

DECISION MEMORANDUM

TO: COMMISSIONER KJELLANDER
COMMISSIONER SMITH
COMMISSIONER REDFORD
COMMISSION SECRETARY
COMMISSION STAFF

FROM: DONOVAN E. WALKER

DATE: SEPTEMBER 21, 2007

SUBJECT: UNITED WATER'S APPLICATION TO IMPLEMENT MONTHLY BILLING AND FOR RECOVERY OF THE ASSOCIATED COSTS, CASE NO. UWI-W-07-04.

On September 17, 2007, United Water filed an Application seeking authority to implement a program of monthly billing and for authority to implement rates and charges to recover the increased cost of converting from bi-monthly to monthly billing. The Company stated that it believes a hearing is not necessary and requested that its Application be processed by Modified Procedure.

THE APPLICATION

United Water states that it believes it would be in the public interest to convert from bi-monthly to monthly billing for the following reasons: (1) a monthly bill should be easier for customers to budget for and to pay than a bi-monthly bill, especially in summer; (2) monthly billing can enhance water conservation and lower bills by sending a more timely price signal to customers and providing more timely information to customers regarding their consumption; (3) monthly billing would reduce the incidence of "high-bill" complaints from customers that result from bills that reflect charges for two months of usage; and (4) monthly billing would double the number of visits to customer premises by meter readers, enabling quicker detection and troubleshooting of leaks or meter problems.

The Company estimates that the additional annual cost of monthly billing will be \$1,125,905, reflecting the cost of additional personnel for meter reading, preparation and mailing of bills on a more frequent basis, increased collections processing, and administrative expenses. Recovery of this cost represents an overall increase in rates of 3.75% on average. The Company

proposes to apply the increase to the fixed customer charge portion of bills. This would raise rates for all customers by approximately \$1.15 per month, bringing the average annual residential customer bill from \$368.61 to \$382.44.

The Company estimates that it will require at least five months lead time to hire and train additional personnel and to make the operational adjustments needed to implement monthly billing. It requests an effective date for the proposed tariff changes of May 1, 2008, and consequently an Order approving its request on or before December 1, 2007.

The Company filed with its Application revised tariff sheets showing the proposed changes from bi-monthly to monthly billing. The Company also filed the Direct Testimony of Gregory P. Wyatt, which discusses the Company's Application and requests in more detail.

STAFF RECOMMENDATION

Staff recommends that before the Commission authorizes the use of Modified Procedure as requested by the Company that it issue Notice of the Company's Application, and establish an Intervention Deadline, by which those interested may petition to intervene as parties to this case.

COMMISSION DECISION

Does the Commission wish to issue a Notice of Company's Application, authorize the use of Modified Procedure and establish a comment deadline? -or-

Does the Commission wish to issue a Notice of Company's Application and establish an Intervention Deadline, by which those interested may petition to intervene as parties to this case? -and-

Does the Commission wish for Staff to conduct a public workshop pursuant to Rule 125 (IDAPA 31.01.01.125)?



Donovan E. Walker