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Dean J. Miller (ISB 1968)
McDEVITT & MILLER LLP
420 West Bannock Street
P.O. Box 2564-83701
Boise, ID 83702
Tel: 208.343.7500
Fax: 208.336.6912
joe@mcdevitt-miller.com

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-06-02

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

DIRECT TESTIMONY OF GREGORY P. WYATT

- 1 Q. Please state your name and business address.
- 2 A. Gregory P. Wyatt. United Water Idaho 8248 West Victory Road, Boise Idaho.
- 3 Q. What is your occupation?
- 4 A. I am the General Manager of United Water Idaho (“United Water” or
5 “Company”).
- 6 Q. Please describe your educational background and other qualifications.
- 7 A. I am a graduate of Bloomsburg University with a Bachelor of Arts degree in
8 Business Administration Management. I have previously provided testimony
9 before the Indiana Utility Regulatory Commission, the Pennsylvania Public
10 Utility Commission, and the Idaho Public Utilities Commission.
- 11 Q. Please describe your work experience.
- 12 A. I have been employed at United Waterworks properties, formerly General
13 Waterworks, since December 1974. Prior to assuming my current duties as
14 General Manager of United Water Idaho in late 1999, I worked in various
15 capacities in several states including General Manager for United Water
16 Pennsylvania, Area Manager for the United Water Indiana properties, Assistant
17 Manager of United Water Idaho and various accounting positions in New Jersey
18 and Pennsylvania.
- 19 Q. Please describe your duties as General Manager.
- 20 A. My duties are to oversee the daily operation of providing potable water to the
21 customers of United Water Idaho. I supervise the various departments of
22 Engineering, Production, Transmission & Distribution, Customer Service, Billing,

1 Information Technology, Planning and Accounting in meeting their
2 responsibilities for the delivery of potable water and the related services in
3 dealing with customers.

4 These functions include planning for raw water source, construction,
5 maintenance and operation of the treatment and pumping facilities, construction,
6 maintenance, and operation of the distribution system including mains, services,
7 and storage tanks, responding to customer needs regarding initial service or
8 discontinuing service by reading customer meters, processing and delivering bills,
9 and responding to customer needs through the Customer Service Representatives.

10 My duties also include supervision of the Company's compliance with all
11 regulations in regard to safety, complying with the Safe Drinking Water Act, and
12 meeting other similar requirements.

13 Q. What is the purpose of your testimony?

14 A. I will testify regarding the major reasons for the rate increase requested in this
15 present case, the Company's proposals regarding cost of capital and tariff design
16 in this present case, the operations of the Company, and the Company's
17 conservation and customer service efforts. I will also be available to answer
18 questions of a general nature.

19 Q. Please identify the other witnesses who will testify on behalf of the Company and
20 the topics on which they will testify.

21 A. Mr. Frank Gradilone III, consulting expert with Pleasant Valley Analytics, Inc.,
22 will testify regarding revenue adjustments.

1 Mr. Jeremiah J. Healy, Manager Finance and Rates, will testify regarding rate
2 base and expense adjustments.

3 Mr. Scott Rhead, Managing Engineer, will testify regarding capital additions and
4 plant in service.

5 **Rate Increase Drivers**

6 Q. When was the last time the Company requested rate relief and what was the result
7 of that request?

8 A. On November 30, 2004, United Water filed an Application with the Commission
9 (UWI-W-04-04) requesting an approximate 22% increase in its rates and charges
10 for water service using a pro-forma test year methodology ending July 31, 2004.
11 The Company subsequently reduced its request to approximately 18%. After full
12 hearings and deliberations, the Commission issued Order No. 29838, dated
13 August 2, 2005 authorizing a 7.68% increase in rates (\$2.43 million). The
14 Company then filed a Petition for Reconsideration on August 23, 2005, in which
15 it argued, along with other issues, that Order No. 29838, which calculated rate
16 base using a 13-month average methodology, produced rates that would be
17 insufficient to allow the Company to earn its authorized return. The Commission
18 then issued Order No. 29871 on September 20, 2005 granting an additional 0.40%
19 increase (\$116,090), but denied the Company's arguments related to the 13-month
20 averaging methodology. The overall increase in rates from those proceedings was
21 \$2.55 million or 8.08%. The overall outcome in these proceedings was heavily
22 influenced by two major adjustments; rate base due to the 13-month averaging,
23 and pension expense due to the Commission's decision to allow only the cash

1 contribution to the pension plan (ERISA method) rather than the accrued expense
2 to the pension account (FAS 87 method).

3 Q. Would you briefly explain why the Company is seeking a rate increase at this
4 time?

5 A. As mentioned above, the two major adjustments in the last case (UWI-W-04-04)
6 are the biggest drivers resulting in the Company needing to make this present
7 filing. The change in ratemaking methodology (use of a 13-month average of rate
8 base) effectively left the Company with no return on investment related to
9 approximately \$13 million of its utility plant investments in various projects in
10 service to customers. And, as Witness Healy explains in his testimony, the
11 Company's pension expense obligation under ERISA is the largest area of
12 increased operating expense in this case, which is almost \$1.7 million dollars
13 higher than the amount allowed by the Commission in the previous case.

14 Additionally, the increase is necessary for the Company to continue to
15 provide quality service to our customers, to improve service by replacing aging
16 infrastructure and to replace infrastructure that is in conflict with other
17 infrastructure renewal (such as highway and street rebuilds). For these reasons,
18 United continues to make capital investments in utility plant. As a result of the
19 various infrastructure investments, the Company's rate base of \$126,824,685 as
20 allowed in our last rate proceeding, has increased to \$141,015,147 in this
21 proceeding or an increase of \$14,190,462. In accordance with the Idaho Public
22 Utilities Commission Order No. 29838 in our last general rate proceeding (UWI-
23 W-04-04), the Company has applied the 13-month averaging methodology to

1 plant in service and associated components in computing the Company's rate
2 base. This does not contradict the position taken by the Company in its appeal
3 (Case No. SUP-W-05-01) of the last case.

4 In addition, our operating costs before income taxes have increased from
5 \$20,144,532 to \$22,909,062 or an increase of \$2,764,530. An increase in rates is
6 necessary in order to provide sufficient capital dollars to maintain and improve
7 quality service to our customers, to provide adequate operating and maintenance
8 coverage, and to maintain a sound financial position.

9 Q. You mentioned that the Company used a 13-month averaging methodology in
10 determining rate base in this proceeding. Please explain the significance of that
11 rate making change on the Company's request for increased rates in this
12 proceeding.

13 A. In the last case (UWI-W-04-04), the Company requested a return on plant in
14 service and other components of rate base as of the end of the test year (July 31,
15 2004), plus known and measurable proforma plant in service additions through
16 May 31, 2005. This approach was consistent with the Company's approach in its
17 three previous rate filings and with Commission Orders from those cases.
18 However, in that case the Commission ordered a 13-month averaging of plant in
19 service and related components in determining the Company's rate base on which
20 it may earn a return. This change in ratemaking methodology effectively left the
21 Company with no return on investment related to approximately \$13 million of its
22 utility plant investments in various projects in service to customers. Since that
23 last proceeding the Company has continued to invest in utility plant in service to

1 customers in an amount of approximately \$4 million. The Company's requested
2 increase in rates in this proceeding is largely driven by the need to receive a
3 financial return on these investments in utility plant in service to customers,
4 which were not recognized in rates in the last case and which are now eligible for
5 full inclusion in rates under a 13-month rate base methodology.

6 Q. What kind of plant investments has the Company made that are requested to be
7 included in this current case?

8 A. The Company has invested over \$2 million dollars in wellhead treatment at two
9 locations in the system, (Bali Hai and Maple Hills). The investments at Bali Hai
10 and Maple Hills wells have enabled the Company to improve water quality to
11 customers while also utilizing more of the source well water from those sites.
12 Approximately \$1.5 million in water storage facilities that provide fire protection
13 and sustainable pressure to customers in the system, most notably in the South
14 County area, which was acquired from the South County Water Company in
15 1999. The Company has made investments totaling about \$4.8 million dollars in
16 replacing aging infrastructure. The Company has replaced about 7 miles of water
17 mainline, 700 water services, and 12,000 meters.

18 Q. What are the major areas of operating cost increases that the Company has
19 experienced since the last rate case?

20 A. The largest area of increased operating expense in this case is the cost to fund the
21 Company's pension plan, which is almost \$1.7 million dollars higher than the
22 amount allowed by the Commission in the previous case. As discussed by
23 Witness Healy, pension expense in this case is calculated consistent with the

1 methods required by Order No. 29838. Another significant portion of the expense
2 increase comes from depreciation expense related to the capital investments the
3 Company has made. Depreciation expense has increased by almost \$671,000
4 dollars. Additionally, costs have increased by almost \$300,000 dollars related to
5 payroll and transportation costs, including fuel. There have been cost decreases in
6 purchased power, property taxes and bad debt write-offs. All of the Company's
7 operating expense adjustments are discussed more fully in Witness Healy's
8 testimony and exhibits.

9 Q. What is the current average annual residential water bill as determined in the test
10 year?

11 A. The current average annual residential bill, as reflected in this case after
12 adjustments and normalization, is \$327.19, exclusive of IDEQ fees and franchise
13 tax.

14 Q. What would be the average annual residential bill under the proposed rates in this
15 filing, and what is the overall increase request?

16 A. The average annual residential bill under proposed rates would be \$385.90, or an
17 increase of 17.95%. The overall increase request in this present filing is 17.91%.

18 **Rate of Return and Capital Structure**

19 Q. What is the Company's proposal in this case with respect to rate of return and
20 capital structure?

21 A. Consistent with our desire to present a simplified rate case filing and to reduce the
22 time and cost of litigation, the Company proposes to carry forward from Case No.

1 UWI-W-04-04 the methodology for calculating the overall rate of return,
 2 including the cost of equity, cost of debt methodology and capital structure
 3 adopted in Case No. UWI-W-04-04.

4 Q. Please summarize the treatment of rate of return and capital structure in Case No.
 5 UWI-W-04-04.

6 A. In that case the Company and Commission Staff entered into a written Settlement
 7 of the Overall Weighted Cost of Capital (Settlement), which was accepted and
 8 approved by the Commission in Order No. 29838.

9 In the Settlement, the cost rate for the equity component of the capital structure
 10 was set at 10.3%. The rate for the debt component was established by a
 11 compromise between the Staff and Company methods for calculating issuance
 12 expense, discounts and premiums. The overall rate of return was based on the
 13 consolidated capital structure of United Waterworks Inc., the Company's parent.

14 Q. What is the overall weighted cost of capital that results from carrying forward the
 15 Settlement in Case No. UWI-W-04-04?

16 A. Based on the capital structure of United Waterworks Inc. as of 12/31/05 it is
 17 8.427%, calculated as follows:

		<u>RATIOS</u>	<u>COST RATE</u>	<u>WEIGHTED COST</u>
Long-Term Debt	\$224,380,000	51.46%	6.66%	3.427%
Equity	\$211,610,905	48.54%	10.30%	5.000%
Minority Interest	\$ <u>0</u>	<u>0.00%</u>	0.00%	<u>0.000%</u>
TOTAL	<u>\$435,990,905</u>	<u>100.00%</u>		<u>8.427%</u>

18

- 1 Q. Is the cost rate for the debt component of the capital structure calculated in the
2 same manner as in the Stipulation?
- 3 A. Yes it is.
- 4 Q. Do you believe that a cost rate for the equity component of 10.3% is a
5 conservative estimate of the Company's cost of equity?
- 6 A. Yes. In Case No. UWI-W-04-04 the Company offered expert testimony
7 establishing a reasonable return on equity within a range of 10.8% and 11.2%.
8 The agreed rate of 10.3% was well below the rate supported by expert testimony.
9 Additionally, as of the time of filing this testimony, only approximately six
10 months have passed since Order No. 29838 established the cost of equity. The
11 Company is not aware of significant changes in capital markets or other relevant
12 factors that would indicate that cost of equity has declined in the interim.
- 13 Q. Have there been changes in the Company's capital structure since Case No. UWI-
14 W-04-04?
- 15 A. Yes. There have been two relatively minor changes. First, all the shares of the
16 United Water Idaho's 5% Preferred Stock, which represented only .13% of the
17 previous capital structure, are being redeemed and by March 17, 2006 will no
18 longer be outstanding. Second, United Waterworks Inc. received from its parent
19 an infusion of equity capital which increased the equity ratio of the capital
20 structure to 48.37%, up from 46.6% in Case No. UWI-W-04-04.
- 21 Q. In light of this proposal with respect to rate of return and capital structure, is the
22 Company presenting independent testimony of a cost of capital witness?

1 A. No. For the reasons discussed above, for the purposes of this case, a weighted cost
2 of capital of 8.427% represents a reasonable rate of return. To the extent that the
3 Commission's Rules of Procedure, 121(e), require the presentation of a cost of
4 capital structure analysis, the Company requests that requirement be waived for
5 this case. It is our intent that this approach will serve to eliminate a source of
6 controversy. However, we would reserve the right to present expert witness
7 testimony on rebuttal if substantial issues emerge on the subject.

8 **Cost of Service and Tariff Design**

9 Q. What is the Company's proposal for adjustments to rates to recover any revenue
10 increase that may be awarded by the Commission?

11 A. As explained in more detail in the testimony of Frank Gradilone III, the Company
12 is proposing a uniform percentage increase to all rate elements, excluding
13 miscellaneous service charges and fees. The Company is not proposing, in this
14 case, any change to the current tariff design.

15 Q. Is the Company presenting the testimony of an independent cost of service
16 witness in this case?

17 A. No. Because no changes to current rate design are proposed, a separate cost of
18 service study would be of little value. Additionally, in Case No. UWI-W-04-04
19 issues of cost of service and rate design were extensively reviewed. In that case
20 the Company presented a complete cost of service study, prepared by Dr. Dennis
21 Pesseau. Given the recent and extensive review of these issues, and consistent
22 with the Company's intent to simplify this case, the Company is not proposing
23 changes to the current rate design; rather the Company proposes that the current

1 rate elements be increased by a uniform percentage. Thus, to the extent that the
2 Commission's Rules of Procedure, 121(e), require the presentation of a separate
3 cost of service study, the Company requests that requirement be waived for this
4 case.

5 **Company Operations**

6 Q. Please describe the operations of the company.

7 A. As of December 31, 2005, United Water Idaho provided domestic water service
8 and fire protection to approximately 79,000 residential, commercial, industrial,
9 private fire protection and public authority customers within the City of Boise and
10 the immediate surrounding area. Over ninety-nine percent (99%) of the
11 customers are located in what is referred to as the core area system, which is a
12 totally interconnected system. Additionally, there are four (4) satellite systems
13 that are not interconnected with each other or to the core area system. These
14 satellite systems are identified as Coventry Place, Danskin/Saddle Ridge, Belmont
15 Heights, and M&M. The Mesa system, formerly a satellite system, was
16 interconnected with the main system in 2005. Currently our source of supply for
17 the core area is comprised of two (2) surface water treatment plants and eighty-
18 four (84) deep wells, which are located throughout a service area of
19 approximately 146 square miles. The projected delivery capacity in the year 2006
20 of the surface water treatment plants and the eighty-four (84) wells to the
21 customers in the core service area is 103.2 million gallons per day (mgd).
22 Coventry Place is served by one (1) well with a rated capacity of 0.4 mgd; the
23 Danskin/Saddle Ridge area is served by two (2) wells with a combined rated

1 capacity of 2.0 mgd; the Belmont Heights system is served by two (2) wells with
2 a rated capacity of 1.1 mgd; and the M&M system is served by one (1) well with a
3 rated capacity of 0.14 mgd. The wells in the satellite areas are all currently
4 capable of meeting the maximum day demands in those areas.

5 At this time, well water treatment essentially consists of the addition of
6 chlorine for disinfection and system residuals as well as polyphosphate for
7 sequestration of iron and manganese. In addition, green sand filtration systems
8 treat water at two well stations in the system, (Bali Hai and Maple Hills). At the
9 Marden Street surface water treatment plant, the treatment ranges from direct
10 filtration to full coagulation, settling and filtration depending on the quality of the
11 raw water. At the Columbia surface water treatment plant, treatment is
12 accomplished using micro-filtration membranes.

13 During 2005, the maximum day production from all sources was 91.5
14 million gallons; the minimum day production was 17.9 million gallons; while
15 average day production was approximately 40.5 million gallons. The historical
16 maximum day production was 92.2 million gallons in July 2003.

17 The distribution system consists of approximately 1,073 miles of water
18 main, varying in size from 2 inches to 30 inches in diameter. The distribution
19 system also is supported by 34.8 million gallons of storage capacity contained in
20 31 ground-level reservoirs.

21 Due to differences in elevation within the coverage of the service area,
22 United Water Idaho has 10 different pressure zones in the core area. Each
23 satellite area also can be considered as a separate pressure zone. These zones are

1 necessary to maintain a reasonable range of pressure at the customers' points of
2 use. Connections from adjacent pressure zones allow us to transport water
3 between some pressure zones; however, it is not possible to transport water from
4 each pressure zone to all 9 of the other pressure zones. Since we have 86 sources
5 (points from which water originates) in the core area, the customers within the
6 area of influence of a particular source normally will receive water from that
7 source. As the customers near the source begin to use up the water and as
8 distance from the source increases, more water will be consumed until the supply
9 from a particular source is exhausted and adjacent customers then receive water
10 from a different source.

11 Q. You note that the combined delivery capacity in the core area is approximately
12 103.2 mgd while the maximum day production during 2005 was 91.5 million
13 gallons. Does this mean that you can serve significant numbers of additional
14 customers without adding any additional source?

15 A. No, it does not. That would require a perfectly balanced distribution system and
16 every well would have to produce 100% of capacity at the same time. This
17 perfect balance would have to be between the main sizes, main locations, source
18 locations, pumping capacity, storage size, and storage locations. History from
19 2001, 2002 and 2003 shows maximum day demand of 93.7 million gallons, 94.6
20 million gallons and 94.1 million gallons respectively, all of which are higher than
21 the maximum day production from 2005.

22 Additionally, when the need for supply redundancy is considered the
23 apparent surplus is reduced. The Idaho Department of Environmental Quality

1 requires water suppliers to provide supply redundancy by allowing for the loss of
2 the largest capacity wells when determining their reliable water supply targets.
3 Two key operational service areas of the water system are Columbia and the West
4 First Bench. The largest wells serving these zones are Pleasant Valley (2.65 mgd)
5 and Bethel (3.55 mgd) respectively. With a combined capacity of 6.2 mgd, these
6 sources, if lost, decrease the difference in overall system supply vs. demand
7 significantly.

8 Customer growth is also not distributed evenly across the system. There
9 are areas of higher growth where new sources of supply will be needed. Most
10 notably the southwest and northwest areas of the system continue to experience
11 growth that will require future source additions.

12 **Water Conservation**

13 Q. Would you please provide an overview of the Company's water conservation and
14 demand side management efforts and programs?

15 A. For over 11 years the Company has developed and implemented various customer
16 information, education and awareness programs and outreach efforts that promote
17 wise water use and water conservation and that assist customers in managing their
18 water demand and consumption. Although some of these efforts have sought to
19 inform customers about water use in the home, the majority of them have targeted
20 customer water use outside on lawns, gardens and landscape areas. This focus is
21 designed to enable customers who use water provided by the Company for
22 irrigation purposes to benefit the most from the Company's efforts, since
23 irrigation demand is the driver of overall water system demand in the summer.

1 Below is a brief summary of the company's efforts in these areas:

2 Water Efficient Landscaping Classes:

3 In February of each year, United and others conduct seven, two-hour class
4 sessions focused on the fundamentals of water efficient landscaping. In 2005, 700
5 adult individuals attended the classes.

6 Water Awareness Week

7 In May of each year, United participates in Water Awareness Week, which
8 promotes water education and conservation information for school students in
9 Region 3, which includes the Boise area.

10 Indoor Water Conservation Kit give-a-way

11 Customers seeking ways to reduce their water consumption are offered a free
12 water conservation kit that includes a low flow showerhead, faucet aerators and
13 toilet dams.

14 Summer water conservation bill insert

15 As customer bills are delivered throughout the spring and summer, the bill
16 includes an insert that provides information on how customers can reduce their
17 outside water demand during the summer.

18 Water use management messaging through the media

19 The overall media effort is designed to increase customer's awareness of their
20 water use and to provide them with concrete reminders and methods to manage
21 their water consumption. This consists of a coordinated use of newspaper, radio

1 and television to communicate wise water use and management throughout the
2 summer. In 2005 it included a first-ever Annual Conservation Guide, which was
3 placed in the Idaho Statesman as an advertising supplement in July. The Guide
4 included eight pages of water supply information and both indoor and outdoor
5 water use conservation information that customers could use to reduce their
6 annual water usage and cost. The supplement was designed for customers to
7 easily save and refer to the information year-round. In addition, daily radio spots
8 were featured during drive times that provided water conservation messages and
9 tips; and a weeknight television partnership with Channel 6 KIVI highlighting
10 United's daily production compared to normal and to history, along with
11 conservation tips and trivia.

12 Educational and Community outreach

13 United has developed various water awareness and conservation presentations
14 that are available to schools and community organizations in the area. These
15 include PowerPoint presentations, topical lectures, school skits and a video
16 library.

17 Conservation Plan

18 Q. Please comment on the Company's efforts to update its existing Conservation
19 Plan.

20 A. As a result of the last case (UWI-W-04-04) the Commission, in its September 20,
21 2005 Order No. 29871, directed the Company to prepare an updated conservation
22 plan and submit it to the Commission for review no later than April 1, 2006. The

1 Company immediately began soliciting proposals from qualified consulting firms
2 for preparation of the new plan. Only one firm submitted a responsive bid,
3 however, and some of the firms indicated the proposed timeframe was too short to
4 complete and file a conservation plan.

5 Q. What did the Company do in response to this?

6 A. On November 21, 2005, the Company filed a Petition with the Commission
7 seeking amendment of the Commission's Order No. 29871. The Petition asserted
8 that preparation of a suitable conservation plan by April 1, 2006 was not feasible,
9 and requested that Order 29871 be amended to extend the deadline to December
10 1, 2006.

11 Q. How did the Commission rule on the Company's Petition?

12 A. On December 28, 2005, the Commission issued Order No. 29934 which amended
13 Order No. 29871 to extend the deadline for submittal of the final revised
14 conservation plan to the Commission by December 1, 2006, provided until
15 February 1, 2007 for Commission review of the plan, and set June 1, 2007 as the
16 date by which United Water must begin implementation of the revised plan.

17 Q. What is the current status of the Company's efforts with regard to the production
18 of a revised conservation plan?

19 A. The Company again solicited proposals from qualified consulting firms
20 identifying the revised timeframe for completion of the plan. To date the
21 Company has received valid responses from two firms and it is expected that final
22 consultant selection will occur in February.

1 Q. Does the Company now anticipate being able to meet the revised timeframe?

2 A. Yes it does.

3 **Customer Service**

4 Q. Please comment on the Company's customer service efforts.

5 A. United Water uses various measures and metrics to ensure that it maintains a high
6 level of service and responsiveness to its customers. For example, the Company
7 tracks customer complaints it receives relating to water quality. During 2005,
8 water quality complaints that required a field visit to resolve have averaged only
9 0.77% of total customers. Complaints relating to high bills and disconnection
10 have averaged only 0.27% and 0.34% respectively as a percentage of bills
11 rendered.

12 Q. Are there other measures used by the Company to track customer service
13 performance?

14 A. Yes. Our Customer Service group maintains various data relating to customer
15 calls, response time, length of call, and number of dropped calls. During 2005,
16 the Customer Service office answered 93,249 calls with an average answer speed
17 of 29 seconds. The average length of calls was 2.25 minutes, and the abandoned
18 or dropped call rate was 4.3% of all calls. Slightly more than 44% of the dropped
19 calls occurred during the first 30 seconds of hold time and this would include
20 those customers who may have reached our office in error (i.e. wrong number)
21 and hung up. Assuming a caller is willing to hold more than 30 seconds, the
22 dropped call rate falls to 2.4%. In addition, due to the fact that virtually all

1 customer meters are located in outside pits or vaults, we are able to render bills
2 based on actual meter readings 99.9% of the time.

3 Q. Are there other things you are aware of that speak to the high level and/or quality
4 of service the Company provides to customers?

5 A. Yes. In early January 2006, the Company received an award from the Idaho
6 Department of Environmental Quality (IDEQ) that recognized the Marden Street
7 surface water treatment plant as one of only seven plants in the state of Idaho to
8 have achieved consistently high quality drinking water quality within the EPA
9 Region 10, Area-Wide Optimization Program. Also, since early 2005, the
10 Company has worked closely with IDEQ, and the Commission Staff to provide
11 safe drinking water to the residences of the Terra Grande Water System, and most
12 recently has responded to Staff's request that the Company take over that troubled
13 water system. The Company has proposed making significant capital
14 improvements to ensure that the Terra Grande customers have long-term access to
15 quality drinking water and good customer service.

16 **Low-Income Customer Assistance**

17 Q. Does the Company currently have a low-income customer assistance program in
18 place?

19 A. Yes. During the last rate preceding the Company, along with Commission Staff
20 and other interested parties, convened a workshop to evaluate the need for, scope
21 and design of such an assistance program for United's low-income water
22 customers. As a result of the workshop, and in conjunction with Community

1 Action Partnership Association of Idaho, the Company initiated UW Cares, which
2 is the first-ever water utility customer assistance program in the state. The
3 program, which is administered through the El-Ada and Western Idaho
4 Community Action Partnership social service organizations, provides up to \$50
5 annual water bill assistance to qualifying customers. The Company is currently
6 funding the program and will match customer contributions into the fund up to
7 \$20,000 annually. Additionally, the Company provides the agencies with indoor
8 and outdoor water conservation kits for distribution and installation for qualified
9 customers in the program. Also during the last rate proceeding, the Company
10 supported and agreed to a proposed change in it's rate tariff whereby the first 3
11 hundred cubic feet (ccf) of consumption used during the summer rates period
12 (May through September) is priced at the 25% lower winter rate.

13 Q. Does this conclude your testimony?

14 A. Yes.