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 IDAHO PUBLIC
 UTILITIES COMMISSION

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	CASE NO. UWI-W-04-4
OF UNITED WATER INC. FOR)	
AUTHORITY TO INCREASE ITS RATES)	
AND CHARGES FOR WATER SERVICE IN)	COMMUNITY ACTION
THE STATE OF IDAHO)	PARTNERSHIP ASSOCIA-
)	TION OF IDAHO'S
)	POST-HEARING BRIEF
)	

The Community Action Partnership of Idaho (CAPAI) files this brief in support of the settlement agreement reached with United Water Idaho. The essential terms of that agreement are as follows:

- 1) Establishment of an initial block, priced at United Water's winter rate, for the first three hundred cubic feet (3 ccf) of consumption each billing cycle. This agreement was later modified by mutual agreement to be 2 ccf each month if the Commission orders United Water to convert to a monthly billing cycle¹;
- 2) Implementation of "United Water Shares," a low-income assistance program funded through a combination of shareholder and voluntary ratepayer funds

¹ Note, per discussion below, CAPAI proposed a "budget" billing arrangement as an alternative to monthly billing during the hearing.

providing a once per year maximum benefit to eligible applicants of up to \$50 (this amount might be increased in the future) subject to availability of funds;

3) Dissemination of water conservation kits and conservation literature to United Water's low-income customers. This function will be performed by CAPAI.

CAPAI submits that the forgoing agreement is in the best interests of all United Water customers. As pointed out by Teri Ottens in her direct testimony, there is a considerable need to address the issues facing the poor and to acknowledge that failure to address those issues places regulated utilities such as United Water, and their customers, at risk.

Through this brief, CAPAI intends, primarily, to respond to questions raised during the hearing regarding the desirability of the proposed agreement. First, the question was raised whether a 3 ccf block is sufficient to make a difference for low-income customers. Though the Commission is obviously free to establish any block rate design it pleases, CAPAI stands by its agreement with United Water and supports the block as proposed. The amount of the block can, and should, be revisited. Also, it is an important first step in establishing a "lifeline" level of consumption pricing in recognition that a certain amount of water usage, including during summer months, is essential for human life. To the extent that such a block is approved where none existed before, CAPAI views this as a positive measure.

Questions were raised during the hearing concerning the effect that spreading the difference in revenue collection of the winter and summer rate for 3ccf over the entire year would have on customer's bills. In other words, there is revenue lost to United Water by billing every customer a lower rate during the summer for everyone's initial 3

ccf of consumption that must be recouped by increasing bills throughout the entire year. Company witness Wyatt testified on cross-examination, however, that the actual effect on customer's bills of this fact would be *de minimis*. Consequently, while the 3 ccf block provides relatively greater assistance to those who consume less water, the effect of the block on other customers will be practically indiscernible. United Water will be completely revenue neutral.

Furthermore, no party to the proceeding even suggested that a lower-priced block rate applied during the summer months of the magnitude proposed under the agreement would undermine the price signals established by the Commission to encourage water conservation. In fact, it was generally agreed that the level of 3 ccf is considerably lower than what could be considered a true "lifeline" level of consumption. This level is based on the amount typically used by a household to flush the toilet and take showers. Nobody argued that these two forms of water consumption, while necessary, certainly do not constitute the entire range of consumption necessary for survival. One must also include consumption for drinking water, doing dishes and laundry, etc. Further, because CAPAI has agreed to disseminate conservation kits and literature, this will help to offset any theoretical increase in consumption the block rate would have. Thus, the block rate proposed will not encourage water consumption that would not otherwise occur.

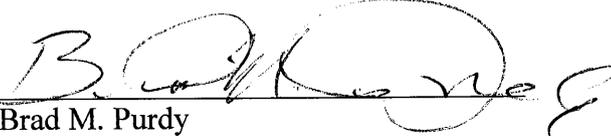
During the hearing, questions were raised concerning the economic cost of switching to a monthly billing cycle. This issue was not addressed in the settlement agreement, but CAPAI weighed in during hearing. Teri Ottens testified that if, in fact, switching to monthly billing would increase rates by roughly 3%, that it would be more in the interests of the Company's low-income ratepayers to establish a form of

“budgeted” payment arrangement by which customers whose summer bills exceed a certain level to spread actual payment of those high bills out over several months. Under this proposal, customers would still ultimately be responsible, and would be billed, for actual consumption at the higher summer rate. Again, such a mechanism would be revenue neutral to both utility and customers.

Regarding the “United Water Shares” program, it was pointed out during hearing that the company will incur roughly \$12,000.00 per year for bill stuffers. Lest the Commission be concerned that this program will actually result in a net loss, CAPAI reminds that the Company will contribute \$10,000 the first year, and matching shareholder funds up to a cap of \$20,000 for succeeding years. Given United Water’s contribution of shareholder funds combined with the fact that electric utilities seem to be adequately covering their administrative costs, and then some, for similar programs, CAPAI respectfully suggests that the risk of the United Water Shares program actually losing money is so small as to be insignificant. CAPAI submits that any such perceived risk is too low to obstruct what is a landmark program for a water utility. If the program proves to be a failure, it can always be discontinued.

CAPAI greatly appreciates the Commission’s consideration of the agency’s input in this proceeding and the opportunity to participate. CAPAI recognizes that this Commission has taken great strides in recent years in addressing the needs of low-income utility customers in unique ways that do not unduly affect regulated utilities or their other customers in a negative fashion. CAPAI is extremely appreciative of this fact.

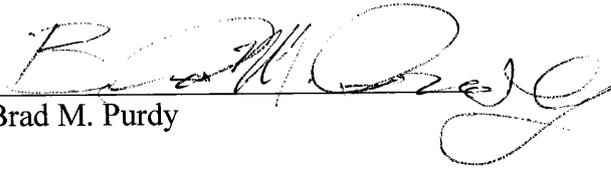
RESPECTFULLY SUBMITTED, this 9th day of June, 2005.


Brad M. Purdy

CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT ON THIS 9th DAY OF JUNE, 2005, I HAVE SERVED THE FOREGOING PETITION FOR INTERVENOR FUNDING, IN CASE NO. UWI-W-04-4, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

Weldon Stutzman Donovan Walker Deputy Attorney General Idaho Public Utilities Commission 472 W. Washington St. Boise, ID. 83702	<input checked="" type="checkbox"/> U.S. Mail, postage prepaid <input type="checkbox"/> Hand delivered <input type="checkbox"/> Facsimile <input type="checkbox"/> Overnight mail
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