

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

<b>IN THE MATTER OF THE APPLICATION OF )</b>	
<b>UNITED WATER IDAHO INC. FOR AN )</b>	<b>CASE NO. UWI-W-06-3</b>
<b>ACCOUNTING ORDER REGARDING )</b>	
<b>CONSERVATION PLANNING COSTS )</b>	<b>ORDER NO. 30063</b>
<b>)</b>	

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On March 30, 2006, United Water Idaho Inc. filed an Application requesting an accounting order authorizing the Company to defer and amortize costs associated with revising its conservation program. The Commission directed the Company to update its conservation plan in Order No. 29838 issued in Case No. UWI-W-04-4. The Company states it will pay a consultant up to \$80,000 to prepare a conservation plan, and that it will incur an additional cost of approximately \$10,000 to complete and file the plan with the Commission. The Company thus asked the Commission to enter an Order authorizing the Company to defer up to \$90,000 in costs associated with the conservation planning effort.

On April 12, 2006, the Commission issued a Notice of Application and Notice of Modified Procedure to process the Company's Application. Staff filed written comments recommending that United Water be allowed to defer the \$80,000 cost of the conservation plan in a separate sub-account. Staff stated it is inappropriate, however, to allow deferral of the additional \$10,000 estimated for completion of revisions to the plan. Staff suggested the plan should be complete when prepared by the consultant, and that minor updates and revisions should be considered routine and not appropriate for deferral. Staff also recommended the Company seek possible reimbursements that might be available through the Environmental Protection Agency (EPA) or other entities that support water conservation programs.

United Water filed reply comments on May 12, 2006. The Company stated that the anticipated \$10,000 in extra costs will be out of pocket expenses and not costs associated with efforts of Company employees. As examples, the Company explained that its consultant has contacted experts who will, "appropriately, charge the Company for their time and effort." The Company also expects to incur legal costs related to the deferral request and the filing of the completed plan with the Commission. Regarding the potential recovery of conservation planning costs from other agencies, the Company contends Staff speculates that a public entity

might provide grants to water utilities, but the Staff comments do not state as a factual matter that reimbursement sources are available. The Company contacted the EPA and the Idaho Department of Environmental Quality and learned that neither agency had programs that would reimburse utilities for conservation planning efforts. The Company thus requested that its original Application for an Order allowing deferral of up to \$90,000 be approved.

We find, on the record presented, that it is appropriate to approve United Water's Application and issue an Order authorizing the Company to defer necessary costs to prepare and file a new water conservation plan. The Commission encourages utilities to assist customers in conserving energy and water resources, and thus we directed United Water to update its conservation plan. The Commission authorizes United Water to defer in a separate account up to \$80,000 for its consultant costs to prepare a new plan, and up to \$10,000 for direct out-of-pocket costs. Although we authorize a deferral not to exceed \$90,000, we also find that the estimated costs in excess of the \$80,000 preparation costs will need further review by the Commission. At the time the Company seeks to include these deferred conservation costs in rates, it will be necessary for the Company to show that the additional costs were prudent and not incurred in the normal course of doing business.

### **ORDER**

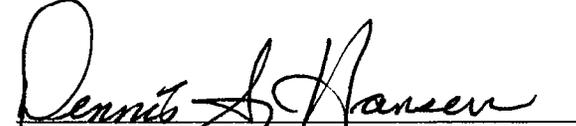
IT IS HEREBY ORDERED that United Water is authorized to defer in a separate account its costs to prepare a new conservation plan, not to exceed \$90,000. At the time the Company seeks to include these deferred conservation plan costs in rates, it will be necessary for the Company to show that the program costs were prudent and that the amounts in excess of the \$80,000 plan costs were not incurred as part of the normal cost of doing business.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 6<sup>th</sup>  
day of June 2006.

  
PAUL KJELLANDER, PRESIDENT

  
MARSHA H. SMITH, COMMISSIONER

  
DENNIS S. HANSEN, COMMISSIONER

ATTEST:

  
Jean D. Jewell  
Commission Secretary

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