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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION	)	
OF UNITED WATER IDAHO INC.	)	CASE NO. UWI-W-00-1
FOR APPROVAL OF INCREASED RATES	)	
FOR WATER SERVICE	)	

DIRECT TESTIMONY OF MARY EGAN-LONG  
ON BEHALF OF UNITED WATER IDAHO INC.

February 2000

1 Q. Please state your name and business address.

2 A. Mary Egan-Long, 200 Old Hook Road, Harrington Park, New Jersey.

3 Q. What is your position and by whom are you employed?

4 A. I am a Rate Analyst III for United Water Management and Services?

5 Q. Will you briefly state your background, your experience and duties?

6 A. I am a graduate of Ramapo College of New Jersey with a Bachelor of Science

7 degree in Business Administration. In October 1985, I joined United Water New

8 Jersey, (formerly known as the Hackensack Water Company), as a staff Rate

9 Analyst I. I was promoted to my present position in October 1996.

10 My duties primarily consist of assisting in the preparation of rate cases

11 and regulatory related matters. I have previously testified on behalf of United

12 Water York. (formerly known as the Spring Valley Water Company Incorporated)

13 in Case 94-W-0486, United Water New Jersey in Case WR95070303 and United

14 Water Florida in Case 960451-WS.

15 Q. What is the purpose of your testimony?

16 A. I have developed and will present testimony on the rate base for United Water

17 Idaho (UWID or the Company) which will be used in this proceeding and is based

18 on a test year ended September 30, 1999. Also incorporated are adjustments,

19 including acquisitions made by UWID, and additions and retirements to plant that

20 will take place prior to the time that rates will become effective in this case.

21 Q. What is the level of rate base the Company is requesting in this proceeding?

22 A. The rate base is \$98,992,133 which includes an increase in gross capital plant

23 invested (net of retirements) of \$5,367,355 from the end of the test year. The

24 Company continues to experience significant rapid growth in both customer base

1 and its investment in plant since its last rate case.

2 Q. Please explain Exhibit 15, page 1 of 8.

3 A. Exhibit 15, page 1 of 8, Rate Base Summary, lists the elements of the  
4 Company's rate base at September 30, 1999, as shown on the financial  
5 statements of the Company. It was necessary however, to adjust the per book  
6 amounts due to certain reclassifications and normalizations. These adjustments  
7 are shown in column (B). The adjustments in column (B) reflect the  
8 reclassification of the Boise River Diversion from plant in service to property held  
9 for future use. Column (B) also reflects an adjustment made to cash working  
10 capital. This working capital adjustment is discussed later in my testimony. The  
11 adjustments in column (D) reflect the plant additions and their impact on  
12 accumulated depreciation, customer advances, contributions in aid of  
13 construction and accumulated deferred income taxes. Finally, column (E) shows  
14 the adjusted rate base at April 30, 2000.

15 Q. Please explain Exhibit 15, page 2 of 8.

16 A. Exhibit 15, page 2 of 8, United Water Idaho, Advances for Construction, shows  
17 the balance at September 30, 1999 and the activity to develop the balance of  
18 \$5,850,608 at April 30, 2000.

19 Q. Please explain Exhibit 15, page 3 of 8.

20 A. This exhibit represents the United Water Idaho's balance of CIAC at September  
21 30, 1999 and the pro forma balance at April 30, 2000.

22 Q. Please explain Exhibit 15, page 4 of 8.

23 A. Exhibit 15, page 4 represents the summary of acquisitions and adjustments at  
24 September 30, 1999 and the balance anticipated at April 30, 2000.

25 Q. Please describe the acquisitions you are requesting to be included in rate base.

1 A. The Company, in Order 28205, received commission authorization to include  
2 \$58,000 in rate base for Barber Water. The Company is now requesting rate  
3 base recognition of the Raintree acquisition. Details concerning the Raintree  
4 acquisition will be discussed in the testimony of Mr. Linam.

5 Q. Please describe the schedule titled, United Water Idaho Deferred Income Taxes,  
6 exhibit 15, page 5 of 8.

7 A. This exhibit shows the pro forma balance of the accumulated deferred income  
8 tax balance at September 30, 1999 and April 30, 2000. The tax depreciation  
9 portion of the deferred income taxes was adjusted through April 30, 2000 for  
10 current assets in place at September 30, 1999 and projected plant additions  
11 through April 30, 2000 as discussed in the testimony of Mr. Brown. The tax  
12 depreciation balance of the deferred income taxes was developed by taking the  
13 current assets in place at September 30, 1999 and calculating the tax  
14 depreciation on those assets through December 31, 1999. The tax depreciation  
15 for the calendar year December 31, 2000 was developed based on the projected  
16 net plant additions through April 30, 2000. To develop the deferred tax  
17 depreciation balance at April 30, 2000, 4/12 of the December 2000 balance was  
18 added to 8/12 of the deferred tax depreciation balance at December 31, 1999, in  
19 order to produce the pro forma balance at April 30, 2000. The adjustment made  
20 to the tax depreciation component of the deferred income taxes produced a pro  
21 forma balance of \$6,456,432 for total deferred income taxes at April 30, 2000.

22 Q. Please explain Exhibit 15, page 6 of 8.

23 A. Exhibit 15, page 6 of 8, represents the unamortized balance of pre-1971  
24 Investment Tax Credits that are deducted from rate base and amortized at a rate  
25 of \$1,285 per year. The proforma adjustment of the pre-1971 Investment Tax

1 Credit from September 30, 1999 to April 30, 2000 is \$750.

2 Q. Please explain Exhibit 15, page 7 of 8.

3 A. Exhibit 15, page 7, identifies the components of deferred charges being added to

4 rate base. The Company's pro forma balance includes \$151,961 of costs that

5 were approved to be amortized in previous proceedings, in addition to the

6 following items that the Company is requesting recovery for in this proceeding:

7 Relocation Expenses, SOC Testing, Rate Case Expense-2000 and Tank

8 Painting. These represent the unamortized balance of deferred charges for

9 which the Company has expended funds.

10 Q. Please explain Exhibit 15, page 8 of 8.

11 A. Exhibit 15, page 8 of 8, represents a summary of cash working capital required

12 by the Company. The method employed in the development of this amount is

13 that which was approved by the Commission in the previous rate proceedings.

14 Q. Did you adjust the Company's requirement of cash working capital?

15 A. Yes. The cash balance component of the cash working capital balance at

16 September 30, 1999 needed to be reduced by \$2,300,000. United Waterworks

17 provided an advance to UWID that temporarily increased the cash balance at

18 September 30. At the end of 1999, UWID made a payment of the advance to its

19 parent. The Company has made an adjustment of \$2,300,000, to reduce its cash

20 account in order to normalize the cash component of the working capital.

21 Q. Does this conclude your testimony?

22 A. Yes.

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EXHIBITS TO ACCOMPANY  
THE DIRECT TESTIMONY OF  
MARY EGAN-LONG  
ON BEHALF OF UNITED WATER IDAHO INC.

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