

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 SETTLEMENT
THE STATE OF IDAHO)
) REQUEST FOR PUBLIC
) COMMENT
)
) NOTICE OF CHANGE TO
) TECHNICAL HEARING
) SCHEDULE
)
) NOTICE OF PUBLIC HEARING
)
) ORDER NO. 30048

On February 10, 2006, United Water Idaho Inc. filed an Application with the Commission for authority to increase its rates and charges for water service in the State of Idaho. The Application requests a 17.91% average increase in overall rates. If approved, Company revenues would increase by approximately \$6 million annually. The Company requested that new rates become effective on March 13, 2006.

On March 3, 2006, the Commission issued Order No. 29988 establishing the deadline for parties to intervene in the case and suspending the proposed effective date. The only party to Petition to Intervene was BRACE (Boise Residents Against Commercial Exploitation). After being granted intervention BRACE subsequently withdrew its Petition. On March 29, 2006, the Commission issued a Notice setting the technical hearing date for July 12-14, Staff prefile deadline of June 2, and a rebuttal deadline of June 27, 2006.

On May 15, 2006, the parties met for settlement discussions. As a result, the parties were able to reach agreement on the issues in this case and entered into a Settlement Stipulation. The Stipulation and Motion requesting that the Commission approve the Settlement Stipulation in its entirety were filed with the Commission on May 22, 2006.

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NOTICE OF SETTLEMENT

On May 22, 2006, the parties executed a Settlement Stipulation agreeing to settle all issues in the rate case. The Settlement Stipulation represents a compromise of the parties' disparate positions in this case, and they urge the Commission to approve the Stipulation in its entirety. The parties maintain the Settlement Stipulation is in the public interest and that all of its terms and conditions are fair, just, and reasonable. Motion at 2. The parties stand ready to support the Stipulation at the technical hearing. *Id.*

The Stipulation states that United Water should be allowed to increase its rates to recover \$3.633 million in additional annual revenue. Stipulation at ¶ 6. The parties agree that the additional annual revenue be collected by a uniform increase to rates and charges (except incidental service charges) of approximately 10.98%. Stipulation at ¶ 7. The parties agree that the Stipulation regarding the overall weighted cost of capital and rate of return approved by the Commission in Case No. UWI-W-04-4 is appropriate for use in this case. Stipulation at ¶ 6. In addition the Stipulation provides that: (a) the Company will continue its current method to account for Idaho Power PCA costs, and the Company may amortize over three years the approximate current balance of \$79,000 for deferral power costs, and further deferral will reflect the PCA rate effective as of June 1, 2006; (b) United Water may continue to amortize deferrals for power expense, rate case expense, relocation expense, tank painting expense, water quality testing expense, and several other minor amortizations approved in Order No. 29838. United Water may begin to amortize the tank painting expense related to Federal Reservoir of \$150,000 over a 20-year period; and (c) the Company may amortize over a four-year period deferred rate case expense related to Case No UWI-W-04-4 which was not addressed by Order No. 29838 and deferred rate case expense for this case, Case No. UWI-W-06-2. *Id.*

The Settlement Stipulation also provides for dismissal of the appeal from United Water's last rate case. Upon execution of the Stipulation the parties filed a Motion to Suspend the Briefing Schedule in the appeal of Case No. UWI-W-04-4, Supreme Court Docket No. 32431. Upon entry of an Order approving the Settlement Stipulation, the Company will promptly file appropriate pleadings to dismiss with prejudice the appeal.

YOU ARE HEREBY NOTIFIED that the Settlement Stipulation and the accompanying Motion for Approval of the Stipulation are available for public inspection during regular business hours at the Commission's office. In addition, the Settlement Stipulation is available for viewing on the Commission's website at www.puc.idaho.gov.

REQUEST FOR WRITTEN COMMENT

YOU ARE FURTHER NOTIFIED that the Commission invites members of the public to provide written comments in support of or in opposition to the Settlement Stipulation. **The deadline for filing written comments with respect to the Stipulation is July 12, 2006.** Written comments concerning this case should be mailed to the Commission and to the Company at the addresses reflected below.

Commission Secretary
Idaho Public Utilities Commission
PO Box 83720
Boise, ID 83720-0074

Street Address For Express Mail:

472 W. Washington Street
Boise, ID 83702-5983

Dean J. Miller, Esq.
McDevitt & Miller LLP
PO Box 2564
Boise, ID 83701
E-mail joe@mcdevitt-miller.com

Gregory P. Wyatt
United Water Idaho Inc.
PO Box 190420
Boise, ID 83719-0420
E-mail greg.wyatt@unitedwater.com

These comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's homepage located at www.puc.idaho.gov. Click the "Comments and Questions" icon, and complete the comment form, using the case number as it appears on the front of this document. These comments must also be sent to the Applicant at the addresses listed above. Persons desiring to testify at the scheduled public hearing, set out below, may do so.

NOTICE OF PUBLIC HEARING

YOU ARE HEREBY NOTIFIED that the Commission will convene a public hearing on **WEDNESDAY, JULY 12, 2006 at 7:00 P.M. AT THE IDAHO PUBLIC UTILITIES COMMISSION, IN THE COMMISSION HEARING ROOM, 472 WEST WASHINGTON**

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STREET, BOISE, IDAHO (334-0330). The purpose of the public hearing is to take testimony from members of the public regarding the Settlement Stipulation.

YOU ARE FURTHER NOTIFIED that all workshops and hearings in this matter will be held in facilities meeting the accessibility requirements of the Americans with Disabilities Act (ADA). Persons needing the help of a sign language interpreter or other assistance in order to participate in or to understand testimony and argument at a public hearing may ask the Commission to provide a sign language interpreter or other assistance at the hearing. The request for assistance must be received at least five (5) working days before the hearing by contacting the Commission Secretary at:

IDAHO PUBLIC UTILITIES COMMISSION
PO BOX 83720
BOISE, IDAHO 83720-0074
(208) 334-0338 (Telephone)
(208) 334-3762 (FAX)
E-Mail: secretary@puc.idaho.gov

YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code including *Idaho Code* § 61-302, 61-607, 61-502, 61-503, 61-507, 61-622, and 61-623. The Commission may enter any final Order consistent with its authority under Title 61.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

NOTICE OF CHANGE TO THE TECHNICAL HEARING SCHEDULE

YOU ARE FURTHER NOTIFIED that given the proposed settlement, the Commission finds that a three-day hearing is not necessary. Consequently, the Commission vacates: the June 2, 2006 deadline for prefiled direct testimony; the June 27, 2006 deadline for prefiled rebuttal testimony; and the second and third day of the technical hearing, July 13 and July 14, 2006. The parties shall prefile their written **direct testimony in support of the Settlement Stipulation no later than June 16, 2006**. The **technical hearing** in this matter will commence on **WEDNESDAY, JULY 12, 2006, AT 9:30 A.M. IN THE COMMISSION'S**

HEARING ROOM, 472 WEST WASHINGTON STREET, BOISE, IDAHO (208) 334-

0300. Parties intending to present testimony shall do so at the technical hearing.

ORDER

IT IS HEREBY ORDERED that persons desiring to submit written comments in support or opposition to the Settlement Stipulation must do so no later than July 12, 2006.

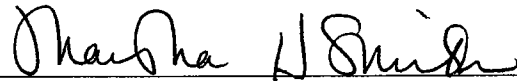
IT IS FURTHER ORDERED that the technical hearing shall commence on Wednesday, July 12, 2006, at 9:30 a.m. The remaining days of the technical hearing are vacated. The deadlines to prefile direct testimony and to file rebuttal testimony currently set for June 2, and June 27, 2006, respectively, are vacated. Testimony from the parties in support of the Settlement Stipulation shall be filed no later than June 16, 2006.

IT IS FURTHER ORDERED that a public hearing shall commence on Wednesday, July 12, 2006, at 7:00 p.m.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 25th day of May 2006.



PAUL KJELLANDER, PRESIDENT

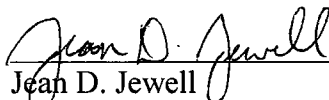


MARSHA H. SMITH, COMMISSIONER



DENNIS S. HANSEN, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

O:UWI-W-06-02_dw3

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