; thence N.89°55'56"W. 133.63 feet; thence S.00°04'04"W. 300.00 feet; thence N.89°55'56"W. 698.21 feet to the POINT OF BEGINNING. Containing 23.019 acres.

Legal Description of  
Trellis Square Subdivision – Division 4

Beginning at a point that is S.00°06'55"E. along the Section line 643.04 feet and S.89°52'18"E. 55.37 feet from the Northwest Corner of Section 15, Township 2 North, Range 38 East of the Boise Meridian, said point also being the Northwest corner of Lot 1, Block 1, Majestic Acres, Division No. 1, an Addition to the City of Ammon, Bonneville County, Idaho; running thence S.89°52'18"E. along the North boundary line of said Division No. 1 extended 1347.82 feet; thence N.00°07'42"E. 371.54 feet to the Northeast Boundary corner of Trellis Square, Division No. 3, an Addition to the City of Ammon, Bonneville County, Idaho; thence N.89°52'18"W. along the North Boundary line of said Division No. 3 extended 782.24 feet to the Northeast corner of Lot 5, Block 1, Trellis Square, Division No. 1, an Addition to the City of Ammon, Bonneville County, Idaho; thence along the Boundary of Lots 1, 4 and 5, Block 1, Trellis Square, Division No. 1 and the East Right-of-Way line of 25th East the following eight (8) courses: S.00°07'42"W. 205.50 feet; thence N.89°52'18"W. 140.00 feet; thence N.00°07'42"E. 40.00 feet; thence N.89°52'18"W. 159.05 feet; thence S.00°07'42"W. 75.00 feet; thence N.89°52'18"W. 281.34 feet to a point on a curve with a radius of 2608.33 feet and a chord bearing S.06°13'40"E. 74.89 feet; thence to the left along said curve 74.89 feet through a central angle of 01°38'42" to a point of reverse curve with a radius of 2722.33 feet and a chord bearing S.06°27'02"E. 56.99 feet; thence to the right along said curve 56.99 feet through a central angle of 01°11'58" to the POINT OF BEGINNING. Containing 8.782 acres.

## Legal Description of

### Warm Springs Subdivision – Division 5

Beginning at a point that is  $S89^{\circ}39'15''E$  2082.59 feet along the North section line and  $S00^{\circ}20'45''W$  1279.44 feet from the Northwest Corner of Section 23, Township 2 North, Range 38 East of the Boise Meridian, said point being the Northeast Corner of Lot 1, Block 6 of Warm Spring Meadows Division No. 2, Bonneville County, Idaho as shown on the recorded plat thereof, and running thence  $S58^{\circ}21'40''E$  95.61 feet; thence  $N14^{\circ}30'29''E$  316.92 feet; thence  $N89^{\circ}40'16''E$  195.49 feet; thence  $S00^{\circ}19'44''E$  14.55 feet; thence  $N89^{\circ}53'45''E$  144.82 feet; thence  $S00^{\circ}19'24''E$  690.01 feet to the Northeast Corner of Lot 3, Block 7 of Warm Spring Meadows Division No. 4, Bonneville County, Idaho as shown on the recorded plat thereof, and running the following 3 courses along the North line of said Division No. 4 1)  $S89^{\circ}53'45''W$  144.76 feet; 2)  $N00^{\circ}19'44''W$  79.56 feet; 3)  $S89^{\circ}40'16''W$  310.00 feet to the Northeast Corner of Lot 4, Block 5 of Warm Spring Meadows Division No. 3; thence to the following 2 courses along the North line of said Division No. 3 1)  $N78^{\circ}41'05''W$  102.39 feet; 2)  $N57^{\circ}39'34''W$  130.01 feet to the East line of Warm Spring Meadows Division No. 2 as shown on the recorded plat thereof; thence the following 3 courses along the East line of said Division No. 2 1)  $N31^{\circ}38'20''E$  191.96 feet; 2)  $N58^{\circ}21'40''W$  10.00 feet; 3)  $N31^{\circ}38'20''E$  130.00 feet to the point of beginning, containing 7.302 acres.

The Falls Water Company has operated since 1959 and currently serves over 3,000 homes in the following areas of Bonneville County:

- ◆ Ammon-Lincoln Industrial Park
- ◆ Calico Sky
- ◆ Caribou Meadows
- ◆ Centennial Ranch (from Aschli Ln northward)
- ◆ Cloverdale Estates
- ◆ Cornerstone Community
- ◆ Country Corner Estates
- ◆ Crimson Valley
- ◆ Denise Subdivision
- ◆ East Park
- ◆ Fairmont Village
- ◆ Fall Creek Addition
- ◆ First Street Mobile Park
- ◆ Grayson Subdivision (Iona Rd)
- ◆ GreenOak Meadow
- ◆ Henderson Subdivision
- ◆ Lawndale Estates
- ◆ Liberty Park
- ◆ Lincoln Industrial Park
- ◆ Lincoln Park
- ◆ Lincoln Road (Hitt to Ammon Rd)
- ◆ Lincoln Townsite
- ◆ McDonald's Farm
- ◆ Mobile Home Estates (Fallsbrook)
- ◆ Monte Vista Subdivision
- ◆ North Springs
- ◆ Old Mill
- ◆ Red Rock Estates
- ◆ Rettius Retreat
- ◆ Stone Arbor
- ◆ Summerset Subdivision
- ◆ Summit Park
- ◆ Victor Hanks Subdivision
- ◆ Warm Spring Meadows
- ◆ Washington Park

#### Memberships

American Waterworks Association  
Idaho Rural Water Association

#### Regulated by

Idaho Public Utilities Commission  
Idaho Department of Health & Welfare  
Idaho Division of Environmental Quality  
Idaho Department of Water Resources  
U.S. Environmental Protection Agency

**Quality**  
**On Tap!**  
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# THE FALLS WATER SPOUT

## FALLS WATER COMPANY, INC.

1770 Sabin Dr

Idaho Falls, ID 83406

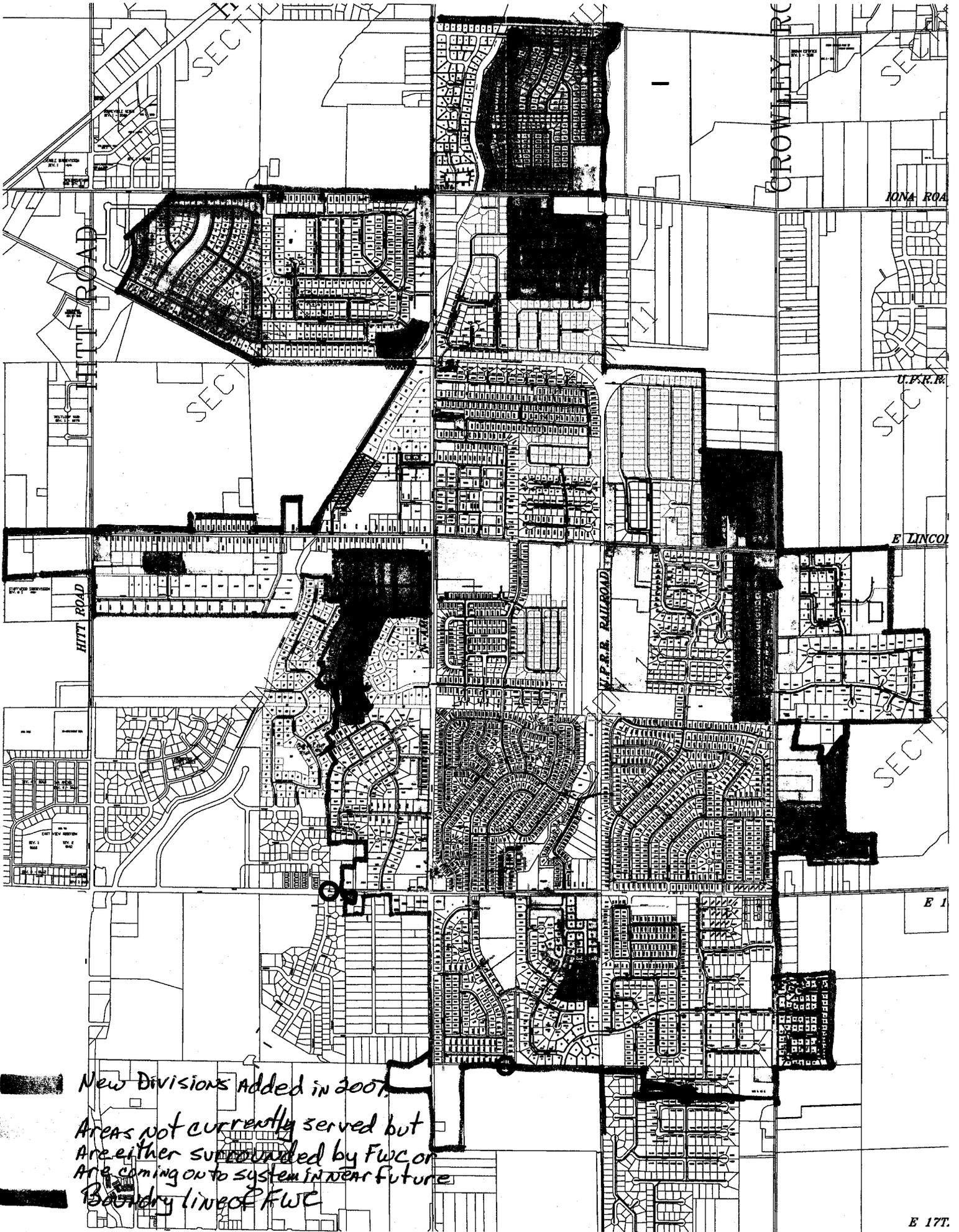
Phone: (208) 522-1300

FAX: (208) 522-4099

Check us out on the web:

[www.fallswater.com](http://www.fallswater.com)

Falls Water Company's  
Information Pipeline



■ New Divisions Added in 2007  
 ■ Areas not currently served but  
 are either surrounded by FWC or  
 are coming on to system in near future  
 — Boundary line of FWC

# Exhibit B - Engineer Opinion of Probable Project Cost - Well #9

Item No.	Item	Unit	Quantity	Unit Cost	Total Cost
<b>Construction Costs</b>					
1	New well, 20" dia. Casing, approximately 350 feet deep on future booster station and tank site	lump sum	1	\$223,050	\$223,050
2	Building piping including flowmeter, valves, air relief, transducer, pressure gauge, prelube line, future chlorination injection port & visible piping	lump sum	1	\$25,000	\$25,000
3	Site piping including pipe, valves, fittings, pump to waste, hookup to existing system, etc.	lump sum	1	\$15,000	\$15,000
4	Well building expandable for a booster pump station and chlorination.	square feet	720	\$160	\$115,200
5	300 Hp deep well pump, column, VFD & controls	lump sum	1	\$55,000	\$55,000
6	Emergency generator (sized to also operate future booster pumps), transfer switch & diesel tank	lump sum	1	\$135,000	\$135,000
7	Fencing	lineal foot	1050	\$15	\$15,750
<b>Total estimated probable construction cost</b>					<b>\$584,000</b>

<b>Soft Costs</b>					
8	Water right purchase	acre-ft	1500	\$500	\$750,000
9	Property for booster station, tank & well	lump sum	1	\$60,000	\$60,000
10	Engineering, administration & financing @ 25% of construction				\$148,000
11	Contingency				\$10,000
<b>Total Estimated Probable Project Cost</b>					<b>\$1,550,000</b>

<b>Project Budget</b>		
1	DEQ loan	\$1,200,000
2	Local Cash	\$350,000
<b>Total estimated cost</b>		<b>\$1,550,000</b>

### FWC Out of Pocket Costs

- \*IDWR drilling permit fees
- \*Electrical costs that must be paid directly to Utah Power to get power to the site
- \*Other utility costs that must be paid to get services to the site
- \*Legal services associated with the project
- \*Advertisement costs

### Not Included in Schless Contract

- \*Extensive acquisition assistance for water rights or property
- \*Extensive PUC coordination such as for trips to Boise and etc.
- \*Future SCADA hookup starting from a termination panel