

UWI-W-04-4
Details of Adjustments to
Operating Maintenance Expenses
Summary

Line No.	Adjustment No. (1)	Description (2)	Income Statement Account Reference (3)	Actual Twelve Months Ended July 31, 2004 (4)	Company Adjustments (5)	Company Pro Forma Expense (6)	IPUC Staff Pro Forma Expense (7)	Staff Adjustments to Company's Application (8)
		Adjusted O&M:						
1	1	Payroll to O&M	Cost Types 1 & 2	\$ 3,155,584	\$ 232,555	\$ 3,388,139	\$ 3,229,013	\$ (159,127)
2	2	Thrift Plan	926-700	90,156	1,321	91,477	90,156	(1,321)
3	3	Health Care	926-500/610/640	523,193	148,368	671,561	693,484	21,923
4	4	Pension	926-000	624,767	12,279	637,046	162,454	(474,592)
5	5	PEBOP	926-105/106/110	614,847	(145,345)	469,502	469,502	0
6	6	Payroll Overheads	922-000	(859,795)	(52,956)	(912,751)	(900,273)	12,478
7	7	Deferred Early Retirement Cost Amortization	926-590 (portion)	152,208	105,526	257,734	0	(257,734)
8	8	Deferred Enhanced Severance Program Amortization	926-590 (portion)	0	49,751	49,751	0	(49,751)
9	9	Purchased Water	602-000	107,788	87,528	195,316	117,837	(77,479)
10	10	Tank Painting Amortization-Old	672000	3,096	6,091	9,187	6,141	(3,046)
11	11	Power	623-000	1,242,538	514,265	1,756,803	1,496,761	(260,042)
12	12	Amortization of Deferred Power	623-000	0	516,667	516,667	258,525	(258,142)
13	13	Chemicals	641-000	235,950	78,224	314,174	299,174	(15,000)
14	14	Water Quality Testing (Outside Lab Only)	642-000	78,348	7,662	86,010	71,670	(14,340)
		Columbia Water Treatment Plant Misc Opex-						
15	15	Telephone, Water Quality Testing, Natural Gas, other	Various	0	57,210	57,210	57,210	0
16	16	Utilities, Security Alarm Monitoring, Sanitation	Various	0	(139,580)	(139,580)	(139,580)	0
17	17	Variable Cost Savings Due to CWTP Operations	Cost Types 40 & 96	362,613	43,652	406,265	348,854	(18,661)
18	18	Transportation Expense	903-020	170,280	8,061	178,341	178,341	0
19	19	Customer Postage	903-030	384,481	14,416	398,897	397,220	(1,678)
20	20	Outside Computer	903-040	99,590	(20,125)	79,465	49,450	(30,015)
		Outside Collection						
		Customer Records & Collection						
21	21	Expense/Miscellaneous Customer Accounting	903-050/905000	18,009	(10,879)	7,130	7,130	0
22	22	Expenses	904-000	162,706	(31,661)	131,045	125,516	(5,529)
23	23	Uncollectibles	928-000	72,347	3,476	75,823	72,347	(3,476)
24	24	IPUC Annual Assessment	928-130	-	81,667	81,667	46,500	(35,167)
25	25	Rate Case Expense Amortization	930-310	25,688	1,477	27,165	0	(27,165)
26	26	Relocation Expense Amortization	924-000/090 & 925-000/010	789,765	293,535	1,083,300	899,036	(184,264)
27	27	Business Insurance	921110, 921300, 930300	14,005	(14,005)	0	0	(17,433)
28	28	Adjust Dues, Eliminate Lobbying & Charitable Give	923-140 & 921-400	105,094	51,046	156,140	105,094	(51,046)
29	29	Information Technology	930-250	2,995	(2,995)	0	0	0
30	30	Test Year Miscode	Various	0	73,022	73,022	56,542	(16,480)
31	31	Expenses Related to Customer Growth	Various	0	(8,792)	(8,792)	(10,680)	(1,888)
32	32	Expenses Related to Weather Normalization	923-080	82,951	(28,851)	54,000	36,255	(17,745)
33	33	Outside Services Legal	923-080	0	1,569	1,569	775	(794)
34	34	Amortization of Deferred Terra Grande Expenses	623-000	0	(986)	(986)	(1,631)	(645)
35	35	Removal of Carriage Hill Operating Expense						
		Total Adjusted O&M		8,259,104	1,933,193	10,192,297	8,222,822	(1,948,159)

**Details of Adjustments to
Payroll Chargeable to Operations & Maintenance**

Adjustment No. 1

Line No.	Description	Amount
1.	To adjust payroll chargeable to operation and maintenance expense included in the Company's filing to amount recommended by IPUC Staff	<u>\$ (159,127)</u>
	<u>Details per Company's Filing</u>	
2.	Administration, Engineering, Accounting, and Inside Customer Service	34 \$ 1,598,773
3.	Production Department Employees	20 987,251
4.	Transmission & Distribution Employees	27 1,296,471
5.	Outside Customer Service Employees	10 408,911
6.	Total Regular Employees	91
7.	Temporary Employees	\$ 52,837
8.	Stand by Pay	28,023
9.	Management Incentive Pay	74,775
10.	Non-Union Incentive Pay	44,287
11.	Union Incentive Pay	14,400
12.	Union Lump Sum Payments	27,300
13.	ABCD Awards	6,000
		<u>\$ 247,622</u>
14.	Pro Forma Payroll per Company's Filing	<u>\$ 4,539,028</u>
15.	Test Year Derived O&M Percentage	74.6446%
16.	Pro Forma Expense per Company's Filing	<u>\$ 3,388,139</u>
	<u>Staff Adjustments</u>	
17.	Remove Incentive Pay	\$ (133,462)
18.	Remove ABCD Awards	(6,000)
19.	Remove Excess Pro Forma Wage Increase for Non-Union Employees beyond the 3.3% Actual Increase	(10,525)
20.	Remove Budgeted Overtime Pay Beyond Test Year Levels	(4,238)
21.	Remove Pro Forma Wage for Chief Operator Beyond Actual Wage	(2,954)
22.	Remove Public Relations Manager Pay	(56,000)
23.	Total Staff Adjustments	\$ (213,179)
24.	Pro Forma Payroll per Staff (Line 14 - Line 24)	<u>\$ 4,325,849</u>
25.	Test Year Derived O&M Percentage	74.6446%
26.	Test Year Expense Per Staff	<u>\$ 3,229,013</u>
27.	Adjustment (Line 26 - Line 16)	<u>\$ (159,127)</u>

UWI-W-04-4

Details of Adjustments to
Company 401(k) Matching Contributions

Adjustment No. 2

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>
1.	To adjust the 401(k) matching contribution included in the Company's filing to amount recommended by IPUC Staff	\$ (1,321)
<u>Details per Company's Filing</u>		
2.	Pro Forma Company Match	\$ 91,477
3.	Test Year Expense	90,156
4.	Company Adjustment to Test Year as Filed	<u>\$ 1,321</u>
<u>Staff Adjustments</u>		
5.	Remove Pro Forma Match Beyond Test Year Expenses	\$ (1,321)
6.	Total Staff Adjustment	\$ (1,321)

UWI-W-04-4

**Details of Adjustments to
Employee Health, Long Term Disability
and Group Term Life Insurance**

Adjustment No. 3

Line No.	Description	Amount
1.	To adjust health care, LTD and GTL expense to current costs level and proposed headcount.	<u>\$ 21,923</u>
	<u>Details per Company's Filing</u>	
2.	Gross HMO Blue Expense	\$ 553,941
3.	Gross United Health Care Choice Plus Plans	175,229
4.	Gross Dental & Vision Coverage	76,905
5.	Group Term Life Insurance Coverage	17,100
6.	Long Term Disability Coverage	21,700
7.	Employee Incentive Opt Out Payment	4,400
8.	Total Coverage Cost	\$ 849,275
9.	Less: Employee Contributions	177,714
10.	Pro Forma Health Care, LTD and GTL Expense	<u>\$ 671,561</u>
	<u>Staff Adjustments</u>	
11.	Gross HMO Blue Expense	\$ 453,117
12.	Gross United Health Care Choice Plus Plans	298,762
13.	Gross Dental & Vision Coverage	72,333
14.	Group Term Life Insurance Coverage	17,100
15.	Long Term Disability Coverage	21,700
16.	Employee Incentive Opt Out Payment	4,500
17.	Total Coverage Cost	\$ 867,512
18.	Less: Employee Contributions	174,028
19.	Pro Forma Health Care, LTD and GTL Expense	<u>\$ 693,484</u>
20.	Total Adjustment to Company's Filing	<u>\$ 21,923</u>

LTD- Long Term Disability
GTL- Group Term Life

UWI-W-04-4

Details of Adjustments to
Company Pension Expense

Adjustment No. 4

Line No.	Description	Amount
1.	To adjust the Pension Expense included in the Company's filing to an amount recommended by IPUC Staff	<u>\$ (474,592)</u>
Details per Company's Filing		
2.	Idaho Bargaining Unit (FAS 87)	\$ 303,084
3.	Idaho Non-Bargaining Unit (FAS 87)	333,962
4.	Total Pro Forma Expense	<u>\$ 637,046</u>
<u>Staff Adjustments</u>		
5.	Idaho Bargaining Unit (ERISA Minimum Contribution)	\$ 162,454
6.	Idaho Non-Bargaining Unit (ERISA Minimum Contribution) For Idaho Non-Bargaining Unit	-
7.	Total Pro Forma Expense	<u>\$ 162,454</u>
8.	Total Staff Adjustment	<u>\$ (474,592)</u>

UWI-W-04-4

Details of Adjustments to
Post Retirement Benefits Other Than Pension

Adjustment No. 5

Line No.	Description	Amount
1.	To adjust Post Retirement Cost to the current level per latest actuarial data in accord with FAS 106	<u>\$ (145,345)</u>
Details		
2.	Idaho Bargaining Unit	\$ 118,354
3.	Idaho Non-Bargaining Unit	258,470
4.	Annual ITO Amortization Expense	52,078
5.	PEBOP Amortization	40,600
6.	Total Pro Forma Expense	<u>\$ 469,502</u>
7.	Test Year Expense	\$ 614,847
8.	Adjustment	<u>\$ (145,345)</u>

No additional Staff Adjustment

ITO- Initial Transition Obligation
PEBOP- Post Employment Benefits Other than Pension

UWI-W-04-4

**Details of Adjustments to
Operations and Maintenance Expense
At Present Rates**

Adjustment No. 6

Line No.	Description	Amount
1.	To adjust payroll overhead percentage charged to non-O&M labor based on IPUC Staff's pro forma labor and benefits	<u>\$ 12,478</u>
	Details	
2.	Pro forma Payroll at April 1,2005 Rates Sch 1	\$ 4,325,829
3.	% Chargeable to Other than O&M	<u>25.3554%</u>
4.	Payroll Other Than O&M	\$ 1,096,831
5.	Overhead Rate Line 21	<u>68.59%</u>
6.	Overheads Credit	\$ (752,361)
7.	Test Year Expense - Acct 922-000	\$ (711,883)
8.	Adjustment	<u>\$ (40,478)</u>
	Payroll Related Expenses	
9.	FICA Taxes	\$ 325,037
10.	Federal Unemployment Taxes	5,440
11.	State Unemployment Taxes	5,371
12.	Group Health, Life & LTD Sch 3	693,484
13.	Workers Comp Sch 26	105,682
14.	Pension & PEBOP Sch 4 & 5	631,956
15.	Tuition Aid 2005 OP	8,700
16.	Thrift Plan Expenses Sch 2	<u>90,156</u>
17.	Payroll Related Expenses	<u>\$ 1,865,826</u>
18.	Payroll Overheads %	52.32%
19.	Additive for Non-Work Days	<u>16.28%</u>
20.	Overhead Rate to be Applied to non O&M Payroll	68.59%
21.	Company's Adjustment to Payroll Overhead in Application	\$ (52,956)
22.	Staff's Adjustment to Pro Forma Payroll Overhead	\$ (40,478)
23.	Total Staff Adjustment to Company's Filing	\$ 12,478

UWI-W-04-4

**Details of Adjustments to
Amortization of Deferred Early Retirement Costs**

Adjustment No. 7

Line No.	Description	Amount
1.	To adjust the amortization expense of deferred early retirement costs to the amount recommended by IPUC Staff	<u>\$ (257,734)</u>
	<u>Details per Company's Filing</u>	
2.	Deferred Pension Cost Attributable to ERP	\$ 721,330
3.	Deferred PEBOP Cost Attributable to ERP	529,287
4.	Remaining Balance from Prior Case	38,052
5.	Total Deferred ERP Cost	<u>\$ 1,288,669</u>
6.	Amortization Period	60 Months
7.	Pro Forma Expense	\$ 257,734
	<u>Staff Adjustments</u>	
8.	Remove Balance from Prior Case	\$ (38,052)
9.	Remove Deferred PEBOP Cost Attributable to ERP	(529,287)
10.	Remove Deferred Pension Cost Attributable to ERP	(721,330)
11.	Total Adjustment to Deferred Costs Attributable to ERP	<u>\$ (1,288,669)</u>
12.	Total Staff Adjustment to Company's Application	<u>\$ (257,734)</u>

ERP- Early Retirement Plan
PEBOP- Post Employment Benefits Other than Pension

UWI-W-04-4

Details of Adjustments to
Amortization of Deferred
Enhanced Severance Package Expense

Adjustment No. 8

Line No.	Description	Amount
1.	To adjust the amortization of deferred costs associated with the Enhanced Severance Package to an amount recommended by IPUC Staff	<u>\$ (49,751)</u>
<u>Details per Company Filing</u>		
2.	Deferred ESP Cost 2002	\$ 176,699
3.	Deferred ESP Cost 2003	72,054
4.	Total Deferred ESP Cost	<u>\$ 248,753</u>
5.	Amortization Period	60 Months
6.	Pro Forma Expense	\$ 49,751
<u>Staff Adjustments</u>		
7.	Remove Deferred ESP Cost 2002	\$ 176,699
8.	Remove Deferred ESP Cost 2003	72,054
9.	Total Staff Adjustment to Deferred ESP Costs	<u>\$ 248,753</u>
10.	Total Staff Adjustment to Company's Filing	<u>\$ (49,751)</u>

UWI-W-04-4

Details of Adjustments to
Purchased Water Cost

Adjustment No. 9

Line No.		Amount
1.	To adjust purchased water expense for rented and leased natural flow rights, shares in canal company's and contracts/leases for storage water to amounts recommended by IPUC Staff	<u>\$ (77,479)</u>
<u>Details per Company Filing</u>		
2.	Natural Flow associated expenses	\$ 12,744
3.	Shares in Canal Companies, maintenance	31,980
4.	Contracts & Leases for storage water	147,592
5.	Other Miscellaneous	3,000
6.	Pro Forma Purchased Water	<u>\$ 195,316</u>
<u>Staff Adjustments</u>		
7.	Adjust Shares in Canal Companies, maintenance	\$ (725)
8.	Adjust Contracts and Leases for Storage Water	(97,027)
9.	Adjust CWTP -- South Boise Water	20,400
10.	Adjust Other Miscellaneous	(127)
11.	Total Staff Adjustments to Pro Forma Purchases Water	<u>\$ (77,479)</u>
12.	Total Staff Pro Forma Purchase Water Expense	<u>\$ 117,837</u>

UWI-W-04-4

Details of Adjustments to
Operations and Maintenance Expense
At Present Rates

Adjustment No. 10

Line No.		Amount
1.	To adjust the test year level of amortization expense for deferred tank painting to an amount recommended by IPUC Staff	<u>\$ (3,046)</u>
<u>Details per Company Filing</u>		
2.	Deferred Gowen Tank Painting	\$ 39,808
3.	Deferred Aeronica Well Tank Painting	21,100
4.	Total Deferred Expense	\$ 60,908
5.	Amortization Period	10 Years
6.	New Annual Amortization Expense	\$ 6,091
7.	Continuing Amortizations from Prior Case	3,096
8.	Pro Forma Tank Painting Expense	<u>\$ 9,187</u>
<u>Staff Adjustments</u>		
9.	Deferred Gowen Tank Painting	\$ 39,808
10.	Deferred Aeronica Well Tank Painting	21,100
11.	Total Deferred Expense	\$ 60,908
12.	Amortization Period	20 years
13.	New Annual Amortization Expense	\$ 3,045
14.	Continuing Amortizations from Prior Case	3,096
15.	Staff's Pro Forma Tank Painting Expense	<u>\$ 6,141</u>
16.	Total Staff Adjustment	<u>\$ (3,046)</u>

UWI-W-04-4

Details of Adjustments to
Purchased Power Expense

Adjustment No. 11

Line No.	Description	Amount
1.	To adjust purchased power expense based on test year usage priced at Idaho Power rates effective July 28 and December 1, 2004; also reflect for CWTP and RWPS	<u>\$ (260,042)</u>
<u>Details per Company's Filing</u>		
2.	Schedule 7 with and without franchise fee	\$ 17,820
3.	Schedule 9 with and without franchise fee	1,279,503
4.	Marden WTP repriced from 9P to 19	175,081
5.	CWTP and RWPS projected consuptive power use	236,400
6.	CWTP Redundant Power and Stand By Charge	48,000
7.	Pro Forma Power Expense	<u>\$ 1,756,803</u>
<u>Staff's Adjustment</u>		
8.	Schedule 7 with and without franchise fee	\$ 16,398
9.	Schedule 9 with and without franchise fee	1,098,080
10.	Marden WTP repriced from 9P to 19	145,414
11.	CWTP and RWPS projected consuptive power use	192,509
12.	CWTP Redundant Power and Stand By Charge	44,360
13.	Pro Forma Power Expense	<u>\$ 1,496,761</u>
14.	Total Staff Adjustment to Company's Filing	<u>\$ (260,042)</u>

WTP- Water Treatment Plan
CWTP- Columbia Water Treatment Plant
RWPS- Raw Water Pumping Station

UWI-W-04-4

**Details of Adjustments to
Amortization of Deferred Power Expense**

Adjustment No. 12

Line No.	Description	Amount
1.	To adjust amortization of deferred power expense to an amount recommended by IPUC Staff	<u>\$(258,142)</u>
<u>Details per Company's Filing</u>		
2.	Projected Balance in Deferred Power as of May 31, 2005	\$ 1,550,000 *
3.	Amortization Period	3 Years
4.	Pro Forma Annual Amortization Expense	<u>\$ 516,667</u>
<u>Staff Adjustments</u>		
5.	Balance in Deferred Power as of April 30, 2003	\$ 1,034,098
6.	Amortization Period	4 years
7.	Pro Forma Annual Amortization Expense	<u>\$ 258,525</u>
8.	Total Staff Adjustment to Company's Filing	<u>\$ (258,142)</u>

* Removed from Rate Base in Total because of carrying charge

UWI-W-04-4

Details of Adjustments to
Chemical Expense

Adjustment No. 13

Line No.	Description	Amount
1.	To adjust chemical expense to amount recommended by IPUC Staff	<u>\$ (15,000)</u>
<u>Details per Company's Filing</u>		
2.	Normalize test year expense at current prices	\$ 242,029
3.	Normalize phosphate usage	15,000
4.	CWTP chemical usage	57,145
5.	Pro Forma Annual Expense	<u>314,174</u>
<u>Staff Adjustments</u>		
6.	Normalize test year expense at current prices	\$ 242,029
7.	Normalize phosphate usage	-
8.	CWTP chemical usage	57,145
9.	Pro Forma Annual Expense	<u>\$ 299,174</u>
10.	Total Staff Adjustment to Company's Filing	<u>\$ (15,000)</u>

UWI-W-04-4

**Details of Adjustments to
Water Quality Testing Expense**

Adjustment No. 14

Line No.	Description	Amount	
1.	To adjust outside laboratory expense to amount recommended by IPUC Staff		<u>\$ (14,340)</u>
		UWI Pro Forma Testing Expense	Staff Pro Forma Testing Expense
	Details		
2.	Wells planned to adjust operations:		
2a.	Inorganic Cehicals	\$ 6,300	\$ 6,300
2b.	Volitile Organic Chemicals	5,643	5,643
2c.	Synthetic Organic Chemicals	29,931	29,931
2d.	Nitrates	1,300	1,300
2e.	Nitrites	1,100	122
2f.	Fe/Mn	1,000	738
2g.	Arsenic	300	300
2h.	Radionuclides	2,000	2,000
2i.	Disinfection By-Products	9,076	9,076
2j.	Coliform	13,860	13,860
2k.	LT2ESWTR	12,000	2,400
2l.	miscellaneous test	3,500	-
3.	Total Pro Forma Outside Lab Testing	<u>\$ 86,010</u>	<u>\$ 71,670</u>
4.	Staff Adjustment		<u>(14,340)</u>

UWI-W-04-4

Details of Adjustments to
Operating Expenses for CWTP

Adjustment No. 15

Line No.	Description	Amount
1.	Adjust test year expense for additional minor operating expense associated with CWTP operations	<u>\$ 57,210</u>
Details		
2.	Communications infrastructure: CWTP T-1; MWTP T-1 upgrade, PRV communications upgrades to improve system flexibility	\$ 32,030
3.	Water quality testing, natural gas, bldg. elec light, janitorial	25,180
4.	Pro Forma Annual Expense	<u>\$ 57,210</u>
5.	Test Year Expense	\$ -
6.	Adjustment	<u>\$ 57,210</u>

No Additional Staff Adjustment

CWTP- Columbia Water Treatment Plant
MWTP- Marden Water Treatment Plant
PRV- Pressure Reducing Valve

UNITED WATER IDAHO

Details of Adjustments to
Power and Chemical Expense to Other Wells
Impacted by Operations of CWTP

Adjustment No. 16

Line No.	Description	Amount
1.	To adjust test year level of power and chemical expense for nine well facilities that will modify operations with CWTP operations	<u>\$ (139,580)</u>
	Details	
2.	Wells planned to adjust operations:	
2a.	Raptor	
2b.	Ten Mile	
2c.	Pioneer	
2d.	Pleasant Valley	
2e.	Market	
2f.	Terteling	
2g.	JR Flat	
2h.	Centennial	
2i.	Bergeson	
3.	Total Power & Chemical Pro Forma Expense Reductions	<u>\$ (139,580)</u>
4.	Test Year Expense	\$ -
5.	Adjustment	<u>\$ (139,580)</u>

No Additional Staff Adjustment

UWI-W-04-4

**Details of Adjustments to
Transportation Expense**

Adjustment No. 17

Line No.	Description	Amount
1.	To adjust transportation expense including lease, fuel, maintenance, labor and overheads, insurance & lease disposal proceeds at current projections and known & measurable changes	<u>\$ (18,661)</u>
	<u>Details per Company's Filing</u>	
2.	Lease Cost	\$ 299,719
3.	Fuel	130,200
4.	Maintenance materials, outside service	62,000
5.	Mechanic payroll and benefits	72,879
6.	Insurance	56,400
7.	Lease disposal proceeds	(31,442)
8.	Pro Forma Annual Expense	<u>\$ 589,756</u>
9.	Test Year O&M ratio 68.89%	406,265
10.	Test Year Expense	<u>\$ 362,613</u>
11.	Adjustment (Line 9 - Line 10)	<u>\$ 43,652</u>
	<u>Staff Adjustments</u>	
12.	Lease Cost	\$ 299,719
13.	Fuel	130,200
14.	Maintenance materials, outside service	62,000
15.	Mechanic payroll and benefits	-
16.	Insurance	56,400
17.	Lease disposal proceeds	(41,902)
18.	Pro Forma Annual Expense	<u>\$ 506,417</u>
19.	Test Year O&M ratio 68.89%	348,854
20.	Test Year Expense w/o Mechanic Payroll & Benefits	<u>\$ 323,862</u> *
21.	Staff Adjustment to Transportation Expense (Line 19 - Line 20)	<u>\$ 24,992</u>
22.	Total Staff Adjustment to Company's Filing (Line 21 - Line 11)	<u>\$ (18,661)</u>

* Test Year amount updated to exclude Mechanic Payroll and Benefits

UWI-W-04-4

**Details of Adjustments to
Customer Postage Expense**

Adjustment No. 18

Line No.	Description	Amount
1.	To adjust customer postage expense to May 31, 2005 customer level and current postal rates	<u>\$ 8,061</u>
Details		
2.	Annual bills based on May 31, 2005 customer count	461,442
3.	Average test year postage cost per bill	<u>\$ 0.3059</u>
4.	Pro Forma bill postage expense	<u>\$ 141,136</u>
5.	Local postage machine for locally mailed customer notices, correspondence, etc	\$ 37,205
6.	Pro Forma Annual Expense	<u>\$ 178,341</u>
7.	Test Year Expense	<u>\$ 170,280</u>
8.	Adjustment	<u>\$ 8,061</u>

No Additional Staff Adjustment

UWI-W-04-4

**Details of Adjustments to
Customer Information System Expense**

Adjustment No. 19

Line No.	Description	Amount
1.	To adjust customer billing expense to May 31, 2005 customer level and account for IPUC Staff's adjustments	<u>\$ (1,678)</u>
 <u>Details per Company's Filing</u>		
2.	Annual bills produced	475,995
3.	Cost per bill	\$ 0.7200
4.	Pro Forma customer billing expense	\$ 342,716
5.	Annual past due notices produced	88,635
6.	Cost per notice	\$ 0.6000
7.	Pro Forma past due notice expense	\$ 53,181
8.	Misc programming charges based on test year level	\$ 3,000
9.	Pro Forma Annual Expense	<u>\$ 398,897</u>
 <u>Staff Adjustments</u>		
10.	Annual bills produced	475,995
11.	Cost per bill	\$ 0.7200
12.	Pro Forma customer billing expense	\$ 342,716
13.	Annual past due notices produced	85,839
14.	Cost per notice	\$ 0.6000
15.	Pro Forma past due notice expense	\$ 51,503
16.	Misc programming charges based on test year level	\$ 3,000
17.	Pro Forma Annual Expense	<u>\$ 397,220</u>
18.	Total Staff Adjustment to Company's Filing	<u>\$ (1,678)</u>

UWI-W-04-4

**Details of Adjustments to
Customer Outside Collection Expense**

Adjustment No. 20

Line No.	Description	Amount
1.	To adjust expense of collecting and processing customer payments: paid at local office, through lockbox and ACH	<u>\$ (30,015)</u>
	<u>Details per Company's Filing</u>	
2.	Annual bills produced - Dec. 2004 actual + final & corrected bills	475,995
3.	Lockbox transactions at test year level of 72.73%	<u>72.73%</u>
4.	Lockbox transactions	346,191
5.	Price per unit based on test year	\$ 0.2344
6.	Pro Forma lockbox expense	<u>\$ 81,147</u>
7.	ACH transactions	18,658
8.	Price per unit based on test year	\$ 0.3472
9.	Pro Forma ACH expense	<u>\$ 6,478</u>
10.	US Bank local processing charges	\$ 20,364
11.	Federal Express Charges	\$ 1,476
12.	Normalizing adjustment for lower lockbox price per unit	\$ (30,000)
13.	Pro Forma Annual Expense	<u>\$ 79,465</u>
	<u>Staff Adjustments</u>	
14.	Annual bills produced - Dec. 2004 actual + final & corrected bills	475,995
15.	Lockbox transactions at test year level of 72.73%	<u>72.73%</u>
16.	Lockbox transactions	346,191
17.	Price per unit based on test year	\$ 0.1477
18.	Pro Forma lockbox expense	<u>\$ 51,132</u>
19.	ACH transactions	18,658
20.	Price per unit based on December 31, 2004	\$ 0.3472
21.	Pro Forma ACH expense	<u>\$ 6,478</u>
22.	US Bank local processing charges	\$ 20,364
23.	Federal Express Charges	\$ 1,476
24.	Normalizing adjustment for lower lockbox price per unit	\$ (30,000)
25.	Pro Forma Annual Expense	<u>\$ 49,450</u>
26.	Total Staff Adjustment to Company's Filing	<u>\$ (30,015)</u>

UWI-W-04-4

Details of Adjustments to
Customer Records and Collection Expense
And Miscellaneous Customer Accounting Expense

Adjustment No. 21

Line No.	Description	Amount
1.	To Adjust Customer Records and Collection Expense and Miscellaneous Customer Accounting Expenses	<u>\$ (10,879)</u>
	Details	
3.	903-050: test year level	\$ 17,524
4.	Normalize contract temporary employee and minor adjustments	(14,570)
5.	903-050: pro forma level	<u>\$ 2,954</u>
6.	905-000: test year level	\$ 485
7.	Normalize for annual customer notice bill stuffer & misc	3,691
8.	905-000: pro forma level	<u>\$ 4,176</u>
9.	Pro Forma Annual Expense	<u>\$ 7,130</u>
10.	Test Year Expense	\$ 18,009
11.	Adjustment	<u>\$ (10,879)</u>

No Additional Staff Adjustments

UWI-W-04-4

**Details of Adjustments to
Operations and Maintenance Expense
At Present Rates**

Adjustment No. 22

Line No.	Description	Amount
1.	To normalize uncollectible accounts expense based on a five year average	<u>\$ (5,529)</u>

Details per Company's Filing

	Year	Uncollectibles	Revenue	%
2.	Jul-04	162,706	31,000,222	
3.	Jul-03	124,359	29,884,881	
4.	Jul-02	105,384	30,406,924	
5.	Jul-01	106,277	28,694,018	
6.	Sub Total	\$ 498,726	\$ 119,986,045	0.41565%

7. Pro Forma Revenue at Existing Rates \$ 31,527,396

8. Pro Forma Annual Expense \$ 131,045

Staff Adjustments

	Year	Uncollectibles	Revenue	%
9.	2000	87,971	27,809,570	
10.	2001	102,769	29,871,817	
11.	2002	122,433	29,894,543	
12.	2003	148,824	30,530,020	
13.	2004*	106,610	24,718,258	
14.	Sub Total	568,607	142,824,208	0.3981%

15. Pro Forma Revenue at Existing Rates \$ 31,527,396

16. Pro Forma Annual Expense \$ 125,516

17. Total Staff Adjustment to Company's Filing (5,529)

UWI-W-04-4

Details of Adjustments to
IPUC Annual Assessment

Adjustment No. 23

Line No.	Description	Amount
1.	To adjust pro forma level of IPUC annual assessment	<u>\$ (3,476)</u>

Details per Company's Filing

2.	Total revenue subject to adjustment	\$ 31,527,396
3.	IPUC assessment rate	0.240500%
4.	Pro Forma IPUC Assessment	<u>\$ 75,823</u>

Staff Adjustments

5.	Test Year IPUC Assessment	<u>\$ 72,347</u>
6.	Total Staff Adjustment to Company's Filing	<u>\$ (3,476)</u>

Actual IPUC Assessment will be known on April 15, 2005.
Staff will accept actual assessment if Company includes it in rebuttal.

UWI-W-04-4

Details of Adjustments to
Amortization of Rate Case Expenses

Adjustment No. 24

Line No.	Description	Amount
1.	To adjust amortization of deferred rate case expenses	<u>\$ (35,167)</u>
	<u>Details per Company's Filing</u>	
2.	Estimated deferred rate case expense	\$ 245,000
3.	Amortization Period	Three Years
4.	Pro Forma Rate Case Expense Amortization	<u>\$ 81,667</u>
	<u>Staff Adjustments</u>	
5.	Accepted deferred rate case expense	\$ 232,500 *
6.	Amortization Period	Five Years
7.	Pro Forma Rate Case Expense Amortization	<u>\$ 46,500</u>
8.	Total Staff Adjustment to Company's Filing	<u>\$ (35,167)</u>

* \$12,500 Removed from Rate Base due to sharing of Steele & Associates - Boise fees

UWI-W-04-4

Details of Adjustments to
Amortization of Employee Relocation Expense

Adjustment No. 25

Line No.	Description	Amount
1.	To adjust the amortization of employee relocation expense	<u>\$ (27,165)</u>
	<u>Details per Company's Filing</u>	
2.	Unamortized balance of deferred relocation at 31-May-05	\$ 5,732
3.	Additional Relocation Expense Incurred	\$ 130,093
4.	Total Deferred Employee Relocation Expense	<u>\$ 135,825</u>
5.	Amortization Period	Five Years
6.	Pro Forma Relocation Expense Amortization	<u>\$ 27,165</u>
	<u>Staff Adjustments</u>	
7.	Adjust Deferred Relocation Expense from UWI-W-00-1	\$ (5,732)
8.	Adjust Relocation Expense Incurred	(130,093) *
9.	Total Adjustment to Company's Deferred Balance	<u>\$ (135,825)</u>
10.	Total Adjustment to Company's Pro Forma Amortization	<u>\$ (27,165)</u>

* \$130,093 Removed from Rate Base

UWI-W-04-4

Details of Adjustments to
Business Insurance Expense

Adjustment No. 26

Line No.	Description		Amount
1.	To adjust casualty, property and workers compensation premiums to amounts recommended by IPUC Staff		<u>\$ (184,264)</u>
 <u>Details per Company's Filing</u>			
2.	Casualty Insurance Coverage Premiums	\$ 861,300	
3.	Workers Compensation Coverage	\$ 164,900	
4.	Property Insurance Coverage	\$ 55,500	
5.	Small Property Damage Claims	\$ 1,600	
6.	Total Pro Forma Business Insurance Expense		<u>\$ 1,083,300</u>
 <u>Staff Adjustments</u>			
7.	Casualty Insurance Coverage Premiums	\$ 791,784	
8.	Workers Compensation Coverage	\$ 105,682	
9.	Property Insurance Coverage	\$ -	
10.	Small Property Damage Claims	\$ 1,570	
11.	Total Test Year Business Insurance Expense		<u>\$ 899,036</u>
12.	Total Staff Adjustment to Company's Filing		<u>\$ (184,264)</u>

UWI-W-04-4

**Details of Adjustments to
Operations and Maintenance Expense
At Present Rates**

Adjustment No. 27

Line No.	Description	Amount
1.	To eliminate from the test year certain expenses that do not qualify for rate making treatment under past IPUC Orders	<u>\$ (17,433)</u>
<u>Details per Company's Filing</u>		
2.	Charitable contributions	\$ (5,510)
3.	NAWC Dues- Lobbying portion	(3,600)
4.	Idaho Association of Commerce & Industry Dues- Lobbying portion	(780)
5.	Country Club Dues	(4,115)
6.	Adjustment	<u>\$ (14,005)</u>
<u>Additional Items</u>		
7.	Scholarships and Sponsorships	\$ (3,800)
8.	Company Holiday Parties and Summer Picnics	(11,833)
9.	Additional Portion of NAWC Dues - Lobbying	(1,800)
10.	Staff Adjustments to Company's Filing	<u>\$ (17,433)</u>

UWI-W-04-4

Details of Adjustments to
Corporate and Local IT Maintenance & Support
At Present Rates

Adjustment No. 28

Line No.	Description	Amount
1.	To adjust test year expense for services related to upkeep and support of communication infrastructure, networks, desktop software support, hydraulic model support, Intellution & Oracle support, SCADA support, etc.	<u>\$ (51,046)</u>
<u>Details per Company's Filing</u>		
2.	Pro Forma Level of Corporate IT support, maintenance	\$ 108,340
3.	Pro Forma Level of Local IT support, maintenance	47,800
4.	Pro Forma Annual Expense	<u>\$ 156,140</u>
<u>Staff Adjustments</u>		
5.	Test Year Level of Corporate IT Support, Maintenance	\$ 73,667
6.	Test Year Level of Local IT Support, Maintenance	31,427
7.	Test Year Expense	<u>105,094</u>
8.	Total Staff Adjustment to Company's Filing	<u>\$ (51,046)</u>

UWI-W-04-4

**Details of Adjustments to
Test Year Miscode**

Adjustment No. 29

Line No.	Description	Amount
1.	Adjust Test Year Miscode	<u>\$ (2,995)</u>
	Details	
2.	Eliminate charge to account 930-250 that was expensed in the test year and will not recur	\$ (2,995)
3.	Adjustment	<u>\$ (2,995)</u>

No Additional Staff Adjustments

UWI-W-04-4

**Details of Adjustments to
Expenses Related to Customer Growth**

Adjustment No. 30

Line No.	Description	Amount
1.	To adjust expenses related to customers added to the system during test year and during pro forma period	<u>\$ (16,480)</u>
<u>Details per Company's Filing</u>		
2.	Purchased Power	\$ 1,242,538
3.	Chemicals	235,950
4.	Transportation Cost	362,613
5.	General Insurance	789,765
6.	T&D Excluding Payroll	388,083
7.	Total Variable Cost	<u>\$ 3,018,949</u>
8.	Total Variable Cost	\$ 3,018,949
9.	Test Year Revenue	\$ 31,000,222 =
10.	Variable Cost Percentage	9.74%
11.	Customer Growth Revenue per Witness Gradilone	\$ 749,828
12.	Operating Ratio Adjustment	<u>\$ 73,022</u>
<u>Staff Adjustments</u>		
13.	Purchased Power	\$ 1,496,761
14.	Chemicals	299,174
15.	Transportation Cost	348,854
16.	General Insurance	899,036
17.	T&D Excluding Payroll	388,083
18.	Total Variable Cost	<u>\$ 3,431,908</u>
19.	Total Variable Cost	\$ 3,431,908
20.	Test Year Revenue	\$ 31,000,222 =
21.	Variable Cost Percentage	11.07%
22.	Customer Growth Revenue per Witness Sterling	\$ 510,739
23.	Operating Ratio Adjustment	<u>\$ 56,542</u>
24.	Total Adjustment to Company's Filing	<u>\$ (16,480)</u>

UWI-W-04-4

**Details of Adjustments to
Expenses Related to Weather Normalization**

Adjustment No. 31

Line No.	Description	Amount
1.	To normalize variable cost power and chemicals due to the adjustments made by Staff Witness Sterling	<u>\$ (1,888)</u>
 <u>Details per Company's Filing</u>		
2.	Purchased Power	\$ 1,242,538
3.	Chemicals	<u>235,950</u>
4.	Total Variable Cost related to weather	<u>\$ 1,478,488</u>
5.	Total Variable Cost	\$ 1,478,488
6.	Test Year Revenue	\$ 31,000,222 4.77%
7.	Revenue adjustment due to weather normalization	\$ (184,354)
8.	Variable Cost %	<u>4.77%</u>
9.	Operating Ratio Adjustment	<u>\$ (8,792)</u>
 <u>Staff Adjustments</u>		
10.	Purchased Power	\$ 1,496,761
11.	Chemicals	<u>299,174</u>
12.	Total Variable Cost related to weather	<u>\$ 1,795,935</u>
13.	Total Variable Cost	\$ 1,795,935
14.	Test Year Revenue	\$ 31,000,222 5.79%
15.	Revenue adjustment due to weather normalization	\$ (184,354)
16.	Variable Cost %	<u>5.79%</u>
17.	Operating Ratio Adjustment	<u>\$ (10,680)</u>
18.	Total Staff Adjustments to Company's Filing	<u>\$ (1,888)</u>

UWI-W-04-4

**Details of Adjustments to
Outside Legal Services Expense**

Adjustment No. 32

Line No.	Description	Amount
1.	To adjust outside legal services to account for expenses not recurring in typical test year	<u>\$(17,745)</u>
Details		
2.	Normalized Pro Forma Annual Expense	<u>\$ 54,000</u>
3.	Test Year Expense	\$ 82,851
4.	Adjustment	<u>\$ (28,851)</u>
<u>Additional Staff Adjustments</u>		
5.	Cartwright Tank Removal	\$ (248)
6.	Disposition of Carriage Hill System	(2,818)
7.	Danskin Power Plan Operations	(7,980)
8.	Idaho Power Co. Rate Case IPC-E-03-13	
9.	\$8,374 amortized over 5 years	(6,699)
10.	Additional Staff Adjustments to Company's Filing	<u>\$ (17,745)</u>

UWI-W-04-4

Details of Adjustments to
Amortization of Deferred Legal Expenses
Related to Terra Grande Water Company

Adjustment No. 33

Line No.	Description	Amount
1.	Adjust Pro Forma Expense for Amortization of Deferred Terra Grande Related Expenses	<u>\$ (794)</u>
<u>Details per Company's Filing</u>		
2.	Total Expenses Incurred by Company	<u>\$ 4,707</u>
3.	Amortization Period	Three Years
4.	Normalized Pro Forma Annual Expense	<u>\$ 1,569</u>
<u>Staff Adjustments</u>		
5.	Accepted Expenses Incurred by Company	<u>\$ 3,877</u>
6.	Amortization Period	Five Years
7.	Staff's Pro Forma Annual Amortization Expense	<u>\$ 775</u>
8.	Total Staff Adjustment to Company's Filing	<u>\$ (794)</u>

UWI-W-04-4

Details of Adjustments to
Operating Expenses Associated with
Carriage Hills System

Adjustment No. 34

Line No.	Description	Amount
1.	To normalize operating expense (power) due to the sale of the Carriage Hill System	<u>\$ (645)</u>
<u>Details per Company's Filing</u>		
2.	Test year power cost incurred by Company	<u>\$ 986</u>
3.	Normalized Pro Forma Annual Expense	\$ -
4.	Adjustment	<u>\$ (986)</u>
<u>Additional Staff Adjustments</u>		
5.	Customer Accounting Expense	<u>\$ (645)</u>
6.	Total Staff Adjustment to Company's Filing	<u>\$ (645)</u>

UWI-W-04-4

**Details of Adjustments to
Payroll Taxes
At Present Rates**

Line No.	Description				Amount
1.	To adjust Employer FICA Tax Liability				\$ 13,117
	Details				
		FICA Amount	Medicare Amount	Combined	
2.	FICA Base for 2005	\$ 90,000	No Limit		
3.	FICA Rate for 2005	<u>6.20%</u>	<u>1.45%</u>		
4.	Pro Forma Payroll at 2005 Rates	\$ 4,325,849	\$ 4,325,849		
5.	Wages in Excess of FICA base	<u>\$ 95,012</u>	<u>0</u>		
6.	Taxable Wages	\$ 4,230,837	\$ 4,325,849		
7.	FICA Tax Rates	<u>6.20%</u>	<u>1.45%</u>		
8.	Pro Forma FICA Tax	\$ 262,312	\$ 62,725	\$ 325,037	
9.	Test Year Expense			<u>\$ 311,920</u>	
10.	Adjustment			<u>\$ 13,117</u>	

UWI-W-04-4

Details of Adjustments to
Payroll Taxes
At Present Rates

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>
1.	To adjust State Unemployment Insurance Tax	<u>\$ 410</u>
	Details	
2.	Idaho Taxable Base	\$ 29,500
3.	Idaho U C Tax Rate	0.20%
4.	Employees covered by U.C. Tax (90 @ \$29,500 less under limit wages \$22,177 plus temps \$52,837)	
5.	Taxable Base	\$ 2,685,660
6.	Taxable Wages	\$ 2,685,660
7.	Tax Rate	0.20%
8.	Pro Forma Idaho Unemployment Tax	\$ 5,371
9.	Test Year Expense	<u>\$ 4,961</u>
10.	Adjustment	<u>\$ 410</u>

UWI-W-04-4

Details of Adjustments to
Payroll Taxes
At Present Rates

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>
1.	To adjust Federal Unemployment Insurance Tax	<u>\$ 327</u>
	Details	
2.	Federal Taxable Base	\$ 7,000
3.	Federal Tax Rate	0.80%
4.	Employees covered by Federal Unemployment Tax (90 @ \$7,000 plus temps \$50,061)	
5.	Taxable Base	\$ 680,061
6.	Taxable Wages	\$ 680,061
7.	Tax Rate	0.80%
8.	Pro Forma Federal Unemployment Tax	\$ 5,440
9.	Test Year Expense	<u>\$ 5,113</u>
10.	Adjustment	<u>\$ 327</u>

CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 6TH DAY OF APRIL 2005, SERVED THE FOREGOING **DIRECT TESTIMONY OF DONN ENGLISH**, IN CASE NO. UWI-W-04-04, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

MARK GENNARI
UNITED WATER
200 OLD HOOK RD
HARRINGTON PARK NJ 07640

DEAN J MILLER ESQ
McDEVITT & MILLER LLP
PO BOX 2564
BOISE ID 83701

DOUGLAS K STRICKLING
BOISE CITY ATTORNEY'S OFFICE
150 N CAPITOL BLVD.
PO BOX 500
BOISE ID 83701

CHUCK MICKELSON
CITY OF BOISE
150 N CAPITOL BLVD.
PO BOX 500
BOISE ID 83701

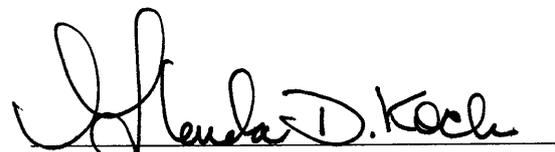
WILLIAM M. EDDIE
ADVOCATES FOR THE WEST
PO BOX 1612
BOISE ID 83701

BILL SEDIVY
IDAHO RIVERS UNITED
PO BOX 633
BOISE ID 83701

BRAD M. PURDY
ATTORNEY AT LAW
2019 N 17TH STREET
BOISE ID 83702

SHARON ULLMAN
9627 W. DESERT AVE
BOISE ID 83709

SCOTT L. CAMPBELL
101 S CAPITOL BLVD., 10TH FLOOR
PO BOX 829
BOISE ID 83701


SECRETARY