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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 GREGORY P. WYATT
ON BEHALF OF UNITED WATER IDAHO INC.

February 2000

1 Q. Please state your name and business address.

2 A. Gregory P. Wyatt. United Water Idaho 8248 W. Victory Road, Boise, Idaho

3 Q. What is your occupation?

4 A. I am General Manager, United Water Idaho.

5 Q. When did you assume that position?

6 A. December 25, 1999.

7 Q. Please describe your educational background and other qualifications.

8 A. I am a graduate of Bloomsburg University with a Bachelor of Arts degree in
9 Business Administration Management. I have previously provided testimony
10 before the Indiana Utility Regulatory Commission and the Pennsylvania Public
11 Utility Commission.

12 Q. Please describe your work experience

13 A. I have been employed at United Waterworks properties, formerly General
14 Waterworks, since December 1974. I have worked in various capacities in
15 several states since my employment including General Manager for United Water
16 Pennsylvania, Area Manager for the Company's Indiana properties, Assistant
17 Manager of United Water Idaho and various accounting positions in New Jersey
18 and Pennsylvania.

19 Q. Please describe your duties as General Manager

20 A. My duties are to oversee the daily operation of providing potable water to the
21 customers of United Water Idaho (UWID). I supervise the various departments
22 of Engineering, Production, Transmission & Distribution, Customer Service,

1 Billing, Automation, Planning and Accounting in meeting their responsibilities for
2 the delivery of potable water and the related services in dealing with customers.

3 These functions include planning for raw water source, construction,
4 maintenance and operation of the treatment and pumping facilities; construction,
5 maintenance, and operation of the distribution system including mains, services,
6 and storage tanks, responding to customer needs regarding initial service or
7 discontinuing service by reading customer meters, processing and delivering
8 bills, and responding to customer needs through the Customer Service
9 Representatives.

10 My duties also include supervision of individual responsibilities for
11 following all regulations in regard to safety, complying with the Safe Drinking
12 Water Act, and meeting other similar requirements.

13 Q. What is the purpose of your testimony?

14 A. I will testify regarding the operations of the company and I will be available to
15 answer questions of a general nature.

16 Q. Please identify the other witnesses who will testify on behalf of the company and
17 the topic on which they will testify.

18 A. My immediate predecessor, Mr. William Linam, will testify regarding certain
19 issues that arose during the time he was General Manager and upon which he
20 has first hand knowledge. These include the investment in Island Woods, the
21 Northwest Pipeline, the acquisition of Raintree Mutual Water Company and the
22 accounting treatment of the river intake.

23 Mr. Jeremiah Healy, Coordinator, Planning and Rates, will testify regarding
24 expense adjustments.

1 Ms. Mary Egan-Long, Rate Analyst III, will testify regarding rate base
2 adjustments.

3 Mr. Daniel Brown, Managing Engineer, will testify regarding capital additions.

4 Professor A.T. Wallace, a consulting engineer from the University of Idaho, will
5 testify regarding the Company's investment in the Northwest Pipeline.

6 Mr. Frank Gradilone III, Manager Resources Planning-Rates, will testify
7 regarding revenue adjustments.

8 Mr. Frank J. Hanley, President of AUS Consultants, will testify regarding cost of
9 capital.

10 Q. Please describe the operations of the company.

11 A. As of September 30, 1999, United Water Idaho provided domestic water service
12 and fire protection to approximately 65,051 residential, commercial, industrial,
13 private fire protection and public authority customers within the City of Boise and
14 the immediate surrounding area. Almost nine-nine percent (99%) of the
15 customers are located in what we will call the core area system, which is a totally
16 interconnected system. Additionally, there are four (4) satellite systems that are
17 not interconnected with each other or to the core area system. These satellite
18 systems are identified as Island Woods area, Mesa area, Barber area and
19 Coventry Place. Currently our source of supply for the core area is one (1)
20 surface water treatment plant and seventy-seven (77) deep wells, which are
21 located throughout a service area of approximately 140 square miles. The
22 projected delivery capacity in the year 2000 of the surface water treatment plant
23 and the seventy-seven (77) wells to the customers in the core service area is
24 100.3 MGD. The Island Woods area is served by two (2) wells with a capacity of

1 2.8 MGD; the Mesa area is served by three (3) wells with a capacity of 1.6 MGD;
2 the Barber area is served by two (2) wells with a capacity of 0.5 MGD; and
3 Coventry Place is served by one (1) well with a capacity of 0.6 MGD.

4 At this time, water treatment essentially consists of the addition of
5 chlorine for system residuals and polyphosphate for sequestration of iron and
6 manganese. At the surface water treatment plant, the treatment ranges from
7 direct filtration to full coagulation, settling and filtration depending on the quality
8 of the raw water. During the test year, the core area maximum day production
9 was 90.5 million gallons; the minimum day production was 16.7 million gallons;
10 while average day production was approximately 42.25 million gallons. The wells
11 in the satellite areas are all currently capable of meeting the maximum day
12 demands in those areas.

13 The distribution system consists of approximately 850 miles of water
14 main, varying in size from 2 inches to 30 inches in diameter. The distribution
15 system also is supported by 30.7 million gallons of storage capacity contained in
16 24 ground-level reservoirs.

17 Due to differences in elevation within the coverage of the service area,
18 United Water Idaho has 10 different pressure zones in the core area. Each
19 satellite area also can be considered as a separate pressure zone. These zones
20 are necessary to maintain a reasonable range of pressure at our customers'
21 points of use. Connections from adjacent pressure zones allow us to transport
22 water between some pressure zones; however, it is impossible to transport water
23 from each pressure zone to all 9 of the other pressure zones. Since we have 78
24 sources (points from which water originates) in the core area, the customers
25 within the area of influence of a particular source normally will receive water from

1 that source. As the customers near the source begin to use up the water and as
2 distance from the source increases, more water will be consumed until the supply
3 from a particular source is exhausted and adjacent customers then receive water
4 from a different source.

5 Q. I note that the combined production capacity in the core area is approximately
6 100.3 MGD while the maximum day in 1999 was 90.5 million gallons. Does this
7 mean that you can serve additional customers without adding any additional
8 source?

9 A. No, it does not. For that to be possible, you would have to have a perfectly
10 balanced distribution system and every well would have to produce 100% of
11 capacity at the same time. This perfect balance would have to be between the
12 main sizes, main locations, pumping capacity, storage size, and storage
13 locations. We currently have approximately 9.0 MGD of source that cannot be
14 transported effectively outside the immediate area of service in which it is
15 located. Therefore, although it is extremely beneficial for backup to well
16 problems and fire protection, this capacity cannot be further utilized without major
17 distribution additions.

18 To illustrate this, with the purchase of the South County system (which
19 was connected to but is on the edge of the core area) we added capacity of 13
20 MGD. The peak day in 1999 for the South County area was only approximately
21 7.0 million gallons, with a peak hour of approximately 9.0 MGD. However, due to
22 lack of storage in the area, much of the 4.0 MGD difference in peak hour and
23 capacity is necessary to provide required fire flows. In addition, the 4.0 MGD
24 excess capacity cannot be transported any appreciable distance back into the
25 core area. To be able to add customers using up to 4.0 MGD without adding any

1 additional source, we would have to add storage and require that all these new
2 customers be added in the general vicinity of the former South County service
3 area.

4 We also recently purchased the Foxtail well, which can produce 1.0 MGD
5 in an emergency. Modifications can be made to this well as customers are
6 added in the area. Currently, distribution constraints prevent this 1.0 MGD from
7 being utilized fully; however, we have very little invested in this well.

8 In another instance, while we can produce approximately 4.0 MGD in the
9 Redwood Creek/Floating Feather area, only 2.0 MGD is routinely transported to
10 customers not in the immediate vicinity of these wells, with the balance available
11 for service to the customers in the immediate vicinity.

12 Q. Would you briefly explain why the Company is seeking a rate increase at this
13 time?

14 A. The increase is necessary for us to continue to provide quality service to our
15 customers, to improve service by replacing obsolete infrastructure and to replace
16 infrastructure that is in conflict with other infrastructure renewal (such as highway
17 and street rebuilds). For these reasons, UWID continues to make capital
18 investments in utility plant. As a result, the Company's rate base of \$80,424,286,
19 as allowed in our last rate proceeding, has increased to \$98,992,133 in this
20 proceeding. In addition, our operating costs have increased from \$14,224,752 to
21 \$17,128,657. An increase in rates is necessary in order to provide sufficient
22 capital dollars to maintain and improve quality service to our customers, to
23 provide adequate operating and maintenance coverage, and to maintain a sound
24 financial position.

1 Q. What is the current average annual residential water bill?

2 A. Currently, the average residential bill is approximately \$317, exclusive of DEQ
3 fees and franchise tax.

4 Q. What will the average residential bill be under the proposed rates in this filing?

5 A. The average residential bill under proposed rates would increase to \$354, or an
6 increase of 11.57%.

7 Q. Does that conclude your testimony

8 A. Yes it does.