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IDAHO PUBLIC
UTILITIES COMMISSION

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10 Community Action Partnership
11 Association of Idaho

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

12 IN THE MATTER OF THE APPLICATION) CASE NO. UWI-W-04-04
13 OF UNITED WATER IDAHO INC FOR THE)
14 AUTHORITY TO CHANGES ITS RATES)
15 AND CHARGES FOR WATER SERVICE IN)
16 THE STATE OF IDAHO.)

**COMMUNITY ACTION PARTNERSHIP ASSOCIATION OF IDAHO
DIRECT TESTIMONY OF
TERI OTTENS**

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1 **I. INTRODUCTION**

2 Q: Please state your name and business address.

3 A: My name is Teri Ottens. I am the Executive Director of the Community Action
4 Partnership Association of Idaho headquartered at 600 N. Curtis, Suite 175, Boise, Idaho, 83706.

5 Q: On whose behalf are you testifying in this proceeding?

6 A: The Community Action Partnership Association of Idaho ("CAPAI") Board of Directors
7 asked me to present the views of an expert on, and advocate for, low income customers of United
8 Water, Inc. ("United Water") on behalf of CAPAI. CAPAI's participation in this proceeding
9 reflects our organization's view that low income people are an important part of United Water's
10 customer base, and that these customers will be uniquely impacted by the proposed rate increase.

11 CAPAI is an association of Idaho's six Community Action Partnerships, the Idaho
12 Migrant Council and the Canyon County Organization on Aging, Weatherization and Human
13 Services, all dedicated to promoting self-sufficiency through removing the causes and conditions
14 of poverty in Idaho's communities.

15 Community Action Partnerships ("CAPs") are private, nonprofit organizations that fight
16 poverty. Each CAP has a designated service area. Combining all CAPS, every county in Idaho
17 is served. CAPS design their various programs to meet the unique needs of communities located
18 within their respective service areas. Not every CAP provides all of the following services, but
19 all work with people to promote and support increased self-sufficiency. Programs provided by
20 CAPS include: employment preparation and dispatch, education assistance child care, emergency
21 food, senior independence and support, clothing, home weatherization, energy assistance,
22 affordable housing, health care access, and much more.

23 Q: Have you testified before this Commission in other proceedings?

24 A: Yes, the Commission has resolved, or is in the case of resolving, general rate cases for
25 Idaho Power Company, AVISTA, PacifiCorp and United Water all in the relatively short time

1 frame of approximately a year and a half. CAPAI intervened in all of those proceedings and I
2 have testified, or will testify, on CAPAI's behalf in each these cases.

3 Q: Why has CAPAI intervened in past cases, and in this particular proceeding?

4 A: In my opinion, though the Commission Staff, and the Commission itself, have made an
5 earnest attempt to address low-income concerns over the years, the Commission's legal mandate
6 is to ensure the fair treatment of all customers and of the utilities it regulates. To the same extent
7 that a large industrial customer has the need for and right to representation before the
8 Commission, so do low-income utility customers. CAPAI believes that, to a certain extent, low-
9 income customers have not had adequate, independent, representation before the Commission in
10 recent years and it is CAPAI's mission to fill that void.

11 Specific to this case is CAPAI's desire to emphasize the impact of United Water's
12 proposed rate increase on low-income customers and to encourage recognition of the value that
13 low income assistance programs play in helping our seniors, disabled and low income families to
14 become and to remain self-sufficient. This, in turn, benefits all of the utilities ratepayers.
15 CAPAI also seeks funding and design of applicable programs that will accomplish these
16 objectives. As discussed below, CAPAI is supporting the creation of programs similar in nature
17 to those provided by energy utilities to provide assistance with bills and help in the conservation
18 and use of water.

19 Q: What is your relevant experience regarding matters before, or issues involving, this
20 Commission?

21 A: CAPAI has been involved in low income issues, including energy related issues, since
22 the early 1980s. CAPs have been involved in the distribution of weatherization funding,
23 implementation of weatherization programs, and Low Income Home Energy Assistance Program
24 payments for more than three decades.

1 Q: What other relevant involvement or activities have you or your organization been part of?

2 A: As the Executive Director of CAPAI, I am responsible as the statewide administrator of
3 the federal Community Service Block Grant, the Emergency Food Assistance Program, the Idaho
4 Telecommunication Services Assistance Program, the statewide Weatherization program, and in
5 working with the six Idaho CAPs and Canyon County Organization on Aging in the distribution
6 of the Low Income Home Energy Assistance and the Weatherization funds. These, and other
7 service programs administered and/or provided by CAPAI and our CAPs all deal with the needs
8 of the low income in Idaho.

9 Previously, I worked as the Energy Director for the Association of Idaho Cities, working
10 with 2002 cities and 44 counties to address energy and conservation issues within their
11 respective jurisdictions. Prior to that, I worked with several local governmental entities in Idaho,
12 Wyoming and California dealing with both low income and energy related issues. Exhibit 301 to
13 my testimony is my curriculum vitae.

14 II. SUMMARY

15 Q: Please summarize your testimony?

16 A: My testimony will establish the following:

- 17 1) That United Water's proposed rate increase would have implications for the
18 Company's low income customers;
- 19 2) That these low income customers are at risk of paying a disproportionate
20 percentage of their income for a basic need commodity essential to human
21 survival, exposing them to potential payment arrears, disconnection, and even
22 homelessness;
- 23 3) That there is a significant number of residential customers who are low income
24 and are in need of assistance in lowering their water bills, and;

25

1 4) That the negotiated Stipulation executed by CAPAI and United Water (discussed
2 below) will provide relief for low-income seniors and families and aid in
3 offsetting the impacts of a rate increase and should be approved by the
4 Commission.

5 III. STIPULATION

6 Q: Have CAPAI and United Water reached a negotiated settlement of certain issues in this
7 proceeding?

8 A: Yes, we have. Attached to this testimony as Exhibit 302 is a copy of the Stipulation
9 executed by the two parties. The essential components of the Stipulation are as follows:

- 10 - **Residential Summer Block Rate** - United Water has agreed to propose an initial
11 block rate for the first three hundred cubic feet (3 ccf) of usage for **all** customers
12 to be priced at the Company's winter rate, throughout the year. The summer rate
13 will be 25% higher and will remain in effect from May 1 through September 30 of
14 each year. The lost revenue from this block is estimated to be \$100,406 and is
15 proposed to be spread across the entire year by adjusting both the winter and
16 summer rate to block revenue neutral. As explained below, the purpose of this is
17 to provide the bare minimum, non-discretionary (i.e., "subsistence level) use of
18 water at the lower winter rate. CAPAI and United Water submit that this small
19 amount of initial block rate usage will provide a benefit especially to low-income
20 customers, but not undermine the Commission's policy and objective of sending
21 price signals during summer months that excessive use of water drives up rates
22 for all customers.
- 23 - **"United Water Shares"** – This program will be similar to Idaho Power's
24 "Project Share." Contributions to the fund will be voluntary on the part of
25 ratepayers. United Water has agreed to fund the project in the amount of

1 \$10,000.00 in 2005, using shareholder funds, and would then match customer
2 contributions to the fund up to \$20,000 in ensuing years. The money accumulated
3 in the fund account will remain in the possession of United Water at all times and
4 will be credited against the bills of qualifying low-income customers as
5 determined by United Water in collaboration with CAPAI's constituent groups.
6 Eligible customers will be those at or below 150% of the Federal Poverty
7 Guidelines; the same criteria used for Idaho Power's LIWA program. Customers
8 will be eligible a maximum of once per year and the individual benefit cap will be
9 \$50.00, though this amount may be revisited after the parties have had experience
10 with the program. Assuming approval by the Commission, CAPAI will
11 immediately commence processing applications based on United Water's initial
12 contribution. After the first six months, monthly distributions will be based on
13 the average monthly collection from ratepayers of the previous three months,
14 including United Water matching shareholder funds. The funds will be applied to
15 bills on a first come, first served basis. United Water will pay CAPAI an
16 administrative fee equaling 10% of the funds used, which the Company will book
17 as an operating expense. United Water will fund the costs of bill stuffers and
18 dissemination of literature by the CAPs to alert ratepayers about the program.
19 The estimated costs of the bill stuffers is \$12,000.00 annually and will be booked
20 as an operating expense.

- 21 - **Targeted Conservation Help** - CAPAI will assist in the dissemination of
22 conservation literature and "kits" to low-income, United Water customers who
23 come into direct contact with Community Action Agency staff. The literature and
24 kits will be provided by United Water.

1 **IV. NEED FOR ASSISTANCE**

2 Q: What definitions are you using to describe a “low income household” and how many of
3 these households are located within the service area of United Water?

4 A: The state of Idaho uses an income definition to define eligibility for low income
5 weatherization and energy assistance as 150% of the federal poverty guidelines as established by
6 the Federal Office of Management and Budget. Exhibit 303 to my testimony provides a chart of
7 incomes in relation to the poverty level.

8 Q: Would you please provide the Commission information regarding the state of poverty in
9 Idaho and, more specifically, within United Water’s service territory?

10 A: Yes. According to the Idaho Department of Commerce, 12% of Idaho’s population,
11 based on the 2002 Idaho Census, fall within federal poverty guidelines and 21% fall within the
12 state guidelines set at 150% of the federal poverty level. The Idaho Census is a state update of
13 the Federal 2000 Census figures and is conducted by the Idaho Department of Commerce.
14 Specific to United Water, the poverty rate in the Company’s service area is 11.8%, based on
15 Idaho guidelines. The 2000 Idaho Census reveals that those living in poverty are categorized as
16 8.3% elderly, 13.8% children, 8.3% all other families, 35.3% single mothers and 34% all others.
17 According to United Water’s website the Company serves 215,000 people in Ada and Canyon
18 counties. Of these, 25,370 live in poverty and 45,150 live at or below 150% of poverty.

19 According the United Water, the average residential bill is \$323.05 annually or \$26.91
20 monthly. However, United Water states on its website that up to one third of bill could be in two
21 months during the summer, placing severe burdens upon the low-income senior, disabled citizen
22 or family during certain times of the year. Currently, United Water does not offer level pay or
23 monthly billing, allowing a low-income family to spread this burden throughout twelve months
24 resulting in shut-offs of this service.

1 The proposed rate increase for residential customers will raise this monthly rate to
2 \$395.25, further adding to the burden.

3 Q: Please discuss the level of water service costs in relation to the ability of low income
4 customers to pay those costs?

5 A: More than 20% of United Water customers make less than what is considered a living
6 wage in Idaho (set at \$14.32 an hour by the Idaho Department of Labor and Commerce). Living
7 wage is described as the wage needed to pay basic expenses at today's costs, and includes the
8 costs of transportation, child care, food, housing and utilities. These people do not make enough
9 wages to sufficiently pay for these basic expenses. Though low income people are more easily
10 described in statistical terms, in reality they are our neighbors, friends and relatives. When
11 considering the possibilities of accidents, ill health, loss of employment, etc., they potentially
12 include each of us.

13 Q: What are the special circumstances that low income households face?

14 A: These households pay the highest percentage of their income for all utility costs
15 compared to other income groups and are the most vulnerable and at risk to change in a
16 competitive market. They live in society's worst case housing stock, are at risk to hypothermia
17 and indoor air quality problems. Coupled with an array of other financial burdens (cost of child
18 care, lack of affordable housing, lack of living wage jobs, cutbacks in federal assistance of most
19 kinds, etc.) they are increasingly moving closer to homelessness.

20 V. EFFECT OF STIPULATED LOW-INCOME MEASURES

21 Q: Please discuss how the proposed Stipulation came into being and how it will function?

22 A: United Water currently does not provide any form of low income assistance to ratepayers.
23 In recognition of this, the Company, in its prefiled direct testimony, invited the possibility of
24 some form of low-income assistance in light of the magnitude of the proposed rate increase.
25 Following proper notice, a public workshop was conducted on February 23, 2005, including

1 CAPAI, United Water, the Commission Staff, and one member of the public, to discuss the need
2 for, scope, and design of a low income customer assistance program for the Company.

3 As a result of the workshop discussion, agreement was reached regarding general
4 parameters and features of a low-income assistance program. Thereafter, representatives of
5 United Water and CAPAI continued to discuss possible program features resulting in the
6 Stipulation described above and attached hereto.

7 **1) Residential Summer Rate Block** – CAPAI agrees that a two-tier inclining rate
8 structure for residential customers will reward those customers who dramatically limit their
9 summer water use. It will also provide low-income assistance in that the poor generally consume
10 much less water. Though CAPAI has stipulated to an initial block of 3 ccf priced at the
11 Company's winter rate, and believes that this initial lower block will assist low-income
12 customers whose usage is typically much less than other residential customers, the appropriate
13 level of an initial block is, of course, within the discretion of the Commission. CAPAI stands
14 firmly by its Stipulation with United Water but suggests revisiting the amount at some future
15 point in time after the effects of the block have been analyzed.

16 CAPAI believes that 3 ccf is at the bottom range of what could be termed a "subsistence
17 level of water usage." As stated in the Stipulation, based upon a report generated by the Idaho
18 Department of Environmental Quality, 3 ccf is barely above the amount of water necessary just
19 to flush toilets and take showers. United Water estimates that approximately 10% of its
20 customers use 3 ccf or less in a winter billing period. Because the block rate applies to all
21 customers, it is not discriminatory or preferential.

22 CAPAI believes that an initial, lower priced block rate is appropriate for United Water.
23 Regardless of how the commodity is priced, people require a certain amount of water to survive
24 and perform the most basic of tasks such as laundry, dishes and personal consumption. This
25

1 minimum level of usage is indifferent to price signals and setting a modest initial block would
2 not undermine the Commission's overall objective of encouraging water conservation.

3 **2) United Water Shares** – CAPAI believes that establishing a voluntary giving program
4 that will establish a fund to assist low-income seniors, disabled citizens and families in paying
5 their water bills would be beneficial especially during the months when water usage increases.
6 Though there will be nominal costs associated with administration and awareness of the
7 program, CAPAI submits that these costs will be more than offset by reduced utility costs
8 associated with bad debt, collection, disconnections, etc.

9 **3) Targeted Conservation Help** – CAPAI believes that conservation education and aids are
10 beneficial for low-income seniors and families in lowering their water bill amounts and is willing
11 to participate in the distribution of these materials and aids.

12 Q: Do you believe that the low-income assistance provided by the Stipulation will address
13 all of United Water's low-income customer needs?

14 A: No, but it is a welcome starting point. Along these lines, CAPAI compliments United
15 Water for what could legitimately be characterized as an unprecedented gesture on the part of an
16 Idaho public water utility to offer unsolicited assistance to the poor in the context of a general
17 rate case. CAPAI greatly appreciates United Water's efforts and willingness to work toward a
18 worthwhile goal that ultimately benefits all ratepayers.

19 Q: Are there any other low-income assistance measures that could be considered in this case
20 or in the future?

21 A: Yes, although not included in the Stipulation, CAPAI believes that a level pay or monthly
22 pay program would also benefit low-income seniors, disabled and families in setting budgets and
23 controlling costs.

24 Q. Though the largest public water utility in Idaho, United Water covers only a portion of
25 the state. How will this Stipulation help other low-income seniors and families around Idaho?

1 A. The programs stipulated to by United Water and CAPAI are a good place to start in
2 setting examples and establishing the need for low-income customer assistance programs within
3 water utilities.

4 If the Stipulation is approved by the Commission, United Water would, presumably, be
5 the only regulated water utility in Idaho to have a low-income program. Because United Water
6 is the state's largest public water utility, it presents the greatest opportunity to assist the state's
7 low-income citizens. Approval of the stipulation might also prove to be a catalyst for other
8 water utilities to implement similar measures.

10 VI. CONCLUSION

11 Q: Could you summarize your recommendations to the Commission?

12 A: Yes. They are listed below:

13 Approve the Stipulation entered into between United Water and CAPAI establishing the
14 following programs:

- 15 • Residential Summer Rate Block
- 16 • Voluntary Giving Program
- 17 • Targeted Conservation Help

18 CAPAI also believes that the Commission should consider a level or monthly pay program in the
19 future as another tool to assist low-income seniors, disabled and families with their budgeting on
20 water usage costs.

21 Q: Does that conclude your direct testimony?

22 A: Yes it does. I thank the Commission for the opportunity to participate in this proceeding.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 6th day of April, 2005, I caused to be served the foregoing DIRECT PREFILED TESTIMONY OF TERI OTTENS on the following, in the manner indicated.

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Brad M. Purdy

TERI L. OTTENS

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EDUCATION

- Bachelor of Arts, Government, California State University at Sacramento, 1977
- Completed 19 credits of Masters of Public Administration courses, University of Wyoming and Boise State University 1983-1990

RELATED EXPERIENCE

Executive Director, Community Action Partnership Association of Idaho, **2000 to Present**, Boise, ID
CAPAI is a non-profit association advocating for low income issues including energy. Duties include administration of numerous grants and programs, staff supervision, working with eight member agencies, coordination of policies and issues, financial oversight.

Owner, Association Management Solutions, **1998 to Present**, Boise, ID. This company provides management services to public and private associations. Services offered include membership recruitment and tracking, administrative services, legislative monitoring and lobbying, desktop publishing of newsletters, directories and conference material; conference and event planning and other services required by the association. The company currently manages six associations one of which has a contract with the Northwest Energy Efficiency Alliance to provide energy code and efficiency education to cities and counties.

Deputy Director 1997 to 1998, Technical Services Director 1994-1996, Association of Idaho Cities, Boise, ID. AIC is a non-profit membership organization for Idaho cities. Duties included:

- Worked with over 100 cities and the majority of the 44 counties on planning issues from comprehensive planning, implementation ordinances, area of impact, open space preservation and other related issues
- Worked as the Energy Coordinator for AIC and the Idaho Association of Counties to promote energy efficiency and address energy related concerns of their citizens at a statewide level.
- Developed and followed through on public participation/education plans
- Worked with cities and counties to develop regional partnerships in meeting planning goals
- Participating in the writing and preparation of AIC publications, reports and articles
- Acting as spokesperson or liaison for the organization with many other groups, the media and the state legislature
- Identifying and developing funding resources and partnerships, including extensive grant writing and administration

Administrative Officer, City of Caldwell, ID, **1989-1993**. Duties included:

- Daily administration of all facets of city government including working with AIC and local utilities on related issues including how energy issues affected Caldwell citizens.
- Served as Budget Officer in preparation and management of \$14 million budget
- Served as Personnel Officer and the American with Disabilities Coordinator
- Preparation of meeting agendas and staff reports
- Grants Officer responsible for over \$250,000 in grants
- Involved in strategic planning at all levels including the city comprehensive plan, area of impact

negotiations, infrastructure master plans, budgets and the Regional/Urban Design Assistance Team (R/UDAT) Study.

Information Officer/Planner, Ada County Development Services, ID, 1988. Ada County serves a population of over 200,000. Duties included:

- Knowledge of land use planning, zoning laws and issues, growth management.
- Interpersonal skills in dealing with general public, governmental agencies and developers in complaint and enforcement issues.

Executive Director, Downtown Casper Development Corporation, 1986-1987. DCDC is a non-profit membership agency with responsibility for downtown redevelopment. Duties included:

- Business retention, expansion and recruitment
- All administrative functions of organization including budgeting, preparation of Board agendas and reports, staff supervision, membership development
- Fund raising for the organization, including membership development, identifying grant resources and corporate/business donors. This included preparing and making presentations
- Responding to membership needs/technical assistance

Assistant City Manager, City of Laramie, WY 1980-1986. Duties included:

- Working with the City County Planning Office to coordinate city/county growth
- Preparation and management of \$17 million budget as City Budget Officer.
- Understanding and management of city risk management program, utility franchises, personnel, grant writing and contract negotiations and administration.
- Public Information Officer

Director of Planning and Research, City of Tracy, CA 1977-1979. Duties included:

- Facilities and program planning and implementation
- Grant administration, volunteer coordinator

OTHER RELATED EXPERIENCE

- United Way Board Member, Canyon Area United Way, 1988 to present
- United Way Board Member, Wyoming (Laramie and Casper), 1980-1988
- Member, Idaho Community Forestry Council 1993-Present
- Member, Caldwell Beautification Committee 1988-1998
- Coordinator, Caldwell Area Paint the Town 1989-1995
- Member, Mayor's Committee for the Disabled, Caldwell 1988-94
- Member, IDOC Fair Housing Advisory Committee, 1996-1997
- Member, Middleton School District Parents Advisory Committee, 1995-Present
- United Way FEMA Committee - 1992
- Volunteer Member, Wallace Institute Agricultural Preservation Task Force, 1998-1999

HONORS

- * Outstanding Young Woman of America, 1983 and 1987
- * Distinguished Service Award, Laramie Jaycees 1985
- * Outstanding Young Wyomingite, Wyoming Jaycees, 1986
- * Friend of American Education, Natrona County School District
- * Woman of the Year, Beta Sigma Phi, 1992

REFERENCES

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208-746-3351

Michael McEvoy
Canyon County Farm Bureau
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Sheila McGregor, President
Idaho Youth Games
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Dr. Kathryn Wells
Idaho Society for Protection of At-Risk
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Attorneys for Applicant

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IDAHO PUBLIC
UTILITIES COMMISSION

Exhibit 302

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

STIPULATION

COME NOW United Water Idaho Inc. ("United" or "the Company") and Community Action Partnership Association of Idaho ("CAPAI"), by and through their respective counsel of record and stipulate and agree as follows:

On February 23, 2005 representatives of United and CAPAI participated in a public workshop held at the Commission offices. Members of the Commission Staff also participated. The workshop was preceded by a public notice, issued February 3, 2005.

The purpose of the workshop was to discuss the need for, scope, and design of a low-income customer assistance program for United Water customers.

As a result of the workshop discussions, agreement was reached regarding the general parameters and features of a low-income assistance program. Thereafter representatives of United and CAPAI continued to discuss possible program features.

Based thereon, after extensive good faith negotiations, United and CAPAI have reached an agreement upon a proposed low-income assistance program, for consideration by the Commission. The proposed three-part program is described in Attachment A, hereto. The text of

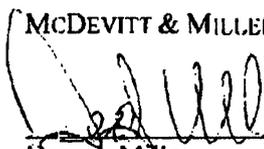
Exhibit 302

Attachment A has also been filed with the Commission in response to **Staff Production Request No. 54.**

United and CAPAI believe the low-income assistance program described in Attachment A would provide measurable benefit to low-income customers without burden to the general body of United's ratepayers and that the program is consistent with and promotes the public interest.

United and CAPAI respectfully request that the Commission approve the low-income assistance program, described in Attachment A, in the Commission's Final Order in this proceeding.

Dated this 23 day of March, 2005.

MCDEVITT & MILLER LLP


Dean J. Miller
Attorneys for United Water Idaho Inc.

CAPAI

Brad M. Purdy
Attorneys for Community Action Partnership of Idaho

Attachment A has also been filed with the Commission in response to Staff Production Request No. 54.

United and CAPAI believe the low-income assistance program described in Attachment A would provide measurable benefit to low-income customers without burden to the general body of United's ratepayers and that the program is consistent with and promotes the public interest.

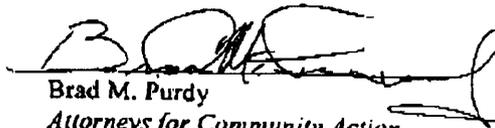
United and CAPAI respectfully request that the Commission approve the low-income assistance program, described in Attachment A, in the Commission's Final Order in this proceeding.

Dated this 23rd day of March, 2005.

MCDEVITT & MILLER LLP

Dean J. Miller
Attorneys for United Water Idaho Inc.

CAPAI


Brad M. Purdy
*Attorneys for Community Action
Partnership of Idaho*

CERTIFICATE OF SERVICE

I hereby certify that on the 27th day of March, 2005, I caused to be served, via the method(s) indicated below, true and correct copies of the foregoing document, upon:

<p>Brad M. Purdy <i>Attorney for the Community Action Partnership Association of Idaho</i> 2019 North 17th Street Boise, Idaho 83702 Fax: 208.384.8511 hmpurdy@tqmail.com</p>	<p>Hand Delivered <input type="checkbox"/> U.S. Mail <input checked="" type="checkbox"/> Fax <input type="checkbox"/> Fed. Express <input type="checkbox"/> Email <input type="checkbox"/></p>
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<p>Douglas K. Strickling <i>Boise City Attorney's Office</i> P.O. Box 500—83701 150 North Capitol Boulevard Boise, Idaho 83702 Fax: 208.384.4454 dstrickling@cityofboise.org</p>	<p>Hand Delivered <input type="checkbox"/> U.S. Mail <input checked="" type="checkbox"/> Fax <input type="checkbox"/> Fed. Express <input type="checkbox"/> Email <input type="checkbox"/></p>
<p>Scott L. Campbell <i>Moffatt Thomas</i> 101 South Capitol Blvd., 10th Floor P.O. Box 825—83701-0829 Boise, Idaho 83702 Fax: 208.385.5384 slc@moffatt.com</p>	<p>Hand Delivered <input type="checkbox"/> U.S. Mail <input checked="" type="checkbox"/> Fax <input type="checkbox"/> Fed. Express <input type="checkbox"/> Email <input type="checkbox"/></p>

Stephanie G. Miller
 STIPULATION—35

ATTACHMENT A

United Water Idaho

Proposed Low-Income Assistance Program

As part of its filing before the Idaho Public Utilities Commission for authority to increase its rates and charges for water service, United Water Idaho (United) proposed to convene a workshop(s) to evaluate the need for, scope and design of a low-income assistance program for customers, (see Wyatt Direct Testimony page 16, line 18 through page 17, line 16). After adequate public notification, a workshop was conducted on February 23, 2005 at the Commission offices from 10:00 A.M. until approximately noon. In addition to United and Commission Staff, representatives of Community Action Partnership of Idaho (CAPAI) and one individual customer participated in the workshop. A copy of the workshop agenda is attached. Following the workshop, United and CAPAI have continued a dialogue regarding a low-income assistance program resulting in the following proposal.

United's proposed low-income assistance program is comprised of three components: a lower priced initial rate block in the summer, a fund from which customers may receive water bill payment assistance, and targeted water conservation help.

Residential Summer Rate Block

United proposes implementing a two-tier inclining summer rate structure for residential customers where the first 3 hundred cubic feet (ccf) of water consumed in a billing cycle is priced at the winter rate, and all other water consumption priced at the 25% higher summer rate. This inclining rate block structure would be effective May 1 through September 30 of each year to coincide with the current "summer rate" timing.

The "lost revenue" from 3 ccf of consumption in the summer priced at the winter rate has been calculated to be \$100,406. United recommends spreading this revenue across the entire year and adjusting both the winter rate and the summer rate accordingly in order to make this component of the low-income assistance program essentially revenue neutral to the Company.

The 3 ccf level (2,244 gallons) was chosen based on the perception that a "subsistence" level of water could be priced at the winter rate in order to enable residential customers to "flush the toilet and take a shower" in the summer for the same cost as in the winter. Statistics from a 1997 Idaho Department of Environmental Quality report (the most current IDEQ data available) shows that average daily household toilet and shower use is approximately 30 gallons a day, (18 gallons for toilet and 12 gallons for shower). For a 60-day billing period this amounts to 1,800 gallons of water. Therefore the 3ccf threshold accommodates a small amount of water use (444 gallons) in excess of this "toilet and shower" use each billing period.

United also analyzed its billing data and determined that approximately 10% of its customers billed during the winter use period, use 3ccf or less in a billing period. It is reasonable to assume that low-income users would be in this low water consumption group so it is logical to project that, although the 3ccf rate block in the summer will benefit all users, it will benefit low-income users the most.

United Water Shares

United proposes a voluntary giving program to a "United Water Shares" fund among its customers through its billing and collections process. United's shareholders would initially support the United Water Shares fund in an amount of \$10,000 in 2005 (assuming the program begins in July 2005) and would then match customer contributions to the fund up to \$20,000 in ensuing years. Customers would have the option of donating to the United Water Shares fund when paying their bill.

United would initially partner with CAPAI for customer screening and administration of the fund. CAPAI would screen applicants for eligibility and to determine account credits. The following describes the basic program parameters:

In general:

- CAPAI begins to process benefits as soon as the program is authorized based on United Water shareholder initial infusion of funds.
- After the first six months, monthly distributions to be based on the average monthly collection of the previous three months including United Water shareholder contributions.
- CAPAI free to solicit other donations to the fund if they choose.
- Monthly fund amount to be made available to eligible customers on a first-come, first-served basis.
- CAPAI would charge United an administrative fee of 10% of the funds used, which would be booked as a utility operating expense.

Eligibility:

- Eligible customers would be those at or below 150% of the Federal Poverty Guidelines.
- Maximum individual benefit to be capped at \$50.00.
- Water termination has to be imminent.
- Customer eligibility limited to one time in any calendar year. This limitation and/or the \$50.00 cap may be revisited later based on fund utilization and balance.

Distribution:

- United Water to hold the United Water Shares funds in a separate account.
- CAPAI determines applicant eligibility, gathers basic demographic information (name, address, account number, phone number, etc.), and submits daily report to United Water.
- Upon notice from CAPAI, United Water credits eligible accounts and transfers appropriate amounts from United Water Shares fund to United Water and credits accounts receivable. Follow-up notice of accounts credited made back to CAPAI.

United would communicate and promote the United Water Shares program and seek customer contributions by means of bill inserts and messages on the bill. United anticipates the annual cost for bill inserts to be \$12,000, based on three inserts per year at \$4,000 each time, which will be booked as a utility operating expense.

Targeted Conservation Help

United proposes targeting water conservation information and water conservation kits (indoor and outdoor kits) specifically to those customers who are determined eligible for assistance by CAPAI under the United Water Shares program. CAPAI estimates they serve approximately 300 United Water Idaho customers per year through its Weatherization program. These same customers are likely to have need of the United Water Shares program and could benefit by implementing water conservation practices. CAPAI would distribute conservation information and kits supplied by United to the targeted customers.

AGENDA

**UNITED WATER IDAHO
LOW-INCOME PROGRAM WORKSHOP**

**IDAHO PUBLIC UTILITIES COMMISSION OFFICES
10:00 A.M. FEBRUARY 23, 2005**

- I. Introduction / Purpose
 - a. Introductions
 - b. General purpose and goals of the workshop

- II. Identify Level of Need for a Low-Income Program
 - a. Boise demographics (CAPAI)
 - b. LIHEAP information
 - c. United Water data

- III. Identify Program Feature Options
 - a. Tariff / non-tariff options
 - b. Budget billing (level pay) for eligible participants
 - c. Time of year availability

- IV. Mechanics of a Low-Income Program
 - a. Use of a third-party to administer (i.e. Salvation Army)
 - b. Mechanism to assess/certify eligibility (LIHEAP certification?)
 - c. Funding – sources and administration

- V. Next Steps

FY 2004 Federal Poverty Guidelines - LIHEAP Clearinghouse

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Exhibit 303

2004 HHS Poverty Guidelines

For all states (except Alaska and Hawaii) and for the District of Columbia

Size of family unit	100 Percent of Poverty	110 Percent of Poverty	125 Percent of Poverty	150 Percent of Poverty	175 Percent of Poverty	185 Percent of Poverty	200 Percent of Poverty
1	\$9,310	\$10,241	\$11,638	\$13,965	\$16,293	\$17,224	\$18,620
2	\$12,490	\$13,739	\$15,613	\$18,735	\$21,858	\$23,107	\$24,980
3	\$15,670	\$17,237	\$19,588	\$23,505	\$27,423	\$28,990	\$31,340
4	\$18,850	\$20,735	\$23,566	\$28,275	\$32,988	\$34,873	\$37,700
5	\$22,030	\$24,233	\$27,538	\$33,045	\$38,553	\$40,756	\$44,060
6	\$25,210	\$27,731	\$31,513	\$37,815	\$44,118	\$46,639	\$50,420
7	\$28,390	\$31,229	\$35,488	\$42,585	\$49,683	\$52,522	\$56,780
8	\$31,570	\$34,727	\$39,463	\$47,355	\$55,248	\$58,405	\$63,140

For family units with more than 8 members, add \$3,180 for each additional member.

Note: For optional use in FFY 2004 and mandatory use in FFY 2005

Page Last Updated: January 6, 2005



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