

DECISION MEMORANDUM

TO: COMMISSIONER KJELLANDER
COMMISSIONER SMITH
COMMISSIONER HANSEN
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL

FROM: WELDON STUTZMAN

DATE: MAY 23, 2006

SUBJECT: CASE NO. UWI-W-06-3
APPLICATION OF UNITED WATER IDAHO INC. FOR AN
ACCOUNTING ORDER REGARDING CONSERVATION PLANNING
COSTS

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 its conservation planning 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 the plan revision. 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 cost of the conservation plan in a separate sub-account. Staff believes it is inappropriate, however, to allow deferral of an estimated additional \$10,000 for completion of revisions to the plan. Staff suggested the plan should be complete when prepared by the consultant, and that occasionally required minor updates and revisions should be considered routine and not appropriate for deferral. Staff also recommended that 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 explained 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 some other entity might provide grants to water utilities, but the Staff comments do not state as a factual matter the availability of such reimbursement sources. The Company conferred with employees at the EPA and the Idaho Department of Environmental Quality and learned that neither agency was aware of programs that would reimburse utilities for conservation planning efforts. The Company thus requests that its original Application for an Order allowing deferral of up to \$90,000 be approved.

COMMISSION DECISION

Should the Application of United Water for an accounting order authorizing the Company to defer and amortize up to \$90,000 for its conservation planning efforts be approved?



Weldon B. Stutzman

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