

ORIGINAL

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IDAHO PUBLIC
UTILITIES COMMISSION

Attorneys for Applicant

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION
OF UNITED WATER IDAHO INC. FOR
AUTHORITY TO INCREASE ITS RATES
AND CHARGES FOR WATER SERVICE IN
THE STATE OF IDAHO

Case No. UWI-W-04-04
APPLICATION

COMES NOW United Water Idaho Inc., (“United”, “Applicant”) and hereby makes application to the Idaho Public Utilities Commission (“Commission”) for an Order approving revisions to Applicant’s schedules of rates and charges for water service in the State of Idaho to become effective with service provided on or after December 30, 2004 and in support thereof respectfully shows as follows:

I.

Applicant is a public utility water corporation within the meaning of the Idaho Public Utility Law, is duly organized and existing under the laws of the State of Idaho and is engaged in conducting a general water business in and about Boise City, Ada County, Idaho, having its principal office and place of business at 8248 West Victory Road, Boise, Idaho. A certified copy of Applicant’s Articles of Incorporation, together with all amendments to date, is on file with the Commission. Applicant’s current Certificate is Amended Certificate No. 143.

II.

United has been providing water service to the public in Boise City and surrounding areas for more than 100 years. Currently United provides service to approximately 75,400 customers within Ada and Canyon Counties, Idaho.

III.

The operations of United have been reviewed in several rate proceedings before the Commission, most recently in Case No. UWI-W-00-1.

IV.

A copy of Applicant's present schedules of rates for water service is attached hereto as Attachment A.

V.

Attachment B, attached hereto, is a copy of Applicant's proposed new rates and charges for the rendering of water service to Applicant's customers. Applicant requests an effective date of December 30, 2004. Applicant alleges that the proposed changes in rates and charges set forth on Attachment B are just and reasonable and that the rate of return expected to be provided to the Applicant there under will be 8.93%, which is a fair rate of return on Applicant's investment in property used and useful in rendering water service.

VI.

The revenue realized by Applicant under its presently authorized rates produces a rate of return of 6.06%, based on a test year ending July 31, 2004. Applicant seeks additional revenues to recover increased operating expenses and costs associated with plant additions, and to produce a fair rate of return, thereby enabling it to continue to provide adequate and reliable service to its customers.

VII.

Applicant is filing concurrently herewith direct testimony of Gregory P. Wyatt, Jeremiah J. Healy, Scott Rhead, Frank Gradilone, Dr. Dennis Pesseau, Pauline Ahern and Dr. A.T. Wallace and Exhibits 1 through 14 including financial statements, cost of capital and revenue analysis, along with supporting workpapers, to justify and support the proposed increase.

VIII.

Notice to Applicant's customers is being accomplished by news media releases simultaneously with the filing of this Application and by an individual notice mailed to each of Applicant's customers. In addition, a copy of the Application and Applicant's present and proposed rate schedules are available for public inspection at its office at 8248 West Victory Road, Boise, Idaho at any time during office hours.

IX.

Applicant stands ready for an immediate hearing on this Application and requests that a hearing be held as soon as possible.

X.

Communications in reference to this Application should be addressed to:

Dean J. Miller
MCDEVITT & MILLER LLP
420 West Bannock Street
P.O. Box 2564-83701
Boise, ID 83702
Fax: 208.336.6912

and

Mark Gennari
UNITED WATER
200 Old Hook Road
Harrington Park, NJ 07640-1738
Fax: 201.750.5728

WHEREFORE, Applicant respectfully requests of the Commission:

1. That this Application be heard and acted upon at the earliest possible date;
2. That the Commission find that the Applicant's existing rates are unjust, unreasonable and insufficient to provide Applicant with a fair rate of return and that the revised rates and charges proposed in Attachment B of this Application are just and reasonable and that Applicant be permitted to charge said rates to its customers, effective December 30, 2004.
3. That the Commission grant such other and further relief as the Commission may determine proper in the circumstances.

DATED this 30 day of November, 2004.

UNITED WATER IDAHO INC.

By: 

Dean J. Miller

Attorney for Applicant

UNITED WATER IDAHO INC.

SCHEDULE NO. 1E
FLAT RATE SERVICE

Availability:

To non-metered residential customers pursuant to Residential or Multi-Family Housing Non-Contiguous Water Systems Agreement Paragraph 11(a) addressing flat rate systems.

Customer Charges:

Based on United Water Idaho residential consumption for the year ending June 1998 of 208.75 ccf, the average residential bill, assuming a 3/4" meter and 65%/35% summer/winter split, is \$325.74. Billed bi-monthly, equals \$54.29.

Bi-monthly Charge: \$54.29

Conditions of Contract:

The bi-monthly charge will be prorated whenever the customer has not been a customer for the entire billing period. The Company or the customer may convert to metered service pursuant to Subparagraphs (b) or (c) of Paragraph 11 as follows:

- (b) If Company should determine that a flat rate customer is using water in excess of the average residential customer, the Company will provide a meter setting and meter. Customer will then pay Company's metered tariff rates as approved by the IPUC, which rates may be amended from time to time.
- (c) If a customer prefers to pay Company's approved metered tariff rates, the customer shall pay the installation and material costs associated with the installation of a meter setting.

Issued: September 5, 2000 Effective: September 5, 2000

Under Authority of I.P.U.C. Order No. 28505

Issued by: UNITED WATER IDAHO INC.

By: Benjamin Hepler, Vice President

Attachment A
Case No. UWI-W-04-04
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UNITED WATER IDAHO INC.

SCHEDULE NO. 4
PRIVATE FIRE SPRINKLER AND SERVICE

Availability:

To all customers who have sprinkler systems and/or inside hose connections for fire fighting purposes.

Rate:

For service through a separate line for fire fighting purposes.

For 3" service or smaller, per month	\$ 11.83
For 4" service per month	17.93
For 6" service per month	44.53
For 8" service per month	73.17
For 10" service per month	114.11
For 12" service per month	170.93

Miscellaneous:

Provided that if the installation of a private fire service shall require an extension of the existing mains of the company, the cost of such extension shall be borne by the customer.

All private fire services shall be equipped with sealed gate valves or thermal automatic openings.

Meters may be placed on fire services by the utility at any time; however, metered rates will not apply unless improper use of water is disclosed, and if such be the case, usage will be billed to the consumer under Rate Schedule No. 1.

Issued: September 5, 2000

Effective: September 5,

2000

Under Authority of I.P.U.C. Order No. 28505

Issued by: UNITED WATER IDAHO INC.

By: Benjamin Hepler, Vice President

UNITED WATER IDAHO INC.

SCHEDULE NO. 6
PRIVATE FIRE HYDRANT SERVICE

Availability:

To all customers having private fire hydrant installations.

Rate:

For fire hydrants installed and maintained by the customer at his expense:

Each fire hydrant, per month \$7.16

Miscellaneous:

Service pipe from the fitting on the company water main to the fire hydrant is to be installed and maintained by the customer.

Issued: September 5, 2000 Effective: September 5, 2000

Under Authority of I.P.U.C. Order No. 28505

Issued by: UNITED WATER IDAHO INC.

By: Benjamin Hepler, Vice President

UNITED WATER IDAHO INC.

SCHEDULE NO. 7

MISCELLANEOUS FEES AND CHARGES

1. Return Check Charge

Application:

This charge is applicable to all customers where the customer's check or bank draft is returned by the Bank for insufficient funds, closed account, or some other appropriate reason.

Rate:

	<u>Each Occurrence</u>
Returned check charge	\$15.00

2. Reconnection Charge for Nonpayment Terminations

Application:

This charge is applicable to all customers where water has been physically turned off for nonpayment of a delinquent bill.

Rates:

	<u>Each Occurrence</u>
Reconnection Charge (during normal business hours)	\$20.00
Reconnection Charge (other than normal business hours)	\$30.00

3. FIELD COLLECTION TRIP CHARGE:

APPLICATION:

This charge is applicable to all customers who pay outstanding bills for service at the time that Company personnel arrive at the customers' premises to terminate service.

Rates:

	<u>Each Occurrence</u>
Field Collection Trip Charge	\$15.00

Issued: July 6, 1998

Effective: July 6, 1998

Under Authority of I.P.U.C. Order No. 27630

Issued by: **UNITED WATER IDAHO INC.**

By: William C. Linam, Vice President

Sheet No.
Replacing all Previous Sheets

UNITED WATER IDAHO INC.

**SCHEDULE NO. 1
GENERAL METERED SERVICE**

Availability:

To all metered customers not served under a separate schedule.

Customer Charges:

<u>Meter Size</u>	<u>Bi-Monthly Per Meter Charge</u>
5/8"	\$ 19.86
3/4"	19.86
1"	26.16
1-1/4" and 1-1/2"	42.37
2" or multiple meters of equivalent capacity	61.24
3" or multiple meters of equivalent capacity	112.51
4" or multiple meters of equivalent capacity	179.02
6" or multiple meters of equivalent capacity	344.47
8" or multiple meters of equivalent capacity	519.76
10" or multiple meters of equivalent capacity	726.52

Volume Charge:

	<u>Winter Rates</u>	<u>Summer Rates</u>
For all water used per 100 cubic feet (CCF)(1 CCF=748 gallons):	\$1.1487	\$1.4360
For all water used per 1,000 gallons	\$1.5358	\$1.9197

Conditions of Contract:

The customer shall pay the total of the customer charge plus the volume charge. The volume charge is based on all metered water for the billing period. Consumption is expressed in hundred cubic foot units or thousand gallon units as determined by the meter installed by the Company. The customer charge will be prorated whenever the customer has not been a customer for the entire billing period.

Summer Period:

The summer rate will apply to water consumed between May 1 and September 30. Meter readings straddling these dates will be prorated.

UNITED
Issued Per IPUC Order No.
Effective –

Issued by UNITED WATER IDAHO INC.
Gregory P. Wyatt, Vice President
8248 West Victory Road, Boise, Idaho

Attachment B
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Sheet No.
Replacing all Previous Sheets

UNITED WATER IDAHO INC.

SCHEDULE NO. 1B
FLAT RATE SERVICE

Availability:

To non-metered residential customers pursuant to Residential or Multi-Family Housing Non-Contiguous Water Systems Agreement Paragraph 11(a) addressing flat rate systems.

Customer Charges:

Based on United Water Idaho residential consumption for the year ending June 1998 of 208.75 ccf, the average residential bill, assuming a ¾" meter and 65%/35% summer/winter split, is \$444.30. Billed bi-monthly, equals \$74.05.

Bi-monthly Charge: \$74.05

Conditions of Contract:

The bi-monthly charge will be prorated whenever the customer has not been a customer for the entire billing period. The Company or the customer may convert to metered service pursuant to Subparagraphs (b) or (c) of Paragraph 11 as follows:

- (b) If Company should determine that a flat rate customer is using water in excess of the average residential customer, the Company will provide a meter setting and meter. Customer will then pay Company's metered tariff rates as approved by the IPUC, which rates may be amended from time to time.
- (c) If a customer prefers to pay Company's approved metered tariff rates, the customer shall pay the installation and material costs associated with the installation of a meter setting.

UNITED
Issued Per IPUC Order No.
Effective –

Issued by UNITED WATER IDAHO INC.
Gregory P. Wyatt, Vice President
8248 West Victory Road, Boise, Idaho

Sheet No.
Replacing all Previous Sheets

UNITED WATER IDAHO INC.

SCHEDULE NO. 3
PRIVATE FIRE SPRINKLER AND SERVICE

Availability:

To all customers who have sprinkler systems and/or inside hose connections for fire fighting purposes.

Rate:

For service through a separate line for fire fighting purposes.

For 3" service or smaller, per month	\$ 14.37
For 4" service per month	21.78
For 6" service per month	54.10
For 8" service per month	88.90
For 10" service per month	138.64
For 12" service per month	207.68

Miscellaneous:

Provided that if the installation of a private fire service shall require an extension of the existing mains of the company, the cost of such extension shall be borne by the customer.

All private fire services shall be equipped with sealed gate valves or thermal automatic openings.

Meters may be placed on fire services by the utility at any time; however, metered rates will not apply unless improper use of water is disclosed, and if such be the case, usage will be billed to the consumer under Rate Schedule No. 1.

UNITED
Issued Per IPUC Order No.
Effective –

Issued by UNITED WATER IDAHO INC.
Gregory P. Wyatt, Vice President
8248 West Victory Road, Boise, Idaho

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Sheet No.
Replacing all Previous Sheets

UNITED WATER IDAHO INC.

SCHEDULE NO. 4
PRIVATE FIRE HYDRANT SERVICE

Availability:

To all customers having private fire hydrant installations.

Rate:

For fire hydrants installed and maintained by the customer at customer's expense:

Each fire hydrant, per month	\$8.70
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Miscellaneous:

Service pipe from the fitting on the company water main to the fire hydrant is to be installed and maintained by the customer.

UNITED
Issued Per IPUC Order No.
Effective –

Issued by UNITED WATER IDAHO INC.
Gregory P. Wyatt, Vice President
8248 West Victory Road, Boise, Idaho

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UNITED WATER IDAHO INC.

**SCHEDULE NO. 5
MISCELLANEOUS FEES AND CHARGES**

1. Return Check Charge

Application:

This charge is applicable to all customers where the customer's check or bank draft is returned by the bank for insufficient funds, closed account, or some other appropriate reason.

Rate:

	<u>Each Occurrence</u>
Returned check charge	\$20.00

2. Reconnection Charge for Nonpayment Terminations

Application:

This charge is applicable to all customers where water has been physically turned off for nonpayment of a delinquent bill.

Rates:

	<u>Each Occurrence</u>
Reconnection Charge (during normal business hours: 8:00 AM to 4:30 PM)	\$22.50
Reconnection Charge (other than normal business hours)	
1: 4:31 PM to 8:00 PM	\$40.00
2: 8:01 PM to 7:59 AM	\$80.00

3. Field Collection Trip Charge

Application:

This charge is applicable to all customers who pay outstanding bills for service at the time that Company personnel arrive at the customers' premises to terminate service.

Rate:

	<u>Each Occurrence</u>
Field Collection Trip Charge	\$20.00

UNITED WATER IDAHO INC.

MISCELLANEOUS FEES AND CHARGES (cont'd)

4. **Service Connection Charge for Other Than Normal Business Hours**

Application:

This charge is applicable to all customers who request service after regular office hours, weekends or holidays.

Rate:

	<u>Each Occurrence</u>
Service Charge	\$25.00

5. **Temporary Disconnection at Customer Request Charge:**

Application:

This charge is applicable when the Company is requested by customer to shut off the water at the meter for repairs to customer's plumbing.

Rates:

	<u>Each Occurrence</u>
Water Disconnection at Customer Request (during normal business hours)	\$15.00
Water Disconnection at Customer Request (other than normal business hours)	\$25.00

6. **Meter Test at Customer Request Charge**

Application:

This charge is applicable when the customer requests the Company to test the accuracy of a meter in the case of a disputed bill.

Rate:

	<u>Each Occurrence</u>
Error in registration of 1-1/2% or less	\$10.00

Sheet No.
Replacing all Previous Sheets

UNITED WATER IDAHO INC.

MISCELLANEOUS FEES AND CHARGES (cont'd)

7. **Meter Rental Charge for Construction**

Application:

This charge is applicable when contractors, builders, or others request temporary service from a fire hydrant.

Rate:

Temporary Meter Charge

Each Occurrence
\$20.00

UNITED
Issued Per IPUC Order No.
Effective –

Issued by UNITED WATER IDAHO INC.
Gregory P. Wyatt, Vice President
8248 West Victory Road, Boise, Idaho

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Dear United Water Customer:

This is to notify you that on November 30, 2004 United Water Idaho filed an Application with the Idaho Public Utilities Commission (IPUC) asking for authority to increase the company's rates and charges for water service.

In the Application United Water is proposing a revenue increase of \$6,767,867, which represents an overall increase in rates of 21.46%. Under the proposed Application, residential customer rates would increase by 22.35%, commercial by 19.56%, public authority by 19.01%, and private fire by 21.55%. The requested increase would raise rates for a typical residential customer by about \$6 a month (20 cents a day), bringing the average annual residential bill from \$323 to \$395.

The proposed increase is necessary for several reasons. It has been more than four years since the last adjustment to the company's rates. During this period both the company's investments in water facilities and its operating costs necessary to provide safe and reliable water service have increased. A major example of this is the investments required for the new Columbia Water Treatment Plant, which is a key component of the company's Renewable Resource Initiative. By carefully managing its costs, the company has been able to defer the need for rate adjustment. Now, however, an increase in revenue is necessary to support these investments and to maintain a sound financial position.

To learn more about the company's Application and about its Renewable Resource Initiative, please visit the company's web site at <http://www.unitedwateridaho.com>.

The proposed increase in rates is subject to review and approval by the IPUC. A complete copy of the proposal is available at the company's office at 8248 W. Victory Road, Boise ID and at the Commission's office at 472 W. Washington, Boise ID. It is also available on-line at the IPUC website:
<http://www.puc.state.id.us/FILEROOM/water/water.htm>.

You can also file a comment on the Application via the IPUC website at:
<http://www.puc.state.id.us/scripts/polyform.dll/ipuc>.

Or mail comments to:

Idaho Public Utilities Commission
P.O. Box 83720
Boise, ID 83720-0074.

or

United Water Idaho Inc.
P.O. Box 190420
Boise, ID 83719-0420

Sincerely,

United Water Idaho

NEWS RELEASE – FOR IMMEDIATE RELEASE – NOVEMBER 30, 2004

For more information contact:

Michael Boss
Boss Communications, Inc.
(208) 424-3433
mboss@bosscom.com

Greg Wyatt
United Water Idaho
(208) 362-7327
greg.wyatt@unitedwater.com

UNITED WATER IDAHO REQUESTS RATE INCREASE

Increase to support infrastructure and technology enhancements

BOISE, ID, November 30, 2004 – United Water Idaho filed an application today with the Idaho Public Utilities Commission (IPUC) requesting a 21.46% overall (\$6.768 million) rate increase. Under the proposed Application, residential customer rates would increase by 22.35%, commercial by 19.56%, public authority by 19.01%, and private fire by 21.55%. The requested increase would raise rates for a typical residential customer by about \$6 a month (20 cents a day), bringing the average annual residential bill from \$323 to \$395. The IPUC will perform a complete investigation and analysis of the request before authorizing any adjustment in current rates charged to customers. The review process could take about seven months to complete.

An increase in rates is necessary in order to provide sufficient capital dollars to maintain and improve quality service to customers, to provide adequate operating and maintenance coverage, and to maintain a sound financial position. It is also necessary to improve service by replacing aging water infrastructure as well as infrastructure that must be replaced when in conflict with highway and street rebuilds and renewals. For these reasons, United Water continues to make significant capital investments in utility plant. A major example of this is the investments required for the new Columbia Water Treatment Plant, which is a key component of the company's recently announced Renewable Resource Initiative.

“It has been more than four years since United Water's last rate adjustment, and during this period both the company's investments in water facilities and its operating costs have increased,” stated Greg Wyatt, vice president of United Water Idaho. “By carefully managing our costs, we have been able to defer the need for a rate adjustment. Now, however, Boise requires a new water treatment plant to meet its growing needs as well as more stringent drinking water quality regulations.”

According to Wyatt, since its last rate adjustment in September 2000, United Water has invested more than \$41 million in water supply, treatment, and storage and distribution facilities in order to maintain and improve service to customers. These investments include the construction of the Columbia Water Treatment Plant, which initially will supply up to 6 million gallons a day of high quality water to customers beginning in

March 2005. "This new water supply and treatment facility uses state-of-the-art membrane filtration technology and is critical to meet Boise's growing water needs. Without the new treatment plant, Boise might be faced with water use restrictions," noted Wyatt. Additional investments have been made in new water storage reservoirs that provide stable pressure and improved fire protection within the system. United Water has also invested in renewing the water system infrastructure by replacing over 16 miles of water mains, almost 3,000 water services, and about 22,000 meters in the system. These infrastructure replacements are critical to the long-term integrity of the water system and to meet Boise's present and future water needs.

"Our priority," stressed Wyatt, "is to continue to provide customers with the highest quality water service at the lowest possible price. Improvements to source of supply, water treatment and distribution network infrastructure are key to maintaining customer satisfaction and quality service."

The requested increase would raise rates for a typical residential customer by about \$6 a month (20 cents a day), bringing the average annual bill from \$323 to \$395. Wyatt stated, "We recognize this increase is significant. So to temper the effect on lower income households, we have proposed that we, along with the IPUC Staff and other interested parties, conduct workshops to collaboratively develop a 'low income' assistance program that effectively meets lower income customer's needs. If an agreeable program can be developed, the company would seek implementation in conjunction with any adjustment in rates ordered by the IPUC."

United Water Idaho provides water service to approximately 215,000 people in Boise and surrounding areas.