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Chas. F. McDevitt
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May 6, 2008

Via Hand Delivery

Jean Jewell, Secretary
Idaho Public Utilities Commission
472 W. Washington St.
Boise, Idaho 83720

RE: Case No. UWI-W-08-01
Complaints of McKay Construction and Schmidt Construction

Dear Ms. Jewell:

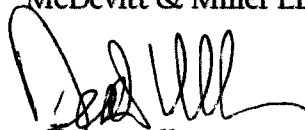
Enclosed for filing in the above matter please find the formal Answer of United Water, as required by RP 57 and the Commission's Summons dated April 17, 2008.

Also enclosed is United Water's Statement of Position which more fully explains United Water's *labor in lieu of cash* program and the reasons for which United Water determined to place a cap on the number of eligible contractors.

Kindly return a file stamped copy to me.

Very Truly Yours,

McDevitt & Miller LLP



Dean J. Miller

CFM/hh

Encls

cc: United Water
McKay Construction
Schmidt Construction

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Attorneys for United Water Idaho Inc.

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

McKAY CONSTRUCTION CO., INC.,

COMPLAINANT

and

SCHMIDT CONSTRUCTION CO., INC.,

COMPLAINANT

vs.

UNITED WATER IDAHO INC.

RESPONDENT

Case No. UWI-W-08-01

**ANSWER OF UNITED WATER
IDAHO INC.**

COMES NOW United Water Idaho Inc, (“United Water”) and in Answer to the Complaints of McKay Construction Co., Inc (“McKay”) and Schmidt Construction Co., Inc (“Schmidt”) admits, denies and alleges as follows:

McKay Complaint

1. United Water denies each and every allegation of the Complaint not specifically admitted herein.
2. In Answer to the allegations of the paragraph that begins with the words, “In December of 2007...” United Water admits that it provided a Pre-Qualification Contractor Package to McKay, but denies it did so to re-establish McKay’s standing as an approved contractor. United

Water admits the remaining allegations of this paragraph and United Water admits that in January of 2008, it determined not to add additional contractors to its approved contractor list.

3. In Answer to the allegations of the paragraph that begins with the words, "After Steve's conversation..." United Water is without sufficient information to admit or deny the allegations contained therein, and therefore denies the same.

4. In Answer to the allegations of the paragraph that begins with the words, "In response to..." and the subsequent paragraphs of the McKay Complaint, these paragraphs are more in the nature of argument, not allegations of fact, and United Water responds to them in the accompanying Statement of Position.

Schmidt Complaint

5. United Water denies each and every allegation of the Complaint not specifically admitted herein.

6. United Water admits that in November of 2007, Schmidt submitted a Pre-Qualification application and admits that in January of 2008, United Water determined not to add additional contractors to the approved contractors list for the year 2008.

7. In answer to the remaining paragraphs of the Complaint, these paragraphs are more in the nature of argument, not allegations of fact, and United Water responds to them in the accompanying Statement of Position.

Procedural Suggestions

8. United Water consents that the Commission may consider this matter as being fully submitted based on this Answer and the accompanying Statement of Position and that the Commission may render a decision based thereon. Alternatively, if the Commission desires oral argument based on the existing record, United Water is prepared to present oral argument.

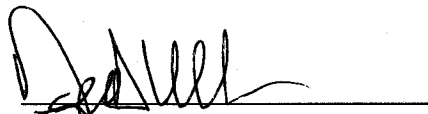
Alternatively, if the Commission believes the record should be more fully developed through pre-filed testimony, United Water suggests that a pre-hearing conference be convened.

WHEREFORE, having fully answered the McKay Complaint and Schmidt Complaint, United Water respectfully requests that the same be dismissed.

DATED this 6 day of May, 2008.

Respectfully submitted,

MCDEVITT & MILLER LLP

A handwritten signature in black ink, appearing to read "D. Miller", is written over a horizontal line.

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Counsel for United Water Idaho Inc.

CERTIFICATE OF SERVICE

I hereby certify that on the 6th day of May, 2008, I caused to be served, via the method(s) indicated below, true and correct copies of the foregoing document, upon:

Jean Jewell, Secretary
Idaho Public Utilities Commission
472 West Washington Street
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Boise, ID 83720-0074
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Leah H. Boyle, Legal Asst.
McDevitt & Miller LLP