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IDAHO PUBLIC
UTILITIES COMMISSION

Attorneys for Eagle Water Company, Inc.

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF EAGLE WATER)
COMPANY'S REQUEST FOR A TEMPORARY) CASE NO. EAG-W-05-2
SURCHARGE)
)
) EAGLE WATER COMPANY,
) INC.'S REPORT TO
) COMMISSION
)
)
)**

COMES NOW, Eagle Water Company, Inc. ("Eagle Water") and files this REPORT to the Idaho Public Utilities Commission ("the Commission") in response to the Commission's Order No. 29903, dated October 27, 2005.

RESPONSES

1. *The reasonableness of using a temporary easement for a 12-inch mainline:*

Eagle Water believes it was reasonable to use a temporary easement for its 12-inch mainline into the booster pump that serves the Eagle Springs subdivision because:

(a) the easement allowed Eagle Water to construct the east-west mainline along the most cost-effective route for its system;

(b) the easement was only temporary until the gravel in that portion of Prime Earth, Inc.'s gravel pit could be mined, at which time a permanent easement was to be executed; and

(c) the easement contained a 60-day notice provision to allow Eagle Water plenty of time to relocate its 12-inch mainline in the event the gravel in that portion of the gravel pit needed to be mined. *See Exhibit A*, Temporary Water Line Easement, attached. (This document was provided to Commission Staff on October 4, 2005, in response to Staff's First Production Request.)

2. *Whether the easement agreement provided for adequate notification regarding gravel operations which might affect the mainline:*

See response 1(c), above. Eagle Water believes the 60-day notice provision was adequate. Unfortunately, Prime Earth received several large orders for gravel which it had to deliver quickly and needed to excavate this portion of its gravel pit sooner than expected. Consequently, Eagle Water was given four days notice instead of the required 60-days notice.

3. *The basis for the \$2,511 in legal costs:*

The \$2,511.00 estimate of legal costs that was contained in Eagle Water's calculation of its out-of-pocket costs associated with replacement of the 8-inch mainline to the booster pump with the 12-inch line was based on 14.5 hours of legal services provided to Eagle Water by Richardson & O'Leary, PLLC through August 18, 2005. These legal services were provided to Eagle Water regarding pressure problems in the Eagle Spring subdivision area, which were addressed by Eagle Water by reconnecting the 12-inch mainline from west of the Farmer's Union Canal to the booster pump, in place of the temporary 8-inch mainline that was connected to the booster pump in the summer of 2004, when the 12-inch mainline was undermined. *See, Exhibit B*, Richardson & O'Leary, PLLC Statement for legal services rendered through August 18, 2005, attached; *see also, Exhibit C*, Eagle Water diagram showing temporary 8-inch mainline connection from existing mainline on Old Horseshoe Bend Road, attached.

4. *Whether it has adequately explored seeking recovery of damages to the mainline from other parties:*

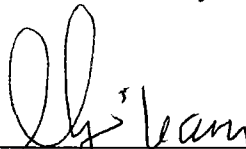
Eagle Water is in the process of completing negotiations with Prime Earth, Inc. for a permanent easement for its 12-inch mainline that runs east-west from the new Highway 55 to the booster pump that serves the Eagle Springs subdivision. Eagle Water does not believe it is prudent to consider legal action against Prime Earth until such negotiations are completed.

In closing, Eagle Water wishes to apologize to the Commission for not getting this information to the Commission by November 17, 2005, as ordered by the Commission.

RESPECTFULLY SUBMITTED, this 28th day of November, 2005.

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

By


Molly O'Leary

Attorneys for Eagle Water
Company, Inc.

EXHIBIT A

ROBERT L. ALDRIDGE, CHARTERED
Attorney at Law
1209 North Eighth Street
Boise, Idaho 83702-4297
Telephone: (208) 336-9880
Fax: (208) 336-9882
State Bar No. 1296

TEMPORARY WATER LINE EASEMENT

This Agreement is made and entered into this date by and between Prime Earth, Inc., Box 4055, Boise, Idaho 83711 ("Grantor") and Robert V. DeShazo, P.O. Box 71, Eagle, Idaho 83618 ("Grantee")

WHEREAS, Grantor is the record owner of certain real property in the County of Ada, State of Idaho, hereinafter the "Servient Estate"; and,

WHEREAS, Grantor has the unrestricted right to grant the easement hereinafter described, as appurtenant to, and running with, the Servient Estate;

NOW, THEREFORE, for good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. Grant of Easement. Grantor does hereby grant to Grantee a temporary, non-exclusive easement to, over and upon that portion of the Servient Estate which is covered by and within the boundaries of the following easement property:

A portion of the Northeast 1/4 of the Southeast 1/4 of Section 10, Township 4 North, Range 1 East of the Boise Meridian, in Ada County, Idaho, more particularly described to wit:

Commencing at a found 3/8" iron pipe with the remains of an aluminum cap monument marking the Southeast corner of Section 10, Township 4 North, Range 1 East of the Boise Meridian; thence North 00°00'00" East 1608.75 feet along the Section line between Sections 10 and 11 to a point; thence South 88°10'00" West 40.11 feet (formerly stated as 40.00 feet) to a point that is referenced by a set 1/2" iron pin with a plastic cap which bears North 00°01'56" West 1.00 feet from the boundary corner; thence continuing South 88°10'00" West 295.00 feet to a set 1/2" iron pin with a plastic cap; thence continuing South 88°10'00" West 140.49 feet to a set 1/2" iron pin with a plastic cap on the Northeasterly right of way of the Farmers Union Canal; thence along the said Northeasterly right of way North 29°13'21" West 282.41 feet (formerly stated as North 35°00' West 290.8 feet) to a found 1/2" iron pin with a plastic cap, **THE REAL POINT OF BEGINNING OF THIS WATER LINE EASEMENT**; thence along the said Northeasterly right of way South 29°13'21" East 29.17 feet (formerly stated as South 35°00' East) to a point; thence North 88°13'18" West 699.46 feet to a point on the Easterly right of way of the new State Highway 55; thence along the said Easterly right of way of the new State Highway 55 North 02°37'31" West 25.07 feet to a point; thence South 88°13'18" East 686.36 feet to the **REAL POINT OF BEGINNING OF THIS WATER LINE EASEMENT DESCRIPTION.**

("Easement Property")

Section 2. Scope and Use of Easement.

A. Grantee, its successors and assigns, and its respective agents, independent contractors, guests and invitees, shall use the easement for the construction, installation, maintenance, repair, and upgrading of an underground water line.

B. Grantee, its successors or assigns, may not assign this Easement.

Section 3. Grantee's Right of Access. Grantee, its successors and assigns, shall have the right to enter upon the Easement Property for the purposes set forth in the Agreement. Grantee shall also have the right to remove any trees, shrubs or brush necessary or convenient to accomplish the purposes of the Agreement. This instrument does not grant or convey to Grantee any right or title to the surface of the soil within the Easement Property, except for the purpose of excavating, constructing, installing, maintaining, inspecting, repairing, and upgrading the water line located within the Easement Property.

Section 4. Grantee's Notice of Entry. Grantee shall provide reasonable notice of entry to Grantor prior to entering upon the Easement Property except for emergency.

Section 5. Termination. The easement granted by this Agreement may be terminated by Grantor upon sixty (60) days written notice to Grantee. In such event, Grantee shall, within a reasonable time after such termination, remove all water line and other installed artifacts from the easement area and shall restore the easement area to its original condition.

Section 6. Modification. No amendment to or modification of this Agreement shall be valid unless the same shall be in writing, signed by the parties who are then bound by the terms hereof.

Section 7. Breach - Equitable Relief. The parties acknowledge that the uses provided by this Agreement are unique and that money damages alone for breach of this Agreement are inadequate. Any party aggrieved by a breach of the provisions hereof may bring an action at law or a suit in equity to obtain relief, including specific performance, injunctive relief and any other available equitable remedy. Time and strict performance are of the essence of this Agreement.

Section 8. Attorney's Fees. In the event suit or action is instituted for a declaration of rights hereunder or to enforce any of the provisions of this Agreement, the parties agree to pay the cost of such suits as the trial court may adjudge as attorney's fees to be awarded the prevailing party. If any appeal is taken from any judgment or decree, the parties agree to pay further attorney's fees and costs as may be adjudged reasonable by any appellate court and awarded the prevailing party.

Section 9. Binding Effect and Assignment. Both the burdens and benefits of this Agreement shall be appurtenant to and run with the land comprising the Servient Estate, and shall be binding upon and inure to the benefit of the parties hereto, their respective successors, heirs, and legal representatives.

Section 10. Prior Easement and Encumbrances. This Easement is granted subject to all prior easements or encumbrances of record, if any.

Section 11. Protection of Rights of Secured Parties. No breach of the provisions in this Agreement shall defeat or render invalid the lien of any contract of sale, mortgage(s) or deed(s) of trust now or hereafter executed upon land subject to this Agreement; provided, however, that if any portion of said property is sold under a foreclosure of any mortgage(s) or under the provisions of any deed(s) of trust, any purchaser at such sale, and its successors and assigns, shall hold any and all property so purchased subject to all of the provisions of this Agreement.

Section 12. Indemnity. The parties hereto and any subsequent owners shall defend, indemnify and hold the other owner(s) harmless from any claim, loss, or liability arising out of the connection with the owner's failure to comply with the terms and provisions of this Agreement.

Section 13. Costs. All expenses related to the use of the easement, and any expenses of installing, maintaining, hooking up, etc., the water line located in the Easement Property, of any nature whatever (and including, but not limited to, survey costs, costs related to any governmental agency of any nature, costs of any applications, costs related to the hookup of such line, including any impact fees or similar fees, legal costs incurred, including legal costs incurred by Grantee, and so forth), shall be paid by Grantee.

DATED: February 11, 2000.

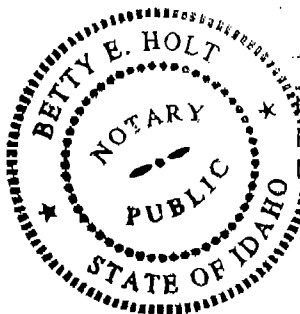
Prime Earth, Inc.

Sharon L. Patterson
By: Corp. Secretary

STATE OF IDAHO)
) 55.
COUNTY OF ADA)

On this February 11, 2000, before me, a Notary Public in and for the State of Idaho, personally appeared Sharon L. Patterson, known to me or identified to me or proved to me on the basis of satisfactory evidence to be the Corp/Sec of Prime Earth, Inc., and to be the person whose name is attached to the foregoing instrument and acknowledged to me that said corporation executed the same.

IN WITNESS WHEREOF, I have hereunto placed my official hand and seal the day and year in this Certificate first above written.



Betty E. Holt
Notary Public for Idaho
Residing at Boise
My Commission expires on 1/6/2005

ACCEPTED:

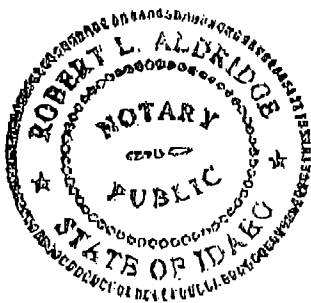



Robert V. DeShazo, Grantee

STATE OF IDAHO)
) 88.
 COUNTY OF ADA)

On this February 11, 2000, before me, Robert L. Aldridge, a Notary Public in and for said State, personally appeared Robert V. DeShazo, personally known to me, or identified to me, or proved to me on the basis of satisfactory evidence, to be the person whose name is attached to the within instrument and acknowledged to me that said person executed the same.

IN WITNESS WHEREOF, I have hereunto placed my official hand and seal the day and year in this Certificate first above written.

Notary Public for Idaho
 Residing at Meridian
 My Commission expires on 7-1-2000

EXHIBIT B

RICHARDSON & O'LEARY, PLLC

515 N. 27th Street
 P.O. Box 7218
 Boise, ID 83707

Statement

Date

9/15/2005

To:

Eagle Water Company
 Robert. V. DeShazo, Jr., Pres.
 PO Box 455
 172-D W.State Street
 Eagle, ID 83616

Amount Due	Amount Enc.
\$1,318.33	

Date	Transaction				Amount	Balance
12/31/2004	Balance forward					0.00
08/16/2005	16RO - DEQ/Water Pressure- INV #2163. Due 08/16/2005.				1,265.84	1,265.84
08/16/2005	PMT #1012. from trust fund				-1,265.84	0.00
09/13/2005	INV #2180. Due 09/13/2005.				1,318.33	1,318.33
Current	1-30 Days Past Due	31-60 Days Past Due	61-90 Days Past Due	Over 90 Days Past Due	Amount Due	
0.00	1,318.33	0.00	0.00	0.00	\$1,318.33	

EXHIBIT C

EXISTING 8" MAIN

NORTH HORSESHOE BEND RD.

EAGLE WATER CO.

NEW YARD

NEW 8" WATER MAIN

ROAD

EXISTING

BOOSTER PUMP

EDGE OF BANK

FARMERS UNION

EXIST

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