



IDAHO PUBLIC UTILITIES COMMISSION

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Paul Kjellander, President
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IDAHO PUBLIC UTILITIES COMMISSION

MEMORANDUM

**TO: PARTIES OF RECORD
COMMISSION SECRETARY**

**FROM: WELDON B. STUTZMAN
DONOVAN E. WALKER**

DATE: MAY 20, 2005

SUBJECT: DIRECT TESTIMONY OF RICK STERLING

UWI-W-04-04

In the Direct Testimony of Rick Sterling dated April 6, 2005, pages 34 and 35 have been revised. Pages 34a and 34b have also been added. Please replace the pages in your copy of the testimony with the corrected pages enclosed.

Thank you for your consideration in this matter.

Weldon Stutzman
Deputy Attorney General for Commission Staff

uwiv04.4 parties letter

1 310 cfs) and the current peak flow (about 150 cfs) is
2 about 160 cfs. United Water requests approval to hold
3 about 160 cfs for future growth.

4 Q. What adjustment are you proposing associated
5 with IMAP?

6 A. I am proposing that a minimum of \$332,748 =
7 (160/310) (644,700) in investment related to the Company's
8 IMAP activities be excluded from rate base. I am not
9 challenging the prudence of IMAP activities in any way; in
10 fact, IMAP is something United Water should be doing.
11 Clearly, however, one of the primary purposes of IMAP is
12 to preserve and protect water rights for future use. As a
13 result, I am recommending that at least a portion of the
14 investment associated with IMAP be booked as plant held
15 for future use.

16 Aquifer Storage and Recharge (ASR) Water Permit

17 Q. Please discuss your recommended adjustment
18 related to one of the Company's water rights for Aquifer
19 Storage and Recovery.

20 A. United Water holds permit no. 63-31409, which is
21 a right to divert up to 20 cfs of flood flow for the
22 purposes of ground water recharge and municipal use.
23 Because sufficient facilities do not yet exist at Columbia
24 for ground water recharge, and because no such facilities
25 are planned at Marden, use of water under the permit for

1 ground water recharge is not currently possible. Under
2 the permit, water could currently be used for municipal
3 use, but its use is subject to restrictions to only those
4 times when the Boise River is on flood release below Lucky
5 Peak Dam. In addition, diversions under the permit are
6 restricted during certain periods of the year when certain
7 minimum stream flows must be maintained for fish
8 migration. Given the restrictions on use of water under
9 the permit, Staff believes that use of water for municipal
10 purposes is extremely limited. Storage and release
11 records from Lucky Peak, Arrowrock and Anderson Ranch
12 reservoirs indicate that no water could have been obtained
13 under the right since 2000 because the reservoir system
14 did not fill and no flood flow releases were made. It is
15 also likely that no water can be obtained in 2005 for the
16 same reason. In the 20 years of records examined by
17 Staff, it appears that water would have been available
18 under the right in only 11 years. Moreover, water would
19 have been available in only 8 of 20 years in June, 5 of 20
20 years in July, and never in August. These are the months
21 in which United Water is most likely to need the water
22 right to meet system demand. Because United Water has yet
23 to obtain any water under this water right, and because of
24 the limited occasions on which it can obtain water, Staff
25 continues to recommend that investment associated with

1 obtaining the water right be considered plant held for
2 future use. The amount to be removed from plant in
3 service is \$29,697.

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Initial Butte Water Right Purchase

Q. Please describe the Initial Butte water right.

A. The Initial Butte water right actually consists of three separate licenses (02-2341, 02-2358, 02-2420). Previously under the water rights, water was diverted from the Snake River to irrigate 2055 acres of land located south of Nampa and north of the Snake River. The water rights allowed a total volume of 9247.5 acre-feet to be diverted at a maximum diversion rate of 35.21 cfs. United Water purchased these water rights for the purpose of supplying water to its Marden and Columbia water treatment plants. In order to be able to use this water at the plants, however, the Company had to execute an "exchange." The exchange of water authorizes United Water to divert, for irrigation purposes within its authorized service territory, up to 35.21 cfs from the Boise River in exchange for the same amount under water rights 02-2341, 02-2358, and 02-2420 from the Snake River and subject to the conditions of approval of the exchange. The amount of flow made available through non-diversion under the Snake River water rights will remain in the Snake River to and below the mouth of the Boise River to fully replace the exchanged amount diverted from the Boise River.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 20TH DAY OF MAY 2005, SERVED THE FOREGOING **REVISED PAGES TO THE DIRECT TESTIMONY OF RICK STERLING**, IN CASE NO. UWI-W-04-04, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

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