

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	
OF UNITED WATER IDAHO INC. FOR)	CASE NO. UWI-W-06-2
AUTHORITY TO INCREASE ITS RATES)	
AND CHARGES FOR WATER SERVICE IN)	NOTICE OF APPLICATION
THE STATE OF IDAHO)	
)	NOTICE OF INTERVENTION
)	DEADLINE
)	
)	ORDER NO. 29988

On February 10, 2006, United Water Idaho Inc. filed a general rate case Application seeking authority to increase its rates an average of 17.91%. If approved the Company's revenues would increase by \$5,921,691 annually. United Water Idaho provides service to approximately 79,000 customers, or a population of about 225,000, in Boise and the surrounding areas. The Company's Application includes proposed tariffs and requests an effective date of March 13, 2006. In this Order the Commission suspends the effective date of the proposed rate increase, establishes the deadline to petition for intervention, and grants the Company's Motion requesting a waiver of Rule 121(e).

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that United Water's Application states that since the entry of the final Order in its last rate case, Order No. 29838 in Case No. UWI-W-04-4, it has been unable to earn its allowed return on investment, and that the primary purpose of this Application is to update the Company's ratemaking calculations to conform to the requirements of Order No. 29838. Application at 4-5. The Company requests expedited treatment of the Application because the primary purpose is to update the ratemaking calculations to conform to the requirements of the last rate case Order. *Id.*

YOU ARE FURTHER NOTIFIED that the Application requests a revenue increase of \$5,921,691 resulting in a uniform percentage increase in rates of 17.97%. Application at 2. The Company proposes an increase in rate base of \$14,190,462 (from \$126,824,685 to \$141,015,147), and increased operating costs of \$2,764,530 (from \$20,144,532 to \$22,909,062). Wyatt Direct at 4-5. The Application states that the revenue realized under the presently

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authorized rates produces a rate of return of 5.929% based on a test year ending April 30, 2006. Application at 3. The proposed increase would provide a rate of return of 8.427%. Application at 2. The Company states that the two biggest drivers for this rate increase filing are to capture its investments using a 13-month average rate base, and a \$1.7 million increase in the Company's pension expense obligation under ERISA. Wyatt Direct at 4.

YOU ARE FURTHER NOTIFIED that the Company filed, along with its Application, a Motion for Waiver of Rule 121(e) which requires the filing of cost of capital and cost of service studies. The Company states that because of the relatively short amount of time that has passed since its last rate case, where the Commission accepted and approved the settlement regarding the overall weighted cost of capital between Staff and the Company, it is proposing to carry forward the results and methods contained in that settlement. Additionally, because of the short amount of time that has passed since the last rate case where the Company's cost of service and rate design were reviewed, the Company is not presenting a new cost of service study or a separate cost of service witness. The Company proposes a uniform percentage increase to rates without any change in rate design.

YOU ARE FURTHER NOTIFIED that the Company has filed direct testimony of its witnesses along with their exhibits and workpapers. These documents are on file with the Commission Secretary at the Commission's office, 472 West Washington Street, Boise, Idaho, where they may be reviewed as a matter of public record during regular business hours. The Company's proposed schedules of rates and charges will also be kept open for public inspection at the office of United Water Idaho Inc., 8248 West Victory Road, Boise, Idaho, during regular business hours. Interested persons may also view United Water's Application at the Commission's website, www.puc.idaho.gov.

YOU ARE FURTHER NOTIFIED that the following persons are designated as United Water's representatives in this matter:

Dean J. Miller
McDevitt & Miller LLP
420 West Bannock Street
PO Box 2564-83701
Boise, ID 83702
joe@mcdevitt-miller.com

Walton Hill
United Water
200 Old Hook Road
Harrington Park, NJ 07640-1738
Walton.Hill@UnitedWater.com

All communications with reference to this Application should be served upon the above named representatives of United Water.

YOU ARE FURTHER NOTIFIED that United Water's Idaho intrastate revenue requirement, and every component of it, both rate base and expense, are at issue. The Commission may grant, deny, or modify the revenue requirement requested and may find a revenue requirement different from that proposed by any party is just, fair and reasonable. IDAPA 31.01.01.124.01.

YOU ARE FURTHER NOTIFIED that the rates and charges of all Idaho retail customers, both recurring and non-recurring, including those of special contract customers, are at issue, and every component of every existing and proposed rate and charge is at issue. The Commission may approve, reject or modify the rates and charges proposed and may find that rates and charges different from those proposed by any party are just, fair and reasonable. IDAPA 31.01.01.124.02.

YOU ARE FURTHER NOTIFIED that the Commission may approve, reject or modify existing or proposed relationships between and among rates and charges within, between or among customer classes or rate groupings and may approve, reject or modify existing or proposed relationships among and between customer classes or rate groupings. IDAPA 31.01.01.124.02.

YOU ARE FURTHER NOTIFIED that the Commission may abolish, reduce or create rate blocks or categories of rates and charges, abolish, create or reduce components of rates and charges, abolish, reduce or create customer classes or rate groupings, and abolish, reduce or create absolute or relative differences among and between existing classes or rate groupings of customers. IDAPA 31.01.01.124.02.

YOU ARE FURTHER NOTIFIED that the tariffs, practices, rules and regulations, service, instrumentalities, equipment, facilities, classifications, and customer relations of the utility are at issue, and the Commission may address any of them in its order. IDAPA 31.01.01.124.02.

NOTICE OF INTERVENTION DEADLINE

YOU ARE FURTHER NOTIFIED that **persons desiring to intervene** in this proceeding for the purpose of presenting evidence or cross-examining witnesses at hearing **must**

file a Petition to Intervene with the Commission pursuant to this Commission's Rules of Procedure 72 and 73. IDAPA 31.01.01.072-073. Persons intending to participate at the hearings must file a Petition to Intervene **on or before March 21, 2006**. Persons seeking intervenor status shall also provide the Commission Secretary with their electronic mail addresses to facilitate future communication in this matter.

YOU ARE FURTHER NOTIFIED that persons desiring to present their views without parties' rights of participation and cross-examination are not required to intervene and may present their comments without prior notification to the Commission or the parties.

YOU ARE FURTHER NOTIFIED that the Commission Secretary shall issue a Notice of Parties after the deadline for intervention has passed. The Notice of Parties shall assign exhibit numbers to each party in this joint proceeding. Depending on the number of intervenors, the Commission may direct that testimony be filed electronically with the other parties.

SUSPENSION OF PROPOSED EFFECTIVE DATE

Due to the complexities of this case and other constraints on the Commission's time, the Commission finds that it cannot resolve United Water's requested rate increase before the proposed effective date of March 13, 2006. Pursuant to *Idaho Code* §§ 61-622 and 61-623, the Commission hereby suspends the proposed rates for a period of thirty (30) days plus five (5) months from March 13, 2006, or until such time as the Commission enters an Order accepting, rejecting or modifying the request in this matter.

ORDER

IT IS HEREBY ORDERED that the proposed schedules of rates and charges submitted by United Water in this matter are suspended for a period of thirty (30) days plus five (5) months from March 13, 2006, or until such time as the Commission enters an Order accepting, rejecting or modifying the request in this matter.

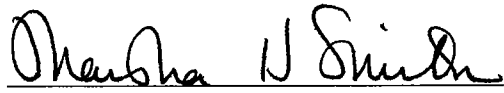
IT IS FURTHER ORDERED that persons desiring to intervene in this case for the purpose of presenting evidence or cross-examination at hearing shall file a Petition to Intervene with the Commission no later than March 21, 2006.

IT IS FURTHER ORDERED that the Company's Motion requesting a waiver of Rule 121(e)'s requirement to file a cost of capital and cost of service study with its Application and testimony is granted.

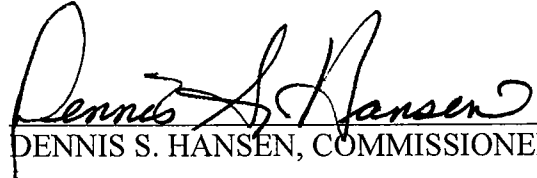
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 3rd day of March 2006.



PAUL KJELLANDER, PRESIDENT

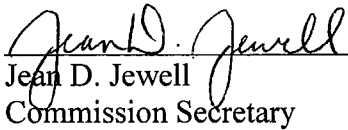


MARSHA H. SMITH, COMMISSIONER



DENNIS S. HANSEN, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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