ANNUAL REPORT

OF FLS-W

FALLS WATER COMPANY, INC.

NAME

1770 Sabin Dr, Idaho Falls, ID 83406

ADDRESS

TO THE

IDAHO PUBLIC

UTILITIES COMMISSION

FOR THE

YEAR ENDED December 31, 2005

ANNUAL REPORT FOR WATER UTILITIES TO
THE IDAHO PUBLIC UTILITIES COMMISSION
FOR THE YEAR ENDING December 31, 2005

COMPANY INFORMATION

1	Give full name of utility	Falls Water Company, Inc.
2	Date of Organization	9-Jan-59
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.)	Not-for-profit 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)	Kelly D. Howell	208-522-2525
Vice President		
Secretary	Cindy Howell	208-522-2525
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 Company, Inc.

COMPANY INFORMATION (Cont.)

For the Year Ended December 31, 2005

15 Is the system operated or maintained under a service contract? Yes

16 **If yes:** With whom is the contract? Frontier Property Group

When does the contract expire? Month-to-Month

What services and rates are included? All Labor, both field and office

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

18 **If yes:** Name of Organization Evan's Grain & Elevator

Name of owner or operator Well operated by Falls Water Company, Inc.

Mailing Address PO Box 3765

City Ogden

State Utah

Zip 84409

	Gallons/CCF	$Amount
Water Purchased	51,204,700	$ 1,112.00

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? Yes

If yes, attach full explanation

21 Number of Complaints received during year concerning:

Quality of Service No Record

High Bills No Record

Disconnection 3

22 Number of Customers involuntarily disconnected 36

23 Date customers last received a copy of the Summary of Rules required by IDAPA 31.21.01.701? June 2005

Attach a copy of the Summary

24 Did significant additions or retirements from the Plant Accounts occur during the year? No

If yes, attach full explanation and an updated system map

NAME: Falls Water Company, Inc.

REVENUE & EXPENSE DETAIL

For the Year Ended December 31, 2005

	ACCT #	DESCRIPTION		
		400 REVENUES		
1	460	Unmetered Water Revenue	122,168	
2	461.1	Metered Sales - Residential	373,867	
3	461.2	Metered Sales - Commercial, Industrial	12,884	
4	462	Fire Protection Revenue	-	
5	464	Other Water Sales Revenue	677	
6	465	Irrigation Sales Revenue	-	
7	466	Sales for Resale	-	
8	400	Total Revenue (Add Lines 1 - 7) (also enter result on Page 4, line 1)		509,595
9		* DEQ Fees Billed separately to customers		Booked to Acct #
10		** Hookup or Connection Fees Collected	205,300	Booked to Acct # 271
11		***Commission Approved Surcharges Collected		Booked to Acct #
		401 OPERATING EXPENSES		
12	601.1-6	Labor - Operation & Maintenance	100,014	
13	601.7	Labor - Customer Accounts	7,449	
14	601.8	Labor - Administrative & General	94,186	
15	603	Salaries, Officers & Directors	13,824	
16	604	Employee Pensions & Benefits	13,406	
17	610	Purchased Water	1,112	
18	615-16	Purchased Power & Fuel for Power	78,469	
19	618	Chemicals	-	
20	620.1-6	Materials & Supplies - Operation & Maint.	29,240	
21	620.7-8	Materials & Supplies - Administrative & General	35,861	
22	631-34	Contract Services - Professional	9,002	
23	635	Contract Services - Water Testing	2,580	
24	636	Contract Services - Other	16,518	
25	641-42	Rentals - Property & Equipment	16,705	
26	650	Transportation Expense	19,478	
27	656-59	Insurance	9,468	
28	660	Advertising	2,458	
29	666	Rate Case Expense (Amortization)	-	
30	667	Regulatory Comm. Exp. (Other except taxes)	431	
31	670	Bad Debt Expense	5,296	
32	675	Miscellaneous	12,684	
33		**Total Operating Expenses (Add lines 12 - 32, also enter on Pg 4, line 2)**		468,183

Name: Falls Water Company, Inc.

INCOME STATEMENT

For Year Ended December 31, 2005

	ACCT #	DESCRIPTION			
1		Revenue (From Page 3, line 8)		509,595	
2		Operating Expenses (From Page 3, line 33)	468,183		
3	403	Depreciation Expense	43,293		
4	406	Amortization, Utility Plant Aquisition Adj.			
5	407	Amortization Exp. - Other			
6	408.10	Regulatory Fees (PUC)	1,320		
7	408.11	Property Taxes	6,890		
8	408.12	Payroll Taxes			
9A	408.13	Other Taxes (list) DEQ Fees			
9B					
9C					
9D					
10	409.10	Federal Income Taxes			
11	409.11	State Income Taxes	30		
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)		519,716	
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)			(10,121)
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		14,878	
25	426	Miscellaneous Non-Utility Expense		1,883	
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)			12,996
29		Gross Income (add lines 19 & 28)			2,875
30	427.3	Interest Exp. on Long-Term Debt			12,127
31	427.5	Other Interest Charges			
32		NET INCOME (Line 29 less lines 30 & 31) (Also Enter on Pg 9, Line 2)			(9,252)

Name: Falls Water Company, Inc.

ACCOUNT 101 PLANT IN SERVICE DETAIL

For Year Ended December 31, 2005

	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	3,329		150	3,179
4	304	Structures and Improvements	8,707			8,707
5	305	Collecting & Impounding Reservoirs				
6	306	Lake, River & Other Intakes				
7	307	Wells	55,545	6,482		62,027
8	308	Infiltration Galleries & Tunnels				
9	309	Supply Mains				
10	310	Power Generation Equipment	16,693			16,693
11	311	Power Pumping Equipment	202,683	7,506		210,189
12	320	Purification Systems	15,603	8,023		23,626
13	330	Distribution Reservoirs & Standpipes	494			494
14	331	Trans. & Distrib. Mains & Accessories	435,055	40,108		475,163
15	333	Services				
16	334	Meters and Meter Installations	223,713.0	80,845		304,558
17	335	Hydrants	-	5,416		5,416
18	336	Backflow Prevention Devices				
19	339	Other Plant & Misc. Equipment				
20	340	Office Furniture and Equipment	8,474	7,083		15,556.8
21	341	Transportation Equipment	27,110	4,769		31,879.0
22	342	Stores Equipment	13,328	5,807		19,134.6
23	343	Tools, Shop and Garage Equipment				
24	344	Laboratory Equipment				
25	345	Power Operated Equipment				
26	346	Communications Equipment				
27	347	Miscellaneous Equipment				
28	348	Other Tangible Property				
29		TOTAL PLANT IN SERVICE (Add lines 1 - 28)	**1,010,734**	166,040	150	**1,176,624**

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

Name: Falls Water Company, Inc.

ACCUMULATED DEPRECIATION ACCOUNT 108.1 DETAIL

For Year Ended December 31, 2005

	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		29,342	31,705	2,363
5	308	Infiltration Galleries & Tunnels				
6	309	Supply Mains				
7	310	Power Generation Equipment		5,947	6,782	835
8	311	Power Pumping Equipment		124,785	133,339	8,554
9	320	Purification Systems		14,448	14,747	299
10	330	Distribution Reservoirs & Standpipes		494	494	-
11	331	Trans. & Distrib. Mains & Accessories		70,434	81,582	11,148
12	333	Services				
13	334	Meters and Meter Installations		99,771	123,457	23,686
14	335	Hydrants		0	116.56	117
15	336	Backflow Prevention Devices				
16	339	Other Plant & Misc. Equipment				
17	340	Office Furniture and Equipment		2,151	4,370	2,219
18	341	Transportation Equipment		7,344	13,074	5,730
19	342	Stores Equipment				
20	343	Tools, Shop and Garage Equipment		8,082	9,369	1,287
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)		362,798	419,035	56,237

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

Name: Falls Water Company, Inc.

BALANCE SHEET

For Year Ended December 31, 2005

ASSETS

	ACCT #	DESCRIPTION	Balance Beginning of Year	Balance End of Year	Increase or (Decrease)
1	101	Utility Plant in Service (From Pg 5, Line 29)	1,010,734	1,176,624	165,890
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)	1,010,734	1,176,624	165,890
7	108.1	Accumulated Depreciation (From Pg 6, Line 26)	362,798	419,035	56,237
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)	647,936	757,588	109,652
14	123	Investment in Subsidiaries			
15	125	Other Investments			
16		Total Investments (Add lines 14 & 15)			
17	131	Cash	126,484	271,019	144,535
18	135	Short Term Investments			
19	141	Accts/Notes Receivable - Customers	40,629	60,409	19,780
20	142	Other Receivables	-	58,187	58,187
21	145	Receivables from Associated Companies			
22	151	Materials & Supplies Inventory			
23	162	Prepaid Expenses	-	1,876	1,876
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)	165,813	390,192	224,379
27	181	Unamortized Debt Discount & Expense			
28	183	Preliminary Survey & Investigation Charges			
29	184	Deferred Rate Case Expenses			
30	186	Other Deferred Charges			
31		**Total Assets (Add lines 13, 16 & 26 - 30)**	813,749	1,147,780	334,031

Name: Falls Water Company, Inc.

BALANCE SHEET

For Year Ended December 31, 2005

	ACCT #	LIABILITIES & CAPITAL 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	114,717	100,167	(14,550)
6	216	Reacquired Capital Stock			
7	218	Proprietary Capital			
8		Total Equity Capital (Add Lines 1-5+7 less line 6)	139,717	125,167	(14,550)
9	221-2	Bonds			
10	223	Advances from Associated Companies	115,966	105,378	(10,588)
11	224	Other Long - Term Debt	77,232	259,363	182,131
12	231	Accounts Payable	25,979	6,235	(19,744)
13	232	Notes Payable	233,159	27,573	(205,586)
14	233	Accounts Payable - Associated Companies	14,951	20,674	5,723
15	235	Customer Deposits (Refundable)			
16	236.11	Accrued Other Taxes Payable			
17	236.12	Accrued Income Taxes Payable	4,054	30	(4,024)
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	208,875	622,491	413,616
28	272	Accum. Amort. of Contrib. in Aid of Const. **	(5,827)	(19,131)	(13,304)
29	281-3	Accumulated Deferred Income Taxes			
30		Total Liabilities (Add lines 9 - 29	674,389	1,022,612	348,223
31	**TOTAL LIAB & CAPITAL (Add lines 8 & 30)**		814,106	1,147,779	333,673

**** Only if Commission Approved**

Name: Falls Water Company, Inc.

STATEMENT OF RETAINED EARNINGS

For Year Ended December 31, 2005

1	Retained Earnings Balance @ Beginning of Year	114717
2	Amount Added from Current Year Income (From Pg 4, Line 32)	(9,252)
3	Other Credits to Account	(5,298)
4	Dividends Paid or Appropriated	
5	Other Distributions of Retained Earnings	
6	Retained Earnings Balance @ End of Year	100,167

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%	109304.74	6781.83	
	Frontier Property Group (1999 Ford Pickup)	8%	6661.47	668.61	
	DEQ State Revolving Loan Fund	3.25%	264448.41	4458.6	

Name: Falls Water Company, Inc.

SYSTEM ENGINEERING DATA

For Year Ended December 31, 2005

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	113,691	WELL
Well #2	400		100,812	WELL
Well #3	200		10,584	WELL
Well #4	1500	SAND SEP	106,665	WELL
Well #5	750	SAND SEP	422,390	WELL
Well #6 (Pump 6)	600	SAND SEP	77,101	WELL
Pump #7 (In Well #6)	600		46,143	WELL
Well #8	1500		51,205	WELL

3 System Storage:

Storage Designation or Location	Total Capacity 000's Gal.	Usable Capacity 000's Gal.	Type of Reservoir (Elevated,Pres-urized, 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 Company, Inc.

SYSTEM ENGINEERING DATA
(continued)
For Year Ended December 31, 2005

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			471,840
Well #1, VFD Turbine Pump #1	75	750	65	221,764
Well #3, Submersible Pump #3	30	200	65	10,189
Well #5, Turbine Pump #5	75	750	65	563,635
Well #8, Turbine Pump #8	150	1500	65	92,680

**** 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? 928,591,145
What was the total amount pumped during peak month? 161,221,697
What was the total amount pumped on the peak day? No Record

6 If customers are metered, what was the total amount sold in peak month? 117,594,000

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? 100
How many of those potential additions are vacant lots? 100

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? 2006

Name: Falls Water Company, Inc.

SYSTEM ENGINEERING DATA
(continued)

For Year Ended December 31, 2005

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"	112,195.20	12,842.97		125,038.17
8"	26,598.38	4,539.70		31,138.08
10"	18,459.90		610.19	17,849.71
12"	7,543.11	527.14		8,070.25

CUSTOMER STATISTICS

		Number of Customers		Thousands of Gallons Sold	
		This Year	Last Year	This Year	Last Year
2	Metered:				
2A	Residential	2,259	1,852	474,385	425,907
2B	Commercial	42	35	24,017	24,484
2C	Industrial				
3	Flat Rate:				
3A	Residential	573	577	N/A	N/A
3B	Commercial				
3C	Industrial				
4	Private Fire Protection				
5	Public Fire Protection	259	224	N/A	N/A
6	Street Sprinkling				
7	Municipal, Other				
8	Other Water Utilities				
	TOTALS (Add lines 2 through 8)	3,133	2,688	498,402	450,391

CERTIFICATE

State of Idaho)
) ss
County of Bonneville)

WE, the undersigned Paul Johnson, Owner, 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 therin set forth, to the best of our knowledge, information and belief.

(Chief Officer)

K. Scott Bruce
(Officer in Charge of Accounts)

Subscribed and Sworn to Before Me

this 14th day of April, 2006

Christina Callaway
NOTARY PUBLIC

My Commission Expires June 2, 2011

CHRISTINA CALLAWAY NOTARY PUBLIC STATE OF IDAHO

gdk/excel/jnelson/anulrpts/wtrannualrpt

Attachments for response to page 1 question 13:

During 2005, Falls Water Company, Inc.'s service area added the following new subdivisions and divisions to existing subdivisions:

1. Ammon – Lincoln Industrial Park Division 2 was added (Legal description is attached to this form).
2. Calico Sky Subdivision Division 2 was added (Legal description is attached to this form).
3. Centennial Ranch Subdivision Division 15 was added (Legal description is attached to this form).
4. Cornerstone Subdivision Divisions 2 and 3 were added (Legal description is attached to this form).
5. Liberty Park Subdivision was added (Legal description is attached to this form).
6. Red Rock Estates Divisions 1 and 2 were added (Legal description is attached to this form).
7. Old Mill Subdivision Division 1 was added (Legal description is attached to this form).
8. Warm Springs Meadows subdivision Division 4 was added (Legal description is attached to this form).
9. Summit Park Subdivision Divisions 7 and 8 were added (Legal description is attached to this form).

Attachments for response to page 2 questions 20 and 23:

Question 20:
In 2006, Falls Water Company, Inc. will submit an application to the Idaho Public Utilities Commission to incur debt in the amount of $1,200,000.00 to construct a new well on a parcel of ground on the northwest corner of the intersection of North Ammon Road and Deloy Drive in Bonneville County, Idaho. The total project cost will be $1,550,000.00 of which Falls Water Company will provide $350,000.00 from Contributions in Aid of Construction for the project. The cost of the project includes the purchase of 1,500 acre feet of groundwater right for $750,000.00. The expected completion date of the project will be mid-May 2007. See attached cost estimate sheet for Well #9 project.

Question 23:
Copy of summary of rules is found in The Falls Water Spout (see attached copy).

Attachments for response to page 11 question 10:

The planned improvement for 2006-2007 is dependent upon our ability to obtain a water right that would enable us to drill Well #9 (on the north end of our water system). The estimated cost for the new well is $800,000.00. In the attached pages are sections 7 and 8 from the draft of the study of Falls Water Company, Inc.'s water system, these sections

contain the proposed projects and estimated cost for the projects. The draft has been reviewed by the Department of Environmental Quality and is awaiting final revision and approval by July 2006 as the study of the other water systems involved in this project are completed.

Sections 7 and 8 are the proposed upgrades to Falls Water's system to ensure the long-term viability of the system. The projects listed in these sections were ranked based on priorities as understood at the time the draft was written. Project #1 was installed in November and December 2004. Final work on project was completed in January 2005.

The well projects do not need to be completed with the storage tanks in the same project. The storage tanks and disinfection systems can be phased in when they become necessary

Falls Water Company, Inc
1770 Sabin Dr
Idaho Falls, ID 83406

Quality On Tap!

Phone: (208) 522-1300
Fax: (208) 522-4099
Web site: www.fallswater.com

June10, 2004

Mountain River Engineering
1020 Lincoln Road
Idaho Falls, ID 83401

Water Service for Ammon – Lincoln Industrial Park Division 2

This confirms that Falls Water Company, Inc. has the ability, capacity, and willingness to provide domestic water utility service to the proposed development, Ammon-Lincoln Industrial Park Division No. 2, beginning at a point that is N.00°00'19"E. along the Section line 829.00 feet and N.89°52'18"W. 48.00 feet from the Southeast Corner of Section 10, Township 2 North, Range 38 East of the Boise Meridian, said point being the Northeast corner of Ammon-Lincoln Industrial Park, Bonneville County, Idaho; running thence N.89°52'18"W. 448.22 feet to the Northwest corner of said Ammon-Lincoln Industrial Park; thence N.00°07'42"E. 0.42 feet; thence N.89°52'18"W. 456.25 feet to the Southeasterly boundary line of Henderson Subdivision, Division No. 1, Bonneville County, Idaho; thence N.31°08'37"E. 312.92 feet to the Northeasterly corner of Lot 2, Block 3 said Henderson Subdivision; thence S.89°52'18"E. 86.01 feet; thence N.00°07'42"E. 161.82 feet; thence S.89°52'18"E. 656.29 feet; thence S.00°00'19"W. 430.42 feet to the POINT OF BEGINNING. Containing 7.51 acres.

This is subject to the following conditions:

1. Installation and extension of the water system by the developer in accordance with Falls Water standards both within the development and connecting to the existing Falls Water system.
2. Approval by the Idaho Public Utilities Commission (IPUC).
3. In accordance with IPUC approved Rates and Tariff for Falls Water Company, Inc.
4. Payment by developer or by subsequent builders, homeowners, or lot purchasers of the connection fee in accordance with IPUC approved Rates and Tariffs.
5. System design and installation approved, inspected and accepted by Idaho Department of Health and Welfare, Division of Environmental Quality, Falls Water's designated professional engineer (Schiess and Associates Consulting Engineers), and by Falls Water's own internal staff.
6. Developer shall provide "as built" drawings on paper and computer disks in a format readable by Falls Water as the development progresses.
7. This will serve letter is valid for one year from the date of this letter.
8. In accordance with any other lawfully necessary provisions as agreed between developer and Falls Water.

FALLS WATER COMPANY, INC.

K. Scott Bruce

K. Scott Bruce
Manager

FALLS WATER COMPANY

1770 Sabin Dr, Idaho Falls, Idaho 83406-6747 Tel.:(208) 522-1300
Website: www.fallswater.com Fax: (208) 522-4099

Benton Engineering
550 Linden Dr
Idaho Falls, ID 83401

February 16, 2005

Water Service for Calico Sky Subdivision Division No. 2

This confirms that Falls Water Company, Inc. has the ability, capacity, and willingness to provide domestic water utility service to the proposed development, Calico Sky Subdivision Division No. 2. Beginning at a point that is N00°00'19"E 675.69 feet along the section line, N43°42'44"E 189.61 feet, N28°36'01"E 75.52 feet and N17°35'16"E 360.67 feet from the West 1/4 corner of Section 11, Township 2 North, Range 38 East of the Boise Meridian, said point also being the Northwest Corner of Calico Sky Division No. 1, Bonneville County, Idaho as shown on the recorded plat thereof, and running thence N17°35'16"E 90.22 feet; thence N20°23'18"E 222.57 feet; thence N00°57'58"E 550.96 feet; thence N24°37'47"E 366.01 feet; thence N28°08'53"E 220.96 feet; thence N00°37'31"E 32.99 feet to the North Section line of Said Section 11; thence S89°22'29"E 507.39 feet along the North Section line; thence S00°00'19"W 1516.24 feet to the Northeast Corner of said Calico Sky Division No. 1; thence N89°59'41"W 295.00 feet along the North line extended of Lot 8, Block 4 of said Division No. 1 to the Northwest Corner of Lot 5, Block 5 of Division No. 1; thence N00°00'19"E 15.00 feet along the East line of Lot 4, Block 5 of said Division No. 1 to the Northeast Corner of Lot 4; thence N89°59'41"W 253.44 feet to the Northwest Corner of Lot 2; thence S17°35'16"W 31.07 feet along the West line of Lot 2 to the Northeast Corner of Lot 1, Block 5; thence N72°24'44"W 128.50 feet to the Northwest Corner of Lot 1; thence N20°23'18"E 27.38 feet; thence N72°24'44"W 217.84 feet to the point of beginning, containing 25.28 acres.

This is subject to the following conditions:

1. Installation and extension of the water system by the developer in accordance with Falls Water standards both within the development and connecting to the existing Falls Water system.
2. Approval by the Idaho Public Utilities Commission (IPUC).
3. In accordance with IPUC approved Rates and Tariff for Falls Water Company, Inc.
4. **Payment by developer or by subsequent builders, homeowners, or lot purchasers of the connection fee in accordance with IPUC approved Rates and Tariffs.**
5. System design and installation approved, inspected and accepted by Idaho Department of Health and Welfare, Division of Environmental Quality, Falls Water's designated professional engineer (Schiess and Associates Consulting Engineers), and by Falls Water's own internal staff.
6. **Developer shall provide as-built drawings on paper and computer disks in a format readable by Falls Water as the development progresses.**
7. **This will serve letter is valid for one year from the date of this letter.**
8. **Developer is to pay Falls Water Company a contribution-in-aid of construction of $1850.00 per acre to be developed with this will serve. The fee is a share of the cost to build a new well site to replace supply capacity taken from existing customers by the addition of new customer from this development. The developer and Falls Water Company must meet prior to construction and complete arrangements for timing and method of payment for this fee.**
9. In accordance with any other lawfully necessary provisions as agreed between developer and Falls Water.

This will serve letter is valid for one year from the date this letter is written. If construction on the division of this sub-development is not started within one year of the date of this letter the developer or his authorized agent will need to seek a new will serve letter.

FALLS WATER COMPANY, INC.

K. Scott Bruce

K. Scott Bruce
Manager

Falls Water Company, Inc
1770 Sabin Dr
Idaho Falls, ID 83406

Quality On Tap!

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February 6,2004

Benton Engineering
550 Linden Dr
Idaho Falls, ID 83401

Water Service for Centennial Ranch Division No. 15

This confirms that Falls Water Company, Inc. has the ability, capacity, and willingness to provide domestic water utility service to the proposed development, Centennial Ranch Division No. 15, beginning at a point that is N89°40'51"W 1335.65 feet and S00°07'17"E 431.74 feet from the Northeast corner of Section 23, Township 2 North, Range 38 East of the Boise Meridian and running thence S00°07'17"E 690.42 feet along the West lines or Centennial Ranch Division No. 1 & 2, City of Ammon, Bonneville County, Idaho to the Northeast corner of Centennial Ranch Division No. 16; thence the following five (5) courses along the North line of said Centennial Ranch Division No. 16: (1) S89°52'43"W 195.00 feet; (2) S00°07'17"E 25.00 feet; (3) S89°52'43"W 656.00 feet (4) N00°07'17"W 10.00 feet (5) S89°52'43"W 480.37 feet to the Northwest corner of Centennial Ranch Division No. 16; thence N00°19'59"W 1147.84 feet to the North line of Section 23; thence S89°40'51"E 1147.84 feet along said Section line; thence S00°06'11"E 433.13 feet; thence N89°53'49"E 187.94 feet to the point of beginning, containing 32.82 acres. This is subject to the following conditions:

1. Installation and extension of the water system by the developer in accordance with Falls Water standards both within the development and connecting to the existing Falls Water system.
2. Approval by the Idaho Public Utilities Commission (IPUC).
3. In accordance with IPUC approved Rates and Tariff for Falls Water Company, Inc.
4. Payment by developer or by subsequent builders, homeowners, or lot purchasers of the connection fee in accordance with IPUC approved Rates and Tariffs.
5. System design and installation approved, inspected and accepted by Idaho Department of Health and Welfare, Division of Environmental Quality, Falls Water's designated professional engineer (Schiess and Associates Consulting Engineers), and by Falls Water's own internal staff.
6. Developer shall provide "as built" drawings on paper and computer disks in a format readable by Falls Water as the development progresses.
7. This will serve letter is valid for one year from the date of this letter.
8. In accordance with any other lawfully necessary provisions as agreed between developer and Falls Water.

FALLS WATER COMPANY, INC.

K. Scott Bruce

K. Scott Bruce
Manager

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Benton Engineering
550 Linden Dr
Idaho Falls, ID 83401

September 20, 2005

Water Service for Cornerstone Subdivision Division No. 2

This confirms that Falls Water Company, Inc. has the ability, capacity, and willingness to provide domestic water utility service to the proposed development, Cornerstone Subdivision Division No. 2. All of lots 4 and 5, block 4 and all of lots 5,6 and 7, block 5 of Cornerstone Community, Division No. 1, Bonneville County, Idaho, and a portion of the SW1/4 of the NW1/4 of Section 14, Township 2 North, Range 38, East of the Boise Meridian, more particularly described as follows: Beginning at the southeast corner of lot 1, block 3 of said Division No. 1, said corner being NOO°02'56"W 508.58 feet along the section line and N89°57'04"E 641.13 feet along the north line of Lincoln Park Subdivision, Division No. 1, Bonneville County. Idaho, from the West 1/4 corner of said Section 14, and running thence along the boundaries of said Cornerstone Community, Division No. 1 the following 4 courses: (1) NOO°02'56"W 236.30 feet (2) N89°57'04"E 115.00 feet (3) SOO°02'56"E 17.00 feet; and (4) N89°57'04"E 60.00 feet to the Southeast corner of lot 4, block 4 of said Division No. 1; thence along the boundaries of lots 4 and 5, block 4 of said Division No. 1 the following 4 courses: (1) NOO°02'56"W 87.00 feet; (2) N44°02'56"E 28.28 feet; (3) N89°57'04"E 134.33 feet; (4) SOO°02'56"E 107.00 feet to the southwest corner of lot 6, block 4 of said Division No. 1; thence N89°57'04"E 212.21 feet along the south line of said Division No. 1 to a point on a curve on the east line of Stevens Drive said curve having a radius of 330.00 feet and a chord that bears N04°39'07'E 52.66 feet; thence along the east line of said Stevens Drive the following 2 courses; (1) to the left along said curve 52.71 feet through a central angle of 9°09'05"; (2) NOO°04'33"E 235.87 feet to the southwest corner of lot 8, block 5 of said Division No. 1; thence S89°55'27"E 102.50 feet to the southeast corner of said lot 8; thence SOO°04'33"W 312.96 feet along the east line of said Division No. 1 extended; thence S05°18'13"W 225.37 feet to the northwest corner of lot 3 block 5 of Lincoln Park Subdivision No. 5; thence N87°19'04"W 217.45 feet to a point on a curve on the west line of said Stevens Drive, said curve having a radius of 330.00 feet and a chord that bears N06°55'28"E 80.13 feet; thence along said east line and to the right along said curve 80.33 feet through a central angle of 13°56'48"; thence N87°19'04^{B}W 249.99 feet along the extended north line of the property described in instruments No.937535 and 743318, to the extended east line of Yellowpine Drive; thence SOO°02'56"E 80.00 feet along said extended east line to the aforementioned north line of Lincoln Park Subdivision; thence N87°19'04"W 170.19 feet along said north line to the point of beginning, containing 4.09 acres.

This is subject to the following conditions:

1. Installation and extension of the water system by the developer in accordance with Falls Water standards both within the development and connecting to the existing Falls Water system.
2. Approval by the Idaho Public Utilities Commission (IPUC).
3. In accordance with IPUC approved Rates and Tariff for Falls Water Company, Inc.
4. **Payment by developer or by subsequent builders, homeowners, or lot purchasers of the connection fee in accordance with IPUC approved Rates and Tariffs.**
5. System design and installation approved, inspected and accepted by Idaho Department of Health and Welfare, Division of Environmental Quality, Falls Water's designated professional engineer (Schiess and Associates Consulting Engineers), and by Falls Water's own internal staff.
6. **Developer shall provide as-built drawings on paper and computer disks in a format readable by Falls Water as the development progresses.**
7. This will serve letter is valid for one year from the date of this letter.
8. **Developer is to pay Falls Water Company a contribution-in-aid of construction of $1850.00 per acre to be developed with this will serve. The fee is a share of the cost to build a new well site to replace supply capacity taken from existing customers by the addition of new customer from this development. The developer and Falls Water Company must meet prior to construction and complete arrangements for timing and method of payment for this fee.**
9. In accordance with any other lawfully necessary provisions as agreed between developer and Falls Water.

FALLS WATER COMPANY

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Benton Engineering
550 Linden Dr
Idaho Falls, ID 83401

August 23, 2005

Water Service for Cornerstone Subdivision Division No. 3

This confirms that Falls Water Company, Inc. has the ability, capacity, and willingness to provide domestic water utility service to the proposed development, Cornerstone Subdivision Division No. 3. Beginning at a point that is S87°10'30"E 1814.99 feet along the section line and S00°04'33"W 2126.65 feet from the Northwest Corner of Section 14, Township 2 North, Range 38 East of the Boise Meridian, Bonneville County, Idaho, said point being the Northeast Corner of the First Amended Plat of Lincoln Park Subdivision Division No. 5, and running thence S87°19'04"E 246.96 feet; thence S00°04'33"W 505.74 feet; thence N87°31'33"W 276.35 feet to the East boundary of Lincoln Park Subdivision Div. No. 5; thence N06°17'06"E 163.54 feet along said East boundary; thence N03°05'08"E 223.00 feet along said East boundary to the Southeast Corner of the First Amended Plat of Lincoln Park Subdivision Division No. 5; thence N00°04'33"E 120.13 feet along the East boundary of said Plat to the point of beginning, containing 2.974 acres.

This is subject to the following conditions:

1. Installation and extension of the water system by the developer in accordance with Falls Water standards both within the development and connecting to the existing Falls Water system.
2. Approval by the Idaho Public Utilities Commission (IPUC).
3. In accordance with IPUC approved Rates and Tariff for Falls Water Company, Inc.
4. **Payment by developer or by subsequent builders, homeowners, or lot purchasers of the connection fee in accordance with IPUC approved Rates and Tariffs.**
5. System design and installation approved, inspected and accepted by Idaho Department of Health and Welfare, Division of Environmental Quality, Falls Water's designated professional engineer (Schiess and Associates Consulting Engineers), and by Falls Water's own internal staff.
6. **Developer shall provide as-built drawings on paper and computer disks in a format readable by Falls Water as the development progresses.**
7. **This will serve letter is valid for one year from the date of this letter.**
8. **Developer is to pay Falls Water Company a contribution-in-aid of construction of $1850.00 per acre to be developed with this will serve. The fee is a share of the cost to build a new well site to replace supply capacity taken from existing customers by the addition of new customer from this development. The developer and Falls Water Company must meet prior to construction and complete arrangements for timing and method of payment for this fee.**
9. In accordance with any other lawfully necessary provisions as agreed between developer and Falls Water.

This will serve letter is valid for one year from the date this letter is written. If construction on the division of this sub-development is not started within one year of the date of this letter the developer or his authorized agent will need to seek a new will serve letter.

FALLS WATER COMPANY, INC.

K. Scott Bruce

K. Scott Bruce
Manager

FALLS WATER COMPANY

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September 3, 2004

Lloyd Cox
3686 S. Schwieder Ln
Idaho Falls, ID 83406

Water Service for Liberty Park Subdivision

This confirms that Falls Water Company, Inc. has the ability, capacity, and willingness to provide domestic water utility service to the proposed development, Liberty Park Subdivision, beginning at a point that is N.88°18'24"E. 1316.14 feet along the Section line and S.00°10'47"W. 60.00 feet from the North 1/4 Corner of Section 16, Township 2 North, Range 38 East of the Boise Meridian; running thence S.00°10'47"W. 1261.22 feet; thence S.88°49'09"W. 1322.68 feet to the North-South Center Section line of said Section 16; thence N.00°28'49"E. along said North-South Center Section line 786.00 feet to the North line of the vacated portion of Applewood Place, Bonneville County, Idaho, said point also being the Southwest corner of Lot 1, Block 1, said Applewood Place; thence along said vacated North line the following six (6) courses: N.89°10' 00"E. 85.30 feet; thence N.81°51'50"E. 192.09 feet; thence S.70°00'00"E. 250.00 feet; thence N.20°00'00"E. 298.96 feet; thence N.89°10'00"E. 330.87 feet; thence N.00°50'00"W. 265.60 feet to the South right-of-way line of Lincoln Road; thence along said South right-of-way line the following three (3) courses: N.88°18'24"E. 167.27 feet; thence N.89°02'07"E. 100.08 feet; thence N.89°10'00"E. 112.92 feet to the POINT OF BEGINNING. Containing 29.63 acres.

This is subject to the following conditions:

1. Installation and extension of the water system by the developer in accordance with Falls Water standards both within the development and connecting to the existing Falls Water system.
2. Approval by the Idaho Public Utilities Commission (IPUC).
3. In accordance with IPUC approved Rates and Tariff for Falls Water Company, Inc.
4. Payment by developer or by subsequent builders, homeowners, or lot purchasers of the connection fee in accordance with IPUC approved Rates and Tariffs.
5. System design and installation approved, inspected and accepted by Idaho Department of Health and Welfare, Division of Environmental Quality, Falls Water's designated professional engineer (Schiess and Associates Consulting Engineers), and by Falls Water's own internal staff.
6. Developer shall provide as-built drawings on paper and computer disks in a format readable by Falls Water as the development progresses.
7. This will serve letter is valid for one year from the date of this letter.
8. In accordance with any other lawfully necessary provisions as agreed between developer and Falls Water.

This will serve letter is valid for one year from the date this letter is written. If construction on the division of this sub-development is not started within one year of the date of this letter the developer or his authorized agent will need to seek a new will serve letter.

FALLS WATER COMPANY, INC.

K. Scott Bruce

K. Scott Bruce
Manager

FALLS WATER COMPANY

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Mountain River Engineering
1020 E Lincoln Road
Idaho Falls, ID 83401

February 16, 2005

Water Service for Red Rock Estates Division No. 1

This confirms that Falls Water Company, Inc. has the ability, capacity, and willingness to provide domestic water utility service to the proposed development, Red Rock Estates Division No. 1. Beginning at a point that is N.00°08'24"E. along the Section line 437.36 feet from the Southwest Corner of Section 2, Township 2 North, Range 38 East of the Boise Meridian; running thence N.00°08'24"E. along said Section line 1408.45 feet; thence S.89°51'36"E. 504.90 feet; thence S.77°55'43"E. 149.41 feet; thence S.06°07'16"W. 134.49 feet; thence S.08°42'31"W. 349.35 feet; thence S.07°14'48"W. 224.48 feet; thence S.01°51'25"W. 319.76 feet; thence S.19°18'02"E. 248.65 feet; thence S.17°56'00"E. 99.37 feet; thence N.89°22'28"W. 190.19 feet; thence S.80°01'13"W. 163.11 feet; thence N.89°51'36"W. 310.50 feet to the POINT OF BEGINNING. Containing 19.02 acres.

This is subject to the following conditions:

1. Installation and extension of the water system by the developer in accordance with Falls Water standards both within the development and connecting to the existing Falls Water system.
2. Approval by the Idaho Public Utilities Commission (IPUC).
3. In accordance with IPUC approved Rates and Tariff for Falls Water Company, Inc.
4. **Payment by developer or by subsequent builders, homeowners, or lot purchasers of the connection fee in accordance with IPUC approved Rates and Tariffs.**
5. System design and installation approved, inspected and accepted by Idaho Department of Health and Welfare, Division of Environmental Quality, Falls Water's designated professional engineer (Schiess and Associates Consulting Engineers), and by Falls Water's own internal staff.
6. **Developer shall provide as-built drawings on paper and computer disks in a format readable by Falls Water as the development progresses.**
7. **This will serve letter is valid for one year from the date of this letter.**
8. **Developer is to pay Falls Water Company a contribution-in-aid of construction of $1850.00 per acre to be developed with this will serve. The fee is a share of the cost to build a new well site to replace supply capacity taken from existing customers by the addition of new customer from this development. The developer and Falls Water Company must meet prior to construction and complete arrangements for timing and method of payment for this fee.**
9. **Developer will either purchase an valid existing groundwater right or pay Falls Water Company, Inc. for the purchase of a groundwater right to supply the division with both in-house and irrigation of lawn and landscaping. The amount needed for this division is 11.19 AF for domestic (in-house) use and 38.13 AF for irrigation.**
10. In accordance with any other lawfully necessary provisions as agreed between developer and Falls Water.

This will serve letter is valid for one year from the date this letter is written. If construction on the division of this sub-development is not started within one year of the date of this letter the developer or his authorized agent will need to seek a new will serve letter.

FALLS WATER COMPANY, INC.

K. Scott Bruce

K. Scott Bruce
Manager

FALLS WATER COMPANY

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Mountain River Engineering
1020 E Lincoln Road
Idaho Falls, ID 83401

June 30, 2005

Water Service for Red Rock Estates Division No. 2

This confirms that Falls Water Company, Inc. has the ability, capacity, and willingness to provide domestic water utility service to the proposed development, Red Rock Estates Division No. 2. Beginning at a point that is N.00°08'24"E. along the Section line 1845.81 feet from the Southwest Corner of Section 2, Township 2 North, Range 38 East of the Boise Meridian, said point being the Northwest Boundary corner of Red Rock Estates, Division No. 1, Bonneville County, Idaho; running thence N.00°08'24"E along said Section line 776.21 feet to the West 1/4 Corner of said Section 2; thence S.87°35'38"E. along the East-West Center Section line 1031.11 feet; thence S.21°46'15"W. 299.28 feet; thence S.20°46'17"W. 89.16 feet; thence S.31°53'10"W. 95.98 feet; thence S.41°19'57"W. 121.20 feet; thence S.34°13'56"W. 100.44 feet; thence S.20°26'00"W. 141.95 feet; thence S.06°07'16"W. 15.63 feet to the Northeast Boundary corner of said Red Rock Estates, Division No. 1; thence N.77°55'43"W. along the North Boundary line of said Division No. 1 a distance of 149.41 feet; thence N.89°51'36"W. along said North Boundary line 504.90 feet to the POINT OF BEGINNING. Containing 15.018 acres.

This is subject to the following conditions:

1. Installation and extension of the water system by the developer in accordance with Falls Water standards both within the development and connecting to the existing Falls Water system.
2. Approval by the Idaho Public Utilities Commission (IPUC).
3. In accordance with IPUC approved Rates and Tariff for Falls Water Company, Inc.
4. **Payment by developer or by subsequent builders, homeowners, or lot purchasers of the connection fee in accordance with IPUC approved Rates and Tariffs.**
5. System design and installation approved, inspected and accepted by Idaho Department of Health and Welfare, Division of Environmental Quality, Falls Water's designated professional engineer (Schiess and Associates Consulting Engineers), and by Falls Water's own internal staff.
6. **Developer shall provide as-built drawings on paper and computer disks in a format readable by Falls Water as the development progresses.**
7. **This will serve letter is valid for one year from the date of this letter.**
8. **Developer is to pay Falls Water Company a contribution-in-aid of construction of $1850.00 per acre to be developed with this will serve. The fee is a share of the cost to build a new well site to replace supply capacity taken from existing customers by the addition of new customer from this development. The developer and Falls Water Company must meet prior to construction and complete arrangements for timing and method of payment for this fee.**
9. **Developer will either purchase an valid existing groundwater right or pay Falls Water Company, Inc. for the purchase of a groundwater right to supply the division with both in-house and irrigation of lawn and landscaping. The amount needed for this division is 9.72 AF for domestic (in-house) use and 33.11 AF for irrigation.**
10. In accordance with any other lawfully necessary provisions as agreed between developer and Falls Water.

This will serve letter is valid for one year from the date this letter is written. If construction on the division of this sub-development is not started within one year of the date of this letter the developer or his authorized agent will need to seek a new will serve letter.

FALLS WATER COMPANY, INC.

K. Scott Bruce

K. Scott Bruce
Manager

FALLS WATER COMPANY

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Benton Engineering
550 Linden Dr
Idaho Falls, ID 83401

March 21, 2005

Water Service for Old Mill Subdivision Division No. 1

This confirms that Falls Water Company, Inc. has the ability, capacity, and willingness to provide domestic water utility service to the proposed development, Old Mill Subdivision Division No.1. Beginning at a point that is S87°11'03"E 157.94 feet along the Section line from the South 1/4 Corner of Section 11, T. 2 N., R 38 E.B.M., and running thence N00°07'28"E 940.47 feet; thence S89°56'43"E 115.45 feet to a point on a curve having a radius of 726.81 feet and a chord that bears N19°56'52"W 54.19 feet; thence to the left along said curve 54.20 feet through a central angle of 4°16'22"; thence N70°40'34"E 95.15 feet to a point of curve having a radius of 239.45 feet and a chord that bears N81°44'46"E 91.95 feet; thence to the right along said curve 92.53 feet through a central angle of 22°08'23"; thence S87°11'03"E 403.31 feet; thence S00°03'17"W 1049.69 feet to the South line of Section 11; thence N87°11'03"W 682.43 feet along the South line of said section to the point of beginning, containing 16.08 acres.

This is subject to the following conditions:

1. Installation and extension of the water system by the developer in accordance with Falls Water standards both within the development and connecting to the existing Falls Water system.
2. Approval by the Idaho Public Utilities Commission (IPUC).
3. In accordance with IPUC approved Rates and Tariff for Falls Water Company, Inc.
4. **Payment by developer or by subsequent builders, homeowners, or lot purchasers of the connection fee in accordance with IPUC approved Rates and Tariffs.**
5. System design and installation approved, inspected and accepted by Idaho Department of Health and Welfare, Division of Environmental Quality, Falls Water's designated professional engineer (Schiess and Associates Consulting Engineers), and by Falls Water's own internal staff.
6. **Developer shall provide as-built drawings on paper and computer disks in a format readable by Falls Water as the development progresses.**
7. **This will serve letter is valid for one year from the date of this letter.**
8. **Developer is to pay Falls Water Company a contribution-in-aid of construction of $1850.00 per acre to be developed with this will serve. The fee is a share of the cost to build a new well site to replace supply capacity taken from existing customers by the addition of new customer from this development. The developer and Falls Water Company must meet prior to construction and complete arrangements for timing and method of payment for this fee.**
9. **The water service lines to each lot must be set five (5) foot off center of the lot center line and not run along the property lines as shown in the plans submitted to Falls Water Company, Inc. for review.**
10. In accordance with any other lawfully necessary provisions as agreed between developer and Falls Water.

This will serve letter is valid for one year from the date this letter is written. If construction on the division of this sub-development is not started within one year of the date of this letter the developer or his authorized agent will need to seek a new will serve letter.

FALLS WATER COMPANY, INC.

K. Scott Bruce

K. Scott Bruce
Manager

FALLS WATER COMPANY

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Benton Engineering
550 Linden Dr
Idaho Falls, ID 83401

February 16, 2005

Water Service for Summit Park Subdivision Division No. 7 #8

This confirms that Falls Water Company, Inc. has the ability, capacity, and willingness to provide domestic water utility service to the proposed development, Summit Park Subdivision Division No.7. Beginning at the North 1/4 of Section 10, Township 2 North , Range 38 East of the Boise Meridian, Bonneville County, Idaho and running thence S89°41'31"E 66.47 feet along the Section line; thence S0°18'31"W 175.25 feet; thence S89°48'07"E 127.11 feet to the Southwest corner of the Grayson Subdivision; thence S89°41'31"E 180.00 feet along said Grayson Subdivision South boundary line to the Northwest corner of Summit Park Division No. 5; thence along the West boundary of said Summit park Division No. 5 and Division No. 6, then Division No. 5 again respectively the following eleven (11) courses: (1) S0°18'33"W 169.95 feet; (2) N89°41'27"W 29.01 feet; (3) S0°00'19"W 985.01 feet; (4) S89°41'27"E 20.00 feet; (5) S0°00'19"W 120.00 feet; (6) N89°41'27"W 20.75 feet; (7) S0°00'19"W 550.01 feet; (8) S89°41'27"E 30.75 feet; (9) S0°00'19"W 270.00 feet; (10) N89°41'27"W 14.33 feet; (11) S0°12'52"W 262.35 feet; thence N89°32'47"W 269.65 feet; thence N0°03'18"E 591.67 feet; thence N89°41'27"W 90.00 feet to the North-South centerline of said Section 10; thence N0°03'18"E 1939.97 feet along said North-South centerline of Section 10 to the Point of Beginning, containing 18.09 acres.

This is subject to the following conditions:

1. Installation and extension of the water system by the developer in accordance with Falls Water standards both within the development and connecting to the existing Falls Water system.
2. Approval by the Idaho Public Utilities Commission (IPUC).
3. In accordance with IPUC approved Rates and Tariff for Falls Water Company, Inc.
4. **Payment by developer or by subsequent builders, homeowners, or lot purchasers of the connection fee in accordance with IPUC approved Rates and Tariffs.**
5. System design and installation approved, inspected and accepted by Idaho Department of Health and Welfare, Division of Environmental Quality, Falls Water's designated professional engineer (Schiess and Associates Consulting Engineers), and by Falls Water's own internal staff.
6. **Developer shall provide as-built drawings on paper and computer disks in a format readable by Falls Water as the development progresses.**
7. **This will serve letter is valid for one year from the date of this letter.**
8. **Developer is to pay Falls Water Company a contribution-in-aid of construction of $1850.00 per acre to be developed with this will serve. The fee is a share of the cost to build a new well site to replace supply capacity taken from existing customers by the addition of new customer from this development. The developer and Falls Water Company must meet prior to construction and complete arrangements for timing and method of payment for this fee.**
9. In accordance with any other lawfully necessary provisions as agreed between developer and Falls Water.

This will serve letter is valid for one year from the date this letter is written. If construction on the division of this sub-development is not started within one year of the date of this letter the developer or his authorized agent will need to seek a new will serve letter.

FALLS WATER COMPANY, INC.

K. Scott Bruce

K. Scott Bruce
Manager

FALLS WATER COMPANY

1770 Sabin Dr, Idaho Falls, Idaho 83406-6747 Tel.:(208) 522-1300
Website: www.fallswater.com Fax: (208) 522-4099

Benton Engineering
550 Linden Dr
Idaho Falls, ID 83401

July 15, 2005

Water Service for Warm Springs Meadows Subdivision Division No. 4

This confirms that Falls Water Company, Inc. has the ability, capacity, and willingness to provide domestic water utility service to the proposed development, Warm Springs Meadows Subdivision Division No. 4. Beginning at a point that is S89°39'15"E 1319.00 feet along the North section line, S00°21'26"E 2417.02 feet, N89°38'34"E 50.02 feet, S48°55'09"E 327.46 feet and S89°37'32"E 258.35 feet from the Northwest Corner of Section 23, Township 2 North, Range 38 East of the Boise Meridian, said point also being the Southwest Corner of Warm Spring Meadows Division No. 3, Bonneville County, as shown on the Recorded Plat thereof, and running thence the following eleven courses along the East line of said Division No. 3 1) N00°16'18"W 171.06 feet 2) N89°43'42"E 30.62 feet to a point of curve having a radius of 293.84 feet and a chord that bears S88°49'51"E 14.88 feet 3) to the right along said curve 14.88 feet through a central angle of 2°54'07" 4) N02°38'26"E 213.65 feet 5) N71°22'00"E 90.46 feet 6) N44°48'57"E 277.14 feet 7) N35°49'35"W 56.83 feet 8) N00°19'44"W 190.00 feet 9) S89°40'16"W 40.68 feet to a point of curve having a radius of 481.81 feet and a chord that bears N88°17'30"W 34.26 feet 10) to the right along said curve 34.26 feet through a central angle of 4°04'28" 11) N03°54'27"E 134.15 feet; thence N89°40'16"E 310.00 feet; thence S00°19'44"E 79.56 feet; thence N89°53'45"E 130.88 feet; thence S00°19'24"E 907.45 feet to the North line of Briarwood Subdivision, Division No. 6, City of Ammon, Bonneville County, Idaho as shown on the recorded plat thereof; thence N89°37'32"W 681.92 feet along said North line to the point of beginning, containing 11.35 acres

This is subject to the following conditions:

1. Installation and extension of the water system by the developer in accordance with Falls Water standards both within the development and connecting to the existing Falls Water system.
2. Approval by the Idaho Public Utilities Commission (IPUC).
3. In accordance with IPUC approved Rates and Tariff for Falls Water Company, Inc.
4. **Payment by developer or by subsequent builders, homeowners, or lot purchasers of the connection fee in accordance with IPUC approved Rates and Tariffs.**
5. System design and installation approved, inspected and accepted by Idaho Department of Health and Welfare, Division of Environmental Quality, Falls Water's designated professional engineer (Schiess and Associates Consulting Engineers), and by Falls Water's own internal staff.
6. **Developer shall provide as-built drawings on paper and computer disks in a format readable by Falls Water as the development progresses.**
7. **This will serve letter is valid for one year from the date of this letter.**
8. **Developer is to pay Falls Water Company a contribution-in-aid of construction of $1850.00 per acre to be developed with this will serve. The fee is a share of the cost to build a new well site to replace supply capacity taken from existing customers by the addition of new customers from this development. The developer and Falls Water Company must meet prior to construction and complete arrangements for timing and method of payment for this fee.**
9. In accordance with any other lawfully necessary provisions as agreed between developer and Falls Water.

This will serve letter is valid for one year from the date this letter is written. If construction on the division of this sub-development is not started within one year of the date of this letter the developer or his authorized agent will need to seek a new will serve letter.

FALLS WATER COMPANY, INC.

K. Scott Bruce

K. Scott Bruce
Manager

Exhibit B - Engineer Opinion of Probable Project Cost

Item No.	Item	Unit	Quantity	Unit Cost	Total Cost
Construction Costs					
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 guage, 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
Total estimated probable construction cost					**$584,000**
Soft Costs					
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				$146,000
11	Contingency				$10,000
Total Estimated Probable Project Cost					**$1,550,000**
Project Budget					
1	DEQ loan				$1,200,000
2	Local Cash				$350,000
Total estimated cost					**$1,550,000**

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 Schiess 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

The Falls Water Company has operated since 1959 and currently serves over 2,600 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
- 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
- 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

FALLS WATER COMPANY, INC.
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Check us out on the web:
www.fallswater.com

Quality On Tap!
Our Commitment Our Profession

THE FALLS WATER SPOUT

Falls Water Company's Information Pipeline

7.0 FALLS WATER IMPROVEMENT PLAN ALTERNATIVES

7.1 Capital Improvement Projects and Costs

Included in this section is a complete list of identified capital improvement projects and associated costs for the improvements identified on **Figure 5-7**. Further explanation is provided where necessary with each estimate of probable cost.

Priority Project No. 1 is necessary to aid in alleviating substandard pressures occurring in Caribou Meadows and in the southern reaches of Centennial Ranch. This project was initiated in 2004 by applying for and receiving an SRF loan through DEQ. This project should be completed by September 2004. The project will increase pressure in Caribou Meadows by providing a loop through connection to the line extending onto Lincoln Road from North Springs, extending west along Lincoln Road past Crowley Road, connecting to the 10-inch line in Crimson Valley, crossing the railroad tracks and connecting to the existing 12-inch dead end line west of the tracks. The future John Adams Parkway water line extension will provide a loop for the southern reaches of Centennial Ranch by installing and connecting the two dead-end lines together on each side of the railroad. It will connect 8-inch line on Cordell to 8-inch line on John Adams Parkway in Centennial Ranch. The costs of this project and scope are given on **Table 7-1**.

Lincoln Road Waterline Extension

Item No.	Item	Unit	Quantity	Unit Cost	Total Cost
1	New 12" water pipe	lineal foot	2300	$30	$69,000
2	New hydrants	per each	5	$2,500	$12,500
3	New 12" tees, crosses, elbows	per each	4	$1,200	$4,800
4	New 12" valves	per each	4	$1,500	$6,000
5	Connection to existing system	per each	4	$2,000	$8,000
6	Railroad crossing	lineal foot	100	$300	$30,000
7	Traffic control	lump sum	1	$6,500	$6,500
8	Asphalt street repair	lineal foot	700	$25	$17,500
Estimated probable construction cost					**$154,300**

Future John Adams Parkway Waterline Extension

Item No.	Item	Unit	Quantity	Unit Cost	Total Cost
1	New 8" water pipe	lineal foot	900	$15	$13,500
2	New 8" tees, crosses, elbows	per each	5	$600	$3,000
3	New 8" valves	per each	4	$800	$3,200
4	Connection to existing system	per each	2	$1,000	$2,000
5	Railroad crossing	lineal foot	80	$150	$12,000
6	Traffic control	lump sum	1	$1,000	$1,000
7	Asphalt street repair	lineal foot	100	$25	$2,500
Estimated probable construction cost					**$37,200**

Total estimated probable construction cost	**$191,500**
Engineering, administration, legal, & financing @ 25% of construction	**$47,900**
Total Estimated Probable Project Cost	**$239,400**

Table 7-1. Priority Project No. 1

Priority Project No. 2 consists of installing a new well along Iona Road to serve Summit Park and the planned subdivisions of Red Rock Estates and Calico Sky. These three subdivisions combined have created a problem similar to that at Caribou Meadows and North Springs. The water system is becoming so spread out on the north end that Well No. 5 along with contributions from surrounding wells further south will not be able to provide the necessary flow and pressure for these subdivisions as early as the summer of 2005.

In an effort to plan home construction in this area, we have run several water model scenarios in this area. The data and conclusions of these water models are given in **Appendix B.1** in the form of three letters dated May 3, June 25, and July 19, 2004. The addition of these planned subdivisions to the north end of the system have necessitated that this new well move to Priority Project No. 2 in order to maintain adequate service. The costs of this well and future storage tank and booster station are given in **Table 7-2**. It is expected that development will fund in large measure the well and subdivision distribution pipes and that a general rate increase would be used to fund the booster station and tank. We recommend that the construction of the well be such that overall master planning objectives of a booster station and storage tank can be done without any reconstruction.

Iona Road Well (Future Falls Water Well #10, Storage Tank & Booster Station)

Item No.	Item	Unit	Quantity	Unit Cost	Total Cost
1	New well, 16" dia. Casing, approximately 350 feet deep	lump sum	1	$125,000	$125,000
2	Building piping & site piping including flowmeter, valves, fittings, pump to waste, etc.	lump sum	1	$60,000	$60,000
3	Water storage tank, assume 1,000,000 gallons	lump sum	1	$580,800	$580,800
4	Well/booster pump building	square feet	1600	$100	$160,000
5	Pumps & controls including 50 hp well pump & (2) 60 hp booster pumps w/VFD's	lump sum	1	$60,000	$60,000
6	Chlorination system	lump sum	1	$75,000	$75,000
7	Emergency generator	lump sum	1	$120,000	$120,000
8	Fencing	lineal foot	600	$15	$9,000
Total estimated probable construction cost					**$1,189,800**
Engineering, administration, legal, & financing @ 25% of construction					**$297,500**
Total Estimated Probable Project Cost					**$1,487,300**

Table 7-2. Priority Project No. 2

Priority Project No. 3 consists of constructing a new well in the northeast corner of Cloverdale Estates. The cost breakdown of this project is given in **Table 7-3**. There was a future well site identified and set apart for this location since the origination of Cloverdale Estates in the 1970s. This well site is owned by Falls Water Company. In keeping with the plan, we estimate that the capacity of this well needs to be a minimum of 1,000 gallons/minute. If more is obtainable, the need to provide future Well #11 or

future Well #12 could be delayed. In keeping with the plan to provide storage for the water system, we estimate that with a 1,000 gallon/minute well, there will be approximately 2,000 gallon/minute booster pump capacity and need, as a minimum, a 500,000-gallon storage tank. Construction of this well will provide the one and only well site on the east side of the railroad tracks.

Cloverdale Well (Falls Water Company Well #9, Storage Tank & Booster Station)

Item No.	Item	Unit	Quantity	Unit Cost	Total Cost
1	New well, 16" dia. Casing, approximately 350 feet deep	lump sum	1	$125,000	$125,000
2	Building piping & site piping including flowmeter, valves, fittings, pump to waste, etc.	lump sum	1	$50,000	$50,000
3	500,000 gallon water storage tank	lump sum	1	$321,200	$321,200
4	Well/booster pump building	square feet	1120	$100	$112,000
5	Pumps & controls including 50 hp well pump & (2) 60 hp booster pumps w/VFD's	lump sum	1	$49,200	$49,200
6	Chlorination system	lump sum	1	$50,000	$50,000
7	Emergency generator	lump sum	1	$100,000	$100,000
8	Fencing	lineal foot	500	$15	$7,500
Total estimated probable construction cost					**$814,900**
Engineering, administration, legal, & financing @ 25% of construction					**$203,700**
Total Estimated Probable Project Cost					**$1,018,600**

Table 7-3. Priority Project No. 3

This project is long overdue and should be initiated immediately. The long term benefits of this well will ensure that development on the east side of the railroad tracks will have adequate pressure and flow. Specifically, Caribou Meadows and North Springs pressure and flow will be restored to normal levels long term. An emergency generator and chlorination system should also be included in the design plan as shown.

Priority Project No. 4 consists of completely metering parts of the system that are currently do not have meters installed (most of Fallsbrook) and replacement of all old meters in the system that are manual read so that the entire water system is metered with touch-read technology. Most of the cost for this project is to convert Fallsbrook from unmetered to metered. There will be yard repair, some concrete flatwork repair, and perhaps some asphalt street repair associated with the conversion. A few touch read meters have already been installed, but are not allowed to be read by the PUC. The construction of the meters already installed, but not read, were taken into account on **Table 7-4**.

Water Meters for Fallsbrook and other Unmetered Services, and Replace Many Old Meters with New					
Item No.	Item	Unit	Quantity	Unit Cost	Total Cost
1	Meter unmetered services (those with curb stops only) with 3/4" water meters with touch read technology placed in new plastic box including concrete & landscape repairs	each	125	$1,000	$125,000
2	Install meters in existing boxes in Fallsbrook with 3/4" touchread meters, touch read lids and insulation	each	450	$250	$112,500
3	Upgrade two thirds of manual read meters with 3/4" touch read meters, touch read lids and insulation	each	540	$250	$135,068
4	Upgrade one third of manual read meters with touch read meters using 3/4" meters including a new box assembly	each	271	$1,000	$270,540
Total estimated probable construction cost					$643,108
Total rounded to the nearest hundred					**$643,100**
Engineering, administration, legal, & financing @ 25% of construction					**$160,800**
Total Estimated Probable Project Cost					**$803,900**

Table 7-4. Priority Project No. 4

Priority Project No. 5 consists of installing several new waterlines including a new water line down 1st Street, a new waterline on Monte Vista, and new waterlines on Greenwillow and Crimson Drive in Cloverdale Estates to bring continuity to the water system by eliminating several dead ends and providing large waterlines to move water from location to location as needed. The 1st Street waterline project has been needed for some time and will also serve to improve pressure in the southern reaches of Centennial Ranch. Without the 1st Street line, all of the homes currently planned for Centennial Ranch between the existing constructed area and the railroad will likely have substandard water pressure as the area approaches build-out. This area has been annexed by Ammon and should reach build-out in the next several years. This line will also assure that adequate water pressure will be available when Warm Springs is fully developed. This line will also be necessary to transport water along 1st Street to additional development east of Crowley Road. This line will be necessary to distribute water away from the Central Well House to the southern part of the system upon the completion of Priority Project No. 6. This line is badly needed and, in our opinion, should have been installed as development in the area occurred.

In order to fully utilize the pumping capacity that will be provided with a new central wellhouse tank and booster station project identified in Priority Project No. 6, the Greenwillow Lane and Crimson Drive water line upsize project, Monte Vista Avenue water line upsize project, and 1st Street waterline project will allow upwards of 5,600

gallons/minute to be distributed away from the central wellhouse to outlying areas in the east and south of the system. The cost breakdown for these waterlines is given in **Table 7-5**. With the Monte Vista Avenue water line feeding the southern part of the water system and the Green Willow Lane project increasing transportability under the tracks from the central part of the water system to the east side toward Crimson Valley and Caribou Meadows, large amounts of water will be able to be transported away from the Central Wellhouse without high pressure losses. This water line project (Priority Project No. 5) should be completed with Priority Project No. 6. In addition, many meter improvements need to be made along these streets. The costs for these are included in Priority Project No. 4.

Greenwillow Lane and Crimson Drive Waterline Upsize

Item No.	Item	Unit	Quantity	Unit Cost	Total Cost
1	New 12" water pipe	lineal foot	1000	$30	$30,000
2	New 10" water pipe	lineal foot	1800	$28	$50,400
3	New hydrants	per each	5	$2,500	$12,500
4	New 12" & 10" tees, crosses and elbows	per each	3	$1,500	$4,500
5	New 12", 10" and 8" valves	per each	6	$1,400	$8,400
9	Traffic control	lump sum	1	$3,000	$3,000
10	Asphalt street repair	lineal foot	2800	$28	$78,400
Estimated Probable Construction Cost					**$187,200**

Monte Vista Ave. Waterline Upsize

Item No.	Item	Unit	Quantity	Unit Cost	Total Cost
1	New 12" water pipe	lineal foot	1830	$30	$54,900
2	New 12" tees, crosses, elbows	per each	3	$1,200	$3,600
3	New 8" valves	per each	1	$1,500	$1,500
4	Traffic control	lump sum	1	$2,000	$2,000
5	Asphalt street repair	lineal foot	1830	$25	$45,750
Estimated Probable Construction Cost					**$107,750**

First Street Waterline Connector

Item No.	Item	Unit	Quantity	Unit Cost	Total Cost
1	New 10" water pipe	lineal foot	4930	$28	$138,040
2	New 6" water pipe	lineal foot	270	$23	$6,210
3	New hydrants	per each	7	$2,500	$17,500
4	New tees, crosses, elbows	per each	15	$1,000	$15,000
5	New valves	per each	21	$1,200	$25,200
6	Connection to existing system	per each	12	$2,000	$24,000
7	Railroad crossing	lineal foot	80	$250	$20,000
8	Traffic control	lump sum	1	$10,000	$10,000
9	Asphalt street repair	lineal foot	1200	$25	$30,000
Estimated probable construction cost					**$285,950**

Total estimated probable construction cost	**$580,900**
Engineering, administration, legal, & financing @ 25% of construction	**$145,200**
Total Estimated Probable Project Cost	**$726,100**

Table 7-5. Priority Project No. 5

Priority Project No. 6 consists of demolishing all current structures on the central well site with the exception of the wells themselves and construction of a new central wellhouse tank and booster station that will consist of a room for control of all well pumps, controls and space for a complete booster pumping station, and a 1.5 million gallon water storage tank. The costs and detailed work scope is shown in **Table 7-6.**

Central Well House Storage Tank & Booster Station					
Item No.	Item	Unit	Quantity	Unit Cost	Total Cost
1	Demolition of existing building & pumps	lump sum	1	$20,000	$20,000
2	Building piping & site piping including flowmeters, valves, fittings, pump to wastes, connections to distribution system, etc.	lump sum	1	$150,000	$150,000
3	Water storage tank, 1,500,000 gallons	lump sum	1	$786,000	$786,000
4	New submersible well pumps, 20 hp, 50 hp, 60 hp, drop pipe and pitless units	lump sum	1	$83,000	$83,000
5	New booster pumps ((4) 100 hp) with VFD's, including manifold and cans	lump sum	1	$100,000	$100,000
6	Chlorination system	lump sum	1	$175,000	$175,000
7	New well and booster pump building	square feet	2400	$100	$240,000
8	Emergency generator, transfer switches & diesel tank to operate all pumps	lump sum	1	$150,000	$150,000
9	Purchase two lots south of central well house site for the storage tank	lump sum	1	$30,000	$30,000
10	Fencing	lineal foot	800	$15	$12,000
Total estimated probable construction cost					**$1,746,000**
Engineering, administration, legal, & financing @ 25% of construction					**$436,500**
Total Estimated Probable Project Cost					**$2,182,500**

Table 7-6. Priority Project No. 6

This wellhouse is centrally located within the water system and has substantial well capacity. As the water system grows, this central wellhouse will be under utilized without the addition of booster pumps and storage. We estimate that a booster pumping rate at peak flow of 5600 gallons/minute is possible. When this project is completed, this wellhouse will provide the needs of the entire water system during the wintertime in the short term. The project also includes a 750-kW emergency generator, diesel driven to operate all pumps.

This central wellhouse, the largest pumping system in the system should be developed with the long term in mind. Due to the lowering groundwater trend in the area and the

fact that the wells on this site are rather shallow, and the age of the wells; we recommend that the wells all be converted to be used with submersible pumps and motors so that each well is accessible in the future for rehabilitation and/or deepening as required.

Priority Project No. 7 consists of general improvements that will be required to meet electrical codes in the wellhouses not scheduled for improvement a permanent office and maintenance building for Falls Water Company and improvements to the existing SCADA and telemetry system. The current telemetry system monitors pump operations and pressure only. This project will allow monitoring of all systems as noted in **Table 7-7**. Improvements and costs for this project are outlined.

General Water System Improvements

Item No.	Item	Unit	Quantity	Unit Cost	Total Cost
1	General improvements to wellhouse #1 including electrical, removal of automatic waste capability, and addition of a VFD	lump sum	1	$23,000	$23,000
2	New water maintenance shop at Wellhouse No. 1 site	square feet	1,800	$90	$162,000
3	Convert manufactured home at Wellhouse #1 site to be the permanent Falls Water Company office	lump sum	1	$50,000	$50,000
4	General electrical improvements to wellhouse #3	lump sum	1	$2,000	$2,000
5	General improvements in wellhouse #8 including automatic opening louvers, electrical modifications, addition of a VFD, floor drain, and abandonment of water waste line.	lump sum	1	$21,200	$21,200
6	Upgrade SCADA and telemetry system to monitor generator operations, flow, door entry, system pressures, tank levels, and pump operations at each well house. Estimate includes home base at new office at Wellhouse #1, remote stations at all current locations (5), and (4) new locations	lump sum	1	$100,000	$100,000
Total estimated probable construction cost					**$358,200**
Engineering, administration, legal, & financing @ 25% of construction					**$89,600**
Total Estimated Probable Project Cost					**$447,800**

Table 7-7. Priority Project No. 7

Falls Water Company should establish a central office and maintenance shop to provide for the long term needs and stability of the water system at the Well No. 1 site. Located there currently is a manufactured home that could easily be converted to an office without incurring high costs. There is adequate space, also, to construct a maintenance shop that could be used for storage of water equipment such as pipe, pipe fittings, valves, meters, meter boxes, and meter bench test equipment. These items are all included in general water system improvements and should be initiated with other major improvements to the system, especially the moving of the SCADA computer required as part of Priority Project No. 6. Priority Projects 4, 5, 6, and 7 should all be completed simultaneously and would give a strong, organized and long-term central core to the water system.

Priority Project No. 8 will allow additional transport of water from new Well #10 west along Iona Road. The costs for this project are given in **Table 7-8**.

Iona Road Waterline Connector

Item No.	Item	Unit	Quantity	Unit Cost	Total Cost
1	New 12" water pipe	lineal foot	4700	$30	$141,000
2	New 8" water pipe	lineal foot	920	$25	$23,000
2	New hydrants	per each	10	$2,500	$25,000
3	New 12" tees, crosses, elbows	per each	6	$1,200	$7,200
4	New valves	per each	7	$1,400	$9,800
5	Connection to existing system	per each	4	$2,000	$8,000
9	Traffic control	lump sum	1	$10,000	$10,000
10	Asphalt street repair	lineal foot	1800	$25	$45,000
Total estimated probable construction cost					$269,000
Total rounded to the nearest hundred					**$269,000**
Engineering, administration, legal, & financing @ 25% of construction					**$67,300**
Total Estimated Probable Project Cost					**$336,300**

Table 7-8. Priority Project No. 8

This project will be necessary to connect Calico Sky and Red Rock Estates to Summit Park. Most of this project is expected to be funded and installed by developers. There is no way at this time to determine how much and by whom this project and Priority Project No. 2 will provide complete redundancy of water supply and conveyance to said subdivisions.

Priority Project No. 9 will construct a booster station, storage tank and upgrade the generator at Well No. 5. The system currently only has a single emergency generator located at Well No. 5. This is simply inadequate. Ultimately, emergency generation equipment should be provided system wide to meet at least summertime average daily flows. Contained within these priority projects is a generator at the central wellhouse, a generator on the east side of the tracks at future Well No. 9, generator improvements to be made at Well No. 5 and a generator to be included in the future Iona Road well on the north side of the railroad tracks (Priority Project No. 2). These planned generators will deliver water during power outages and meet summertime average daily flows.

Booster Pump Station and Storage Tank at Well #5					
Item No.	Item	Unit	Quantity	Unit Cost	Total Cost
1	Pump & motor control adjustments on existing turbine pump to pump into a tank	lump sum	1	$8,000	$8,000
2	Building piping & site piping including flowmeter, valves, fittings, pump to waste, etc.	lump sum	1	$50,000	$50,000
3	500,000 gallon water storage tank	lump sum	1	$321,200	$321,200
4	Expand well building to provide room for new booster pumps	square feet	500	$100	$50,000
5	Electrical improvements to comply with codes	lump sum	1	$5,400	$5,400
6	Chlorination system	lump sum	1	$40,000	$40,000
7	Booster pumps & controls ((2) 60 hp) w/VFD's	lump sum	1	$25,000	$25,000
8	Replace emergency generator with a 300 KW generator equipped with an auto transfer switch & new fuel tank	lump sum	1	$80,000	$80,000
9	Fencing	lineal foot	500	$15	$7,500
Total estimated probable construction cost					**$587,100**
Engineering, administration, legal, & financing @ 25% of construction					**$146,800**
Total Estimated Probable Project Cost					**$733,900**

Table 7-9. Priority Project No. 9

Priority Project No. 10 consists of replacing all pipes in Fallsbrook that are upwards of 40 to 55 years old. This pipe is on the west side of Fallsbrook and on Monte Vista. This pipe, as described earlier in the report, should be replaced due to the pressure of known lead laden service connections and age. Most waterline leaks repaired by Falls Water maintenance staff occur here. The meter work to be done in this area is shown as part of Priority Project No. 4. The water line work needed on Monte Vista is part of Priority Project No. 5. The project breakdown and costs for this project are shown on **Table 7-10**.

Replace 50 Year Old Pipes on West Side of Fallsbrook					
Item No.	Item	Unit	Quantity	Unit Cost	Total Cost
1	New 8" water pipe	lineal foot	2940	$25	$73,500
2	New 6" water pipe	lineal foot	5200	$23	$119,600
3	New hydrants	per each	7	$2,500	$17,500
4	New tees, crosses, elbows	per each	15	$1,000	$15,000
5	New valves	per each	21	$1,200	$25,200
6	Connection to existing system	per each	12	$2,000	$24,000
7	Replace service lines to property line/future meter box	lineal foot	6000	$16	$96,000
8	Traffic control	lump sum	1	$10,000	$10,000
9	Concrete flatwork	square yard	200	$35	$7,000
10	Asphalt street repair	lineal foot	1200	$25	$30,000
Total estimated probable construction cost					$417,800
Total rounded to the nearest hundred					**$417,800**
Engineering, administration, legal, & financing @ 25% of construction					**$104,500**
Total Estimated Probable Project Cost					**$522,300**

Table 7-10. Priority Project No. 10

It is fortunate that part of the old pipe in the system is on Monte Vista, which was selected to be upsized as part of the plan to convert the Central Wellhouse to a central booster pump station and storage tank. It is also fortunate that Greenwillow and Crimson Drive in Cloverdale are the oldest lines in Cloverdale. These lines have also been identified for upsizing as part of Priority Project No. 5.

Priority Project No. 11 consists of extending a line from the north end of the cornerstone community south to connect to the existing 10-inch line in Ammon Road that terminates in the area of Lawndale to the west and Fallsbrook to the east and construction of a 12-inch line from Well No. 5 underneath the railroad going north to the east entrance into Summit Park. The scope and costs for this project are given on **Table 7-11**.

Ammon Road Waterline Connectors					
Item No.	Item	Unit	Quantity	Unit Cost	Total Cost
1	New 12" water pipe	lineal foot	1430	$30	$42,900
1	New 10" water pipe	lineal foot	2410	$28	$67,480
2	New 6" water pipe	lineal foot	230	$23	$5,290
3	New hydrants	per each	8	$2,500	$20,000
4	New tees, crosses, elbows	per each	8	$1,200	$9,600
5	New valves	per each	9	$1,300	$11,700
6	Connection to existing system	per each	7	$2,000	$14,000
8	Traffic control	lump sum	1	$10,000	$10,000
9	Asphalt street repair	lineal foot	1500	$25	$37,500
Total estimated probable construction cost					**$175,570**
Total rounded to the nearest hundred					**$175,600**
Engineering, administration, legal, & financing @ 25% of construction					**$43,900**
Total Estimated Probable Project Cost					**$219,500**

Table 7-11. Priority Project No. 11

The latter water line should be constructed as soon as possible to provide a redundant means of conveyance into Summit Park. Otherwise, Summit Park remains at risk if the single conveyance line is ever broken and shut down for repairs. The 10-inch line between Cornerstone and Lawndale should be installed to eliminate multiple dead ends, provide looping in the area and provide a large conveyance line to transport water back and forth from the wells in the system in the north or the wells in the system to the south in the event that wells typically used to maintain pressure go out of service for maintenance.

Priority Project No. 12 consists of a connector line along Crowley Road that would connect future Well No. 9 to the areas predominantly served by future Well No. 11 and the central wellhouse and provide a means of conveyance from well to well in the event that one well was down for service and the other relied upon for supply. The scope and cost of this project is shown on **Table 7-12**.

Crowley Road Waterline Connector

Item No.	Item	Unit	Quantity	Unit Cost	Total Cost
1	New 12" water pipe	lineal foot	4325	$30	$129,750
2	New hydrants	per each	8	$2,500	$20,000
3	New 12" tees, crosses, elbows	per each	5	$1,200	$6,000
4	New valves	per each	9	$1,400	$12,600
5	Connection to existing system	per each	5	$2,000	$10,000
9	Traffic control	lump sum	1	$10,000	$10,000
10	Asphalt street repair	lineal foot	1000	$25	$25,000
Total estimated probable construction cost					$213,350
Total rounded to the nearest hundred					**$213,400**
Engineering, administration, legal, & financing @ 25% of construction					**$53,300**
Total Estimated Probable Project Cost					**$266,700**

Table 7-12. Priority Project No. 12

Priority Projects No's 13 and 14 are for new wells, one in the southeast corner of the system and one on Lincoln Road centrally located in the system to meet demand required by projected future development nearby. The locations were selected based on where development is projected to occur.

We expect that the construction of these wells will be developer driven and paid for. It is the intention of Falls Water to obtain cash contributions from the developer, then manage construction of the wells themselves in order to assure the well construction meets all master planning criteria.

Crowley/Centennial Ranch Well (Future Falls Water Well #11, Storage Tank & Booster Station)					
Item No.	Item	Unit	Quantity	Unit Cost	Total Cost
1	New well, 16" dia. Casing, approximately 350 feet deep	lump sum	1	$125,000	$125,000
2	Building piping & site piping including flowmeter, valves, fittings, pump to waste, etc.	lump sum	1	$50,000	$50,000
3	Water storage tank, assume 500,000 gallons	lump sum	1	$321,200	$321,200
4	Well/booster pump building	square feet	1120	$100	$112,000
5	Pumps & controls including 50 hp well pump & (2) 60 hp booster pumps w/VFD's	lump sum	1	$49,200	$49,200
6	Chlorination system	lump sum	1	$50,000	$50,000
7	Fencing	lineal foot	500	$15	$7,500
Total estimated probable construction cost					**$714,900**
Engineering, administration, legal, & financing @ 25% of construction					**$178,700**
Total Estimated Probable Project Cost					**$893,600**

Table 7-13. Priority Project No. 13

Lincoln Road Well Near Fall Creek (Future Falls Water Well #12, Storage Tank & Booster Station)					
Item No.	Item	Unit	Quantity	Unit Cost	Total Cost
1	New well, 16" dia. Casing, approximately 350 feet deep	lump sum	1	$125,000	$125,000
2	Building piping & site piping including flowmeter, valves, fittings, pump to waste, etc.	lump sum	1	$50,000	$50,000
3	Water storage tank, assume 500,000 gallons	lump sum	1	$321,200	$321,200
4	Well/booster pump building	square feet	1120	$100	$112,000
5	Pumps & controls including 50 hp well pump & (2) 60 hp booster pumps w/VFD's	lump sum	1	$49,200	$49,200
6	Chlorination system	lump sum	1	$50,000	$50,000
7	Fencing	lineal foot	500	$15	$7,500
Total estimated probable construction cost					**$714,900**
Engineering, administration, legal, & financing @ 25% of construction					**$178,700**
Total Estimated Probable Project Cost					**$893,600**

Table 7-14. Priority Project No. 14

The projects required due to additional and future development are Projects 2 and 12 through 14. Those necessary in the near future consist of Projects No. 1 through 11. Priority Project No. 1 will be completed in 2004. Priority Projects No. 2 through 11 amount to a total of $8,478,200. Future Projects No. 12 through 14 amount to a total of $2,053,900. Included in the project amounts are expected engineering, administration, legal, and financing costs. The costs for new water rights are not included. A summary

of all projects are provided on **Table 7-15**. The total estimated cost of all identified projects is $10,809,000.

Priority Project No.	Project Name	Estimated Cost
1	Lincoln Road Waterline Extension Future John Adams Parkway Waterline Extension	$239,400
2	Iona Road Well (Future Falls Water Well #10, Storage Tank & Booster Station)	$1,487,300
3	Cloverdale Well (Falls Water Company Well #9, Storage Tank & Booster Station)	$1,018,600
4	Water Meters for Fallsbrook and other Unmetered Services, and Replace Many Old Meters with New	$803,900
5	Greenwillow Lane and Crimson Drive Waterline Upsize Monte Vista Ave. Waterline Upsize First Street Waterline Connector	$726,100
6	Central Well House Storage Tank & Booster Station	$2,182,500
7	General Water System Improvements	$447,800
8	Iona Road Waterline Connector	$336,300
9	Booster Pump Station and Storage Tank at Well #5	$733,900
10	Replace 50 Year Old Pipes on West Side of Fallsbrook	$522,300
11	Ammon Road Waterline Connectors	$219,500
12	Crowley Road Waterline Connector	$266,700
13	Crowley/Centennial Ranch Well (Future Falls Water Well #11, Storage Tank & Booster Station)	$893,600
14	Lincoln Road Well Near Fall Creek (Future Falls Water Well #12, Storage Tank & Booster Station)	$893,600
Total Cost of All Capital Improvement Projects		**$10,771,500**

Table 7-16. Capital Improvement Projects Summary

This section of this report identified 14 projects necessary for Falls Water to serve a population of over 17,000 identified as necessary now and to provide adequate supply and distribution capability for the current population. As indicated the first 11 projects are required to bring the system to a sustainable service level to meet current needs and to be on par with their neighbors of equivalent size. Projects 12 - 14 will be required as development continues to enlarge the service area. Implementation of the first 11 projects will ensure that Falls Water Company meets current demands, has adequate storage and adequate back-up generating power to meet current pressure and flow requirements throughout the system. We recommend that Falls Water pursue these projects immediately.

7.2 Operation and Maintenance Costs

Implementation of the capital improvement projects proposed and required immediately to increase the level of service and reliability and redundancy of the system should have little effect on operations and maintenance. It is expected that fully metering Fallsbrook will save the Company thousands of dollars of pumping costs each year. Additional labor savings will be generated by having a fully metered system with touch-read technology. Upon completion of Priority Projects 6 and 9, the practice of wasting water

at the Central Wellhouse, Well #5, Well #1 and Well #8 will be discontinued and save on O&M between $1000 to $2000 every year in pumping costs. With the use of VFDs and with an improved and upgraded telemetry and SCADA system the pumping systems will effectively run themselves without wasting any water. The new pumping systems could operate at improved efficiencies if fitted with high efficiency motors. Due to the long term nature of the investment, high efficiency motors should probably be warranted. These projects should simplify pump operations and maintenance even though more water will be pumped than in past years due to growth. A daily visit at each wellhouse or booster station should always be made.

7.3 Salvage Value

Approximately one half of the horsepower is necessary for a well pump pumping to a tank versus a well pump that pumps directly to a distribution system at system pressure. At the central wellhouse all of the existing well pumps and motors should be salvageable. In keeping with the design of the new system that will allow maintenance of the existing wells and deepening of the existing wells if it ever becomes necessary, our opinion is that conversion to submersible motors is better. The submersible motor on Pump 6 or 7 may be able to remain in service, although the pump will require bowl modifications to remain efficient. The remaining existing pumps and motors should be salvaged out. In the case of well #5, the well is already enclosed within a building and should remain. The well pump and motor should continue to be usable. The pump will need to be modified by reducing the number of bowls so that the pump pumps directly to the tank efficiently. Little else was identified as salvageable except for that noted above and the generator at Well #5.

7.4 Implementability

The implementability of the proposed capital improvement projects is dependent on the cooperation and endorsement of the Idaho Public Utilities Commission (IPUC), DEQ, the consumers, and the ability to locate a funding mechanism of local developers, a combination of developer funds, grants and loans or strictly loans. It is expected that significant improvements can be made while keeping rates at a reasonable level when compared to neighboring water utilities. The subject of rates will be addressed further in Chapter 8.

7.5 Cost Escalation Factors for Energy Use

It is expected that the recommended projects will not increase power consumption or increase demand charges from current conditions. With additional generators in the system, some demand changes may be eliminated with the exercising of well and booster pumps with generators during winter months rather than using the electrical power grid for pump exercising.

7.6 Final Public Input

A subsequent hearing was held on _____ at the Idaho Falls electric building on _____. Representatives from Falls Water Company, ECIPDA, DEQ, Schiess & Associates, and the IPUC were present. The

comments received and recent news articles are included in **Appendix B.5**. From this the customers felt that:

8.0 FALLS WATER COMPANY SELECTED PLAN AND IMPLEMENTATION

8.1 Justification and Description of Selected Plan

To correct the deficiencies noted in Section 6.1 of this report and in accordance with the improvement plan endorsed by the IPUC (IPUC, please determine what you can endorse), the consumer, and approved by DEQ (DEQ, please comment), the selected plan for immediate pursuit of improvements includes projects 1-11 of **Table 7-15**. These are enumerated again in **Table 8-1**. Priority Project No. 1 will be constructed in the late summer of 2004. The rest are included here in the draft stage of this document as if they were all scheduled and completed between 2005 and 2006.

Priority Project No.	Project Name	Estimated Cost
1	Lincoln Road Waterline Extension Future John Adams Parkway Waterline Extension	$239,400
2	Iona Road Well (Future Falls Water Well #10, Storage Tank & Booster Station)	$1,487,300
3	Cloverdale Well (Falls Water Company Well #9, Storage Tank & Booster Station)	$1,018,600
4	Water Meters for Fallsbrook and other Unmetered Services, and Replace Many Old Meters with New	$803,900
5	Greenwillow Lane and Crimson Drive Waterline Upsize Monte Vista Ave. Waterline Upsize First Street Waterline Connector	$726,100
6	Central Well House Storage Tank & Booster Station	$2,182,500
7	General Water System Improvements	$447,800
8	Iona Road Waterline Connector	$336,300
9	Booster Pump Station and Storage Tank at Well #5	$733,900
10	Replace 50 Year Old Pipes on West Side of Fallsbrook	$522,300
11	Ammon Road Waterline Connectors	$219,500
Total Cost of Capital Improvement Projects		**$8,717,600**

Table 8-1. Capital Improvement Projects Summary

It is our opinion that completion of these projects are necessary immediately to adequately meet short term needs and to ensure the long term viability of the system. These projects will aid in getting water supply ahead of existing demand, and to make the big jump from a non-storage and non-disinfected system to a water system having these essentials. Falls Water should pursue inclusion of these essentials into the system and should be allowed to pursue these essentials by regulators.

8.2 Preliminary Design of Selected Plan

All contemplated distribution system improvements are shown on **Figure 8-1**. The distribution improvements are included in Priority Project Nos. 1, 4, 5, 8, 10 and 11. The remaining projects on **Figure 8-1** provide for storage, supply, and management. The

preliminary design of the work contemplated at the proposed Well No. 9 site, the Central Wellhouse, Well No. 1, and Well No. 5 are shown on the following **Figures 8-2 to 8-5**. It is apparent from study of each one of these preliminary plans that the planned improvements will fit on each site with the modifications shown on each site plan. The general location of the proposed tanks and buildings are shown on each figure.

In the case of the Central Wellhouse, two lots south of the existing well site will have to be replatted to be part of the Central Wellhouse site. At Well Site No. 1, it appears that the parking for the office may have to be behind the building. The site will include a drive through payment lane.

8.3 Environmental Impacts of Selected Plan

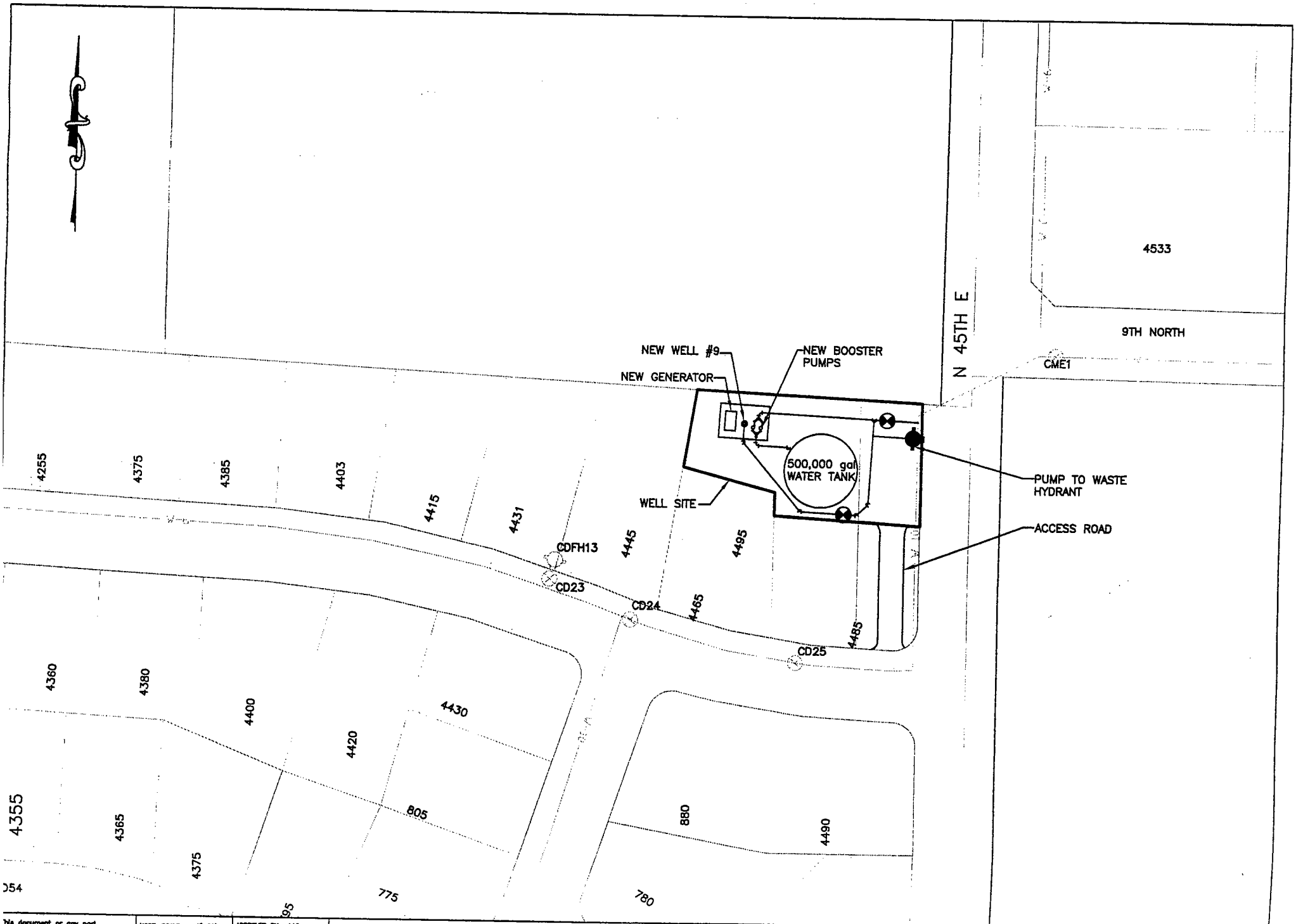
It is expected that since all construction on this project will occur on private properties, properties set aside for improvements or in established public streets, that there will be little to no environmental impacts. ECIPDA will complete all environmental reviews required by the funding agencies associated with project work. Upon completion, we set aside **Appendix A.2** for the environmental work and recommend that the environmental documents be added to **Appendix A.2**.

8.4 Water Rights

Due to the deficiency of water rights, each new well drilled will have to have a water right attached to it. This is expected to be costly (approx. $20,000/cfs) and take a minimum of 6 months. This is one of the first tasks that should be undertaken. As stated earlier in this report, a total of 10.5 cfs should be obtained to serve present needs, and a total of 25 cfs to meet future needs.

8.5 Operation and Maintenance Requirements

O&M costs for the years 2002 and 2003 are given in the annual reports in **Appendix B.2**. We used those costs shown as a basis to estimate O&M costs of an improved system after the recommended improvements of **Table 8-1** are in place. **Table 8-2** gives the estimated O&M costs which total $358,000 per year.



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CHECKED BY:	LAC
DESIGNED BY:	LAC
DRAWN BY:	JCC

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ENGINNERING • PLANNING • LAND SURVEYING
Idaho Falls 522-1244 Pasco 586-0382

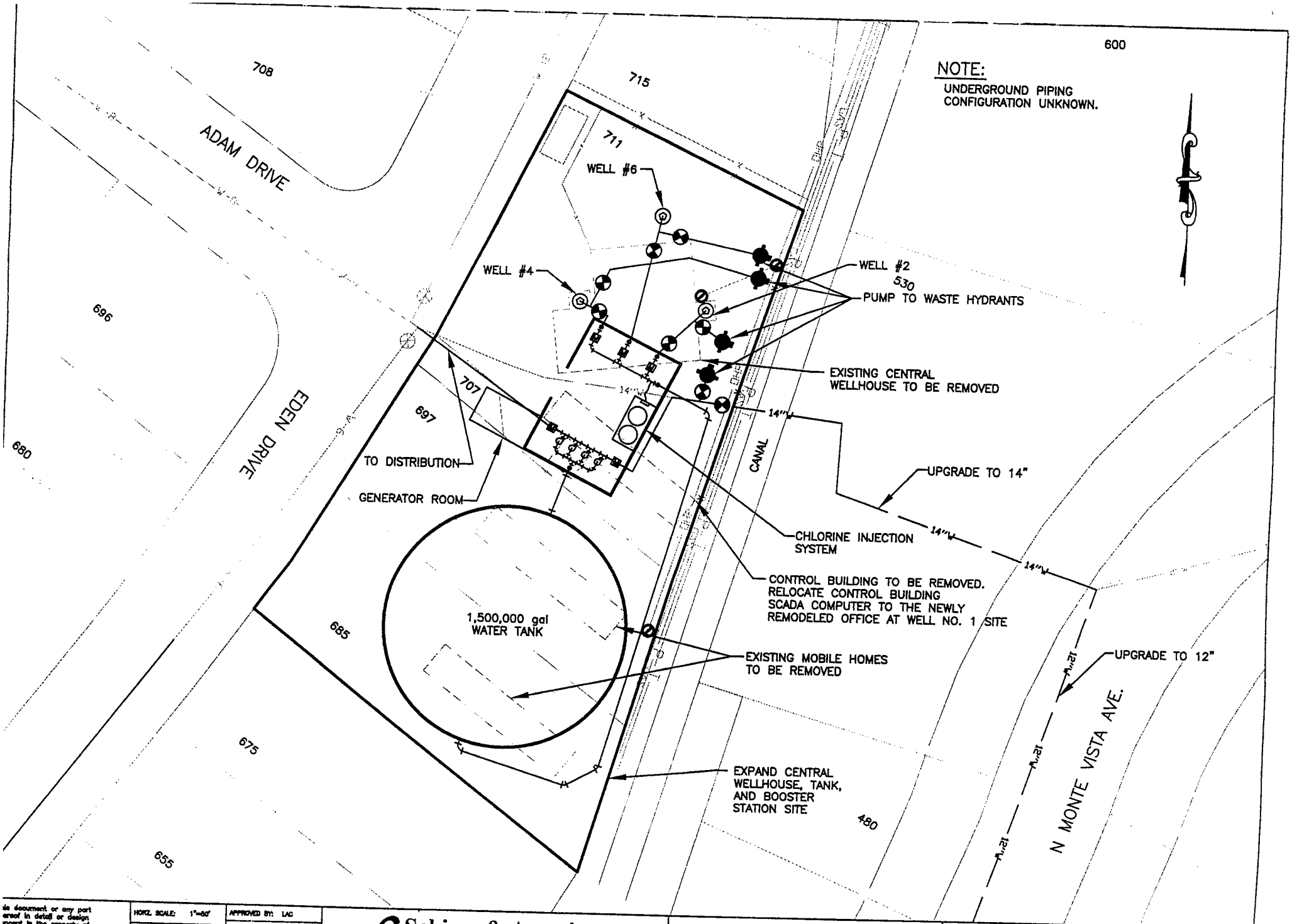
FALLS WATER REGIONAL WATER STUDY

CLOVERDALE WELL

WELL SITE DETAIL

PROJECT NO. 02196

FIGURE NO. 8-2



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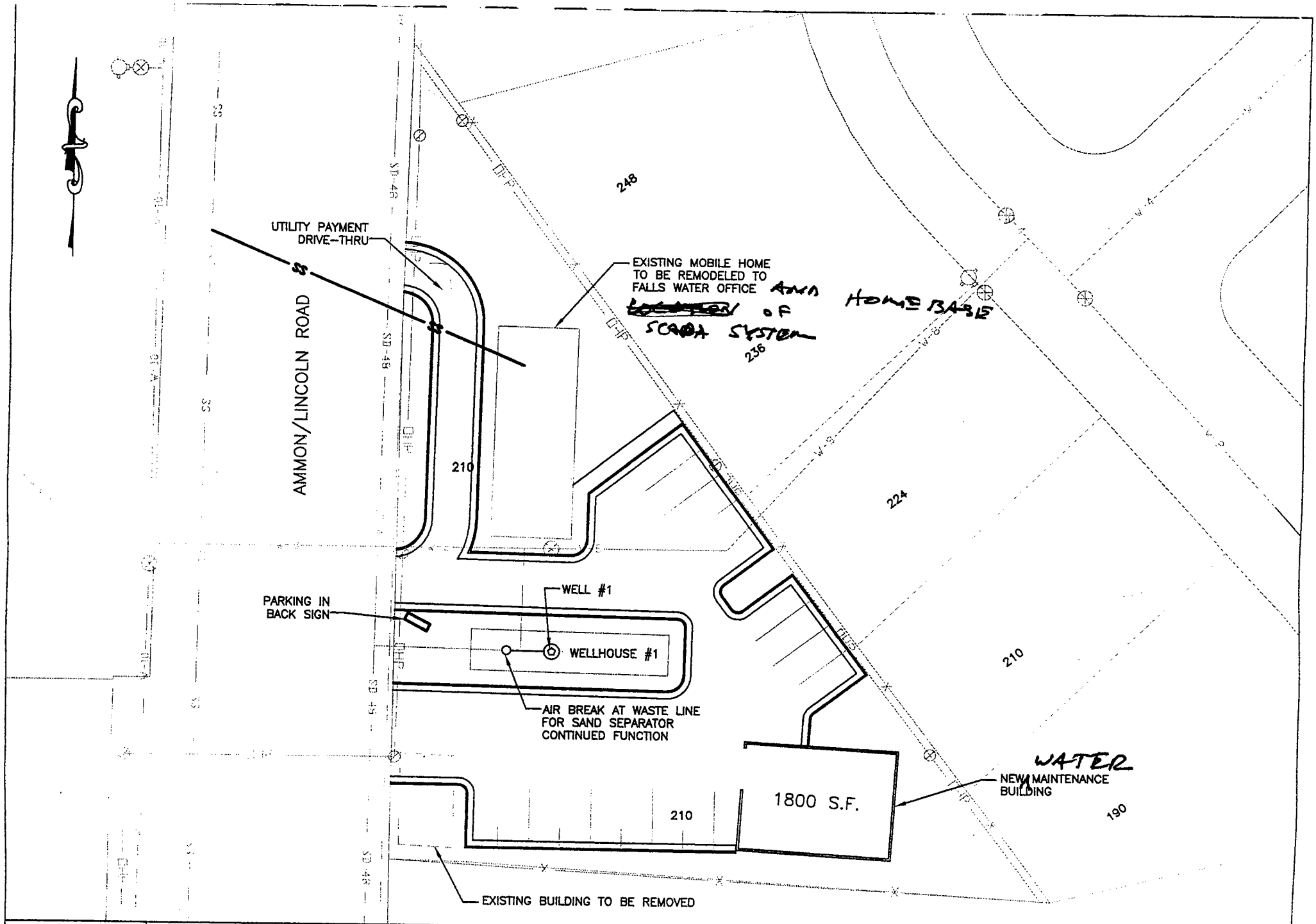
FALLS WATER REGIONAL WATER STUDY

CENTRAL WELLHOUSE

WELL SITE DETAIL

PROJECT NO. 02196

FIGURE NO. 8-3



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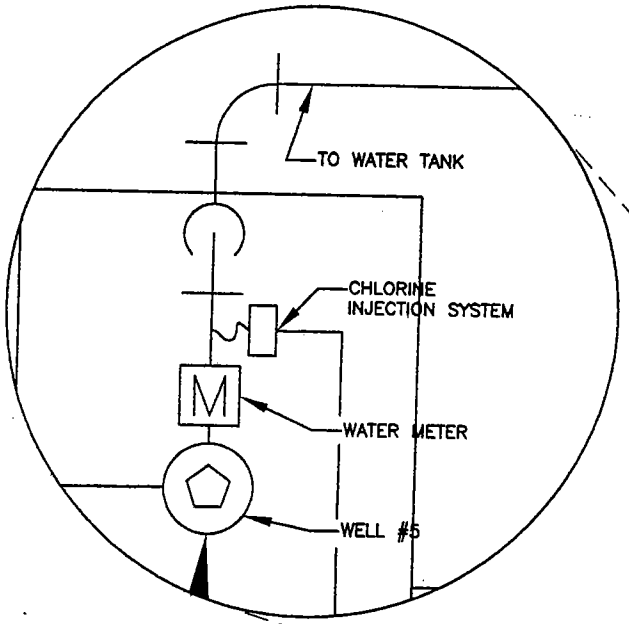
FALLS WATER REGIONAL
WATER STUDY

GENERAL WATER SYSTEM IMPROVEMENTS

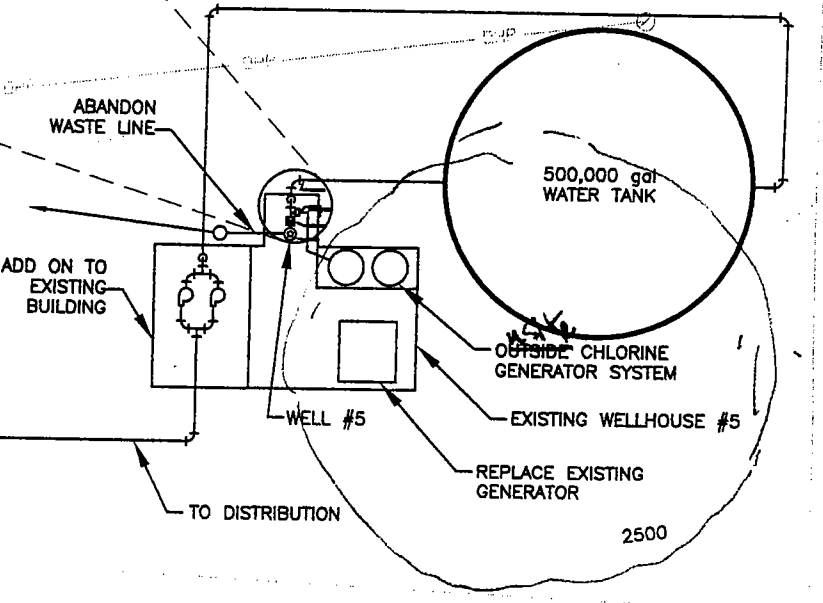
WELL SITE DETAIL

PROJECT NO. 02196

FIGURE NO. 8-4



AMMON/LINCOLN ROAD



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FALLS WATER REGIONAL WATER STUDY

WELL #5

WELL SITE DETAIL

PROJECT NO. 02196

FIGURE NO. 8-5

Estimated O&M Costs After Upgrade Project is Complete		
Item no.	Item	Est. Cost/yr
1	Salaries & benefits	~~$150,000~~ $200,000
2	Power & fuel	$93,000
3	Administrative supplies	$22,000
4	Repairs & maintenance	$21,500
5	Professional services	$20,000
6	Water quality testing	$7,000
7	Special contract services	$15,000
8	Transportation expenses	$7,500
9	Insurance	$4,000
10	Training	$3,000
11	Equipment rental	$2,000
12	Advertising	$3,000
11	Miscellaneous	$10,000
Total		$358,000

Table 8-2. Estimated O&M Costs after Projects 1-10 are Completed

Operation and maintenance requirements will exceed present requirements with the maintenance of storage tanks and booster pumps. We expect the annual maintenance cost of the storage tanks included in the project plan to be approximately $1500 per year (annualized) for each tank for cleaning, leak testing, and inspection. Other costs such as painting will very depending on the type of tanks selected. Pumping costs should remain the same or diminish if Fallsbrook becomes metered. Pumping costs of $1000 to $2000 will also be saved since water will no longer be wasted to control pressure and prevent freeze-up of waste lines.

8.6 Financing Plan

It is expected that the most likely funding source for Falls Water Company will be the state revolving fund (SRF). The State has developed a revolving loan fund that can be utilized to issue loans to Idaho municipalities and other eligible water systems for the construction and design of both water and wastewater facilities. The loan funds are available at a current interest rate of approximately 3.5% for a 20-year period. In addition to the interest and principal payments, a borrower must collect over a five-year period, a reserve account amounting to one year annual payment for the loan. Any loan funding for either water and/or sewer must meet all DEQ loan requirements. In order to receive funds, a borrower must have a need and establish a priority sufficiently high on the state's priority list in order to be eligible to receive a loan from this fund.

It is expected that the IPUC (IPUC, please comment) must approve any project to be financed with long term debt and higher customer rates. Falls Water should develop a strategy with the IPUC and DEQ to finance growth and to get the system back to par. According to our discussions with the IPUC and Falls Water Company, the available conventional mechanisms to fund the various areas of need are shown in the **Table 8-3**. (IPUC, please comment.)

Funding Mechanisms			
Areas of Need	**New Customer Hook-up Fees** or Developer Funds	**Surcharges** Need Technical Plan and Finance Plan	**General Rate Increases** Granted afterwards Can't include one time expenses
Wells	X	X	
Transmission Lines	X		X
Treatment	X		X
Storage			X
Emergency Power	X		X
Meter/Valve/Hydrant Replacement (Maintenance)			X
Distribution Line Replacement (Maintenance)		X	X
Studies		X	X

Table 8-3. Internal Funding Mechanisms for Falls Water Company

Using the general outline of **Table 8-3**, we reviewed Projects 2 – 11 of **Table 8-1** and estimated what portion of the projects will ultimately be funded by developers and what portion will likely be funded with general rate increases. The result of this work is given on **Table 8-4**.

Priority Project No.	Project Name	Estimated Cost	Estimated Developer Portion	Estimated Falls Water Portion
2	Iona Road Well (Future Falls Water Well #10, Storage Tank & Booster Station)	$1,487,300	$400,000	$1,087,300
3	Cloverdale Well (Falls Water Company Well #9, Storage Tank & Booster Station)	$1,018,600	$360,000	$658,600
4	Water Meters for Fallsbrook and other Unmetered Services, and Replace Many Old Meters with New	$803,900	$0	$803,900
5	Greenwillow Lane and Crimson Drive Waterline Monte Vista Ave. Waterline Upsize First Street Waterline Connector	$726,100	$0	$726,100
6	Central Well House Storage Tank & Booster Station	$2,182,500	$0	$2,182,500
7	General Water System Improvements	$447,800	$0	$447,800
8	Iona Road Waterline Connector	$336,300	$250,000	$86,300
9	Booster Pump Station and Storage Tank at Well #5	$733,900	$0	$733,900
10	Replace 50 Year Old Pipes on West Side of	$522,300	$0	$522,300
11	Ammon Road Waterline Connectors	$219,500	$0	$219,500
Total Cost of Capital Improvement Projects		**$8,478,200**	**$1,010,000**	**$7,468,200**

Table 8-4. Summary of Funding Sources for Projects 2-11

The results of this table show that developers will fund portions of projects 2, 3, and 8 totaling approximately $1,010,000 and general rate increases will fund the remainder for a total cost of $7,468,200.

8.7 Rate Analysis

To conduct the rate analysis, we used the simple and understandable method of the Equivalent Domestic User (EDU) that was published in CFR Appendix B of the Federal Register dated 9/27/78. Using the average residential use of metered customers as a basis, we calculated each church, commercial and multi-family equivalency. This gave 120 equivalent users for this group. The results of this calculation are given in **Appendix B.3**. Adding to these 1541 metered customers and 619 flat rate residential customers (each one EDU) gives a total of 2284 EDU's. It is important to note that this rate does not take into account the steady addition of new services (new EDU's) that will occur after 2005. For the years 2004 and 2005, 300 EDU's services above the existing 2284 EDU's were added to the calculation. These are used in the simple rate calculation in **Table 8-5**. The table shows the calculations for monthly rate to each homeowner and utilizes the general rate increases that will occur as a result of these projects. The total expected cost to be paid as general rate increase for **Table 8-4** of $7,468,200 was used in the calculation. Projects 12 – 14 are not included because the need for them will be purely development driven. However, with that said, the booster stations and storage tanks eventually built as portions of Projects 13 and 14 may result in additional rate increases not shown on **Table 8-5**.

Total probable project capital cost (Projects 2-10)	**$7,468,200**
Estimated grant amount	$0
SRF Loan amount administered by DEQ	$7,468,200
Estimated annual debt service (3.5% loan over 20 years)	$525,500
Existing estimated annual debt service with project no. 1	$17,600
Existing other annual debt service	$18,900
Estimated annual O&M costs	$358,000
Total estimated annual costs	$920,000
Estimated number of EDU's served at beginning of loan	2584
Estimated monthly O&M costs per EDU	$11.55
Estimated monthly loan payments per EDU	$18.12
Estimated monthly debt reserve per EDU required by DEQ	$1.81
Estimated monthly capital improvements reserve per EDU	$0.00
New monthly rate of each EDU after project completion	**$31.48**

Table 8-5. Funding Plan and Rate Analysis

For this analysis, it was assumed that there would be no grant to assist with the costs of the project and that the state SRF program administered by DEQ would provide Falls Water a loan. Falls Water will incur a loan with Project No. 1 that will have annual debt