

McDevitt & Miller LLP

Lawyers

RECEIVED

(208) 343-7500
(208) 336-6912 (Fax)

420 W. Bannock Street
P.O. Box 2564-83701
Boise, Idaho 83702

2008 SEP -2 PM 3: 32

IDAHO PUBLIC
UTILITIES COMMISSION

Chas. F. McDevitt
Dean J. (Joe) Miller

September 2, 2008

Via Hand Delivery

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

Re: Case No. UWI-W-08-02

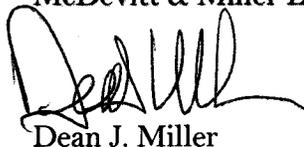
Dear Ms. Jewell:

Enclosed for filing in the above matter, please find the original and seven copies of United Water Idaho Inc.'s Reply Comments. Also enclosed for filing, please find the original and seven copies of the City of Nampa's Reply Comments.

Kindly return a file stamped copy to me.

Very Truly Yours,

McDevitt & Miller LLP



Dean J. Miller

DJM/hh
Enclosures
C: United Water

Dean J. Miller (ISB No. 1968)
McDEVITT & MILLER LLP
420 West Bannock Street
P.O. BOX 2564-83701
Boise, Idaho 83702
Tel: 208-343-7500
Fax: 208-336-6912
joe@mcdevitt-miller.com

RECEIVED

2008 SEP -2 PM 3: 34

IDAHO PUBLIC
UTILITIES COMMISSION

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION
OF UNITED WATER IDAHO INC., FOR AN
AMENDMENT TO ITS CERTIFICATE OF
PUBLIC CONVENIENCE AND NECESSITY
NO. 143 AND FOR AN ACCOUNTING
ORDER.

Case No. UWI-W-08-02

REPLY COMMENTS

COMES NOW the Applicant, United Water Idaho Inc., (“United Water”) and
replies to the Comments of the Commission Staff (“Staff Comments”) dated August 8,
2008, as follows, to wit:

Staff Comments are divided into three categories entitled “Accounting Issues,”
“Engineering Issues” and “Rate Issues.” United Water in this Reply, will address each in
turn.

ACCOUNTING ISSUES

This section of Staff Comments contains two recommendations: (1) that the
Company file with the Commission the final closing documents and actual journal entry
amounts (Pg. 4); and (2) that the gain on the sale be accounted for in the same manner as
approved in the recent sale of a water system to the City of Kuna, Order No. 30481.

United Water concurs in both recommendations. As it has done in the past, as soon as practicable after closing, United Water will file with the Commission final closing documents and actual journal entries.

The method for sharing of the gain on the sale between customers and shareholders approved in Order No. 30481 is appropriate in this case. As noted in Staff Comments, this treatment splits benefits between customers and shareholders. Staff Comments also note the benefit to customers of removing the additional liability of providing safe water to Belmont Heights. (Pg. 5).

ENGINEERING ISSUES

This section of Staff Comments does not contain any specific recommendation but observes that sale of the Belmont Heights system and subsequent interconnection to the City of Nampa system is the least cost solution to a public health concern. United Water concurs in this observation.

RATE ISSUES

Staff Comments point out that under the current City of Nampa rate structure, customers outside municipal boundaries are charged twice the amount as customers within the City. This rate structure has different implications for each of the non-contiguous systems.

First, it does not apply to the M&M system, which is billed under United Water's Flat Rate Tariff. The City has agreed to bill the M&M customers the same flat rate.

Second, although the rate structure results in a higher rate compared to United Water's rates for Belmont Heights' customers, Staff Comments conclude this is fair and reasonable in light of the benefit of eliminating a public health concern.

With respect to customers of the Coventry water system, Staff Comments, while acknowledging that the Commission does not have jurisdiction over rates of municipalities, suggest that the parties negotiate a rate stability agreement. Staff Comments state, "Consequently, Staff recommends that these customers be allowed to remain at existing UWI rates for a fixed period of three to five years *or until the system is interconnected with* or annexed into the City." (Pg. 8) (Emphasis Supplied). Thus, according to Staff Comments, a rate stability agreement could expire when interconnection is achieved.

Filed contemporaneously herewith are Reply Comments of the City of Nampa. In those Comments the City makes a commitment to interconnect the Coventry water system with the City's system within 30 days of closing. The City's commitment to interconnect Coventry to the City's system within 30 days satisfies Staff's suggested condition to a change in rates, that is, interconnection to the Nampa system. Accordingly, there is not a need for the suggested rate stability agreement.

LETTER COMMENT OF DON LYNN

The Commission has received a letter from a Belmont Heights system customer, Mr. Don Lynn, attached. While generally supportive of the proposed sale, Mr. Lynn raises a few concerns, mostly about rates and conditions of service after the transfer. These concerns are addressed in the Reply Comments of the City of Nampa.

CONCLUSION

For the reasons cited herein United Water respectfully requests that the Commission enter its Order:

1. Approving the modification of United Water's Certificate of Public Convenience and Necessity No. 143 by eliminating the Subdivisions therefrom;
2. Confirming that after the date of closing of the purchase and sale transaction, United water will have no further obligation to provide domestic water service to the Subdivisions;
3. Approving the Company's accounting proposal.

DATED this 2 day of September, 2008.

UNITED WATER IDAHO INC.

By: 

Dean J. Miller

Attorney for Applicant

CERTIFICATE OF SERVICE

I hereby certify that on the 10th day of September, 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
P.O. Box 83720
Boise, ID 83720-0074
jjewell@puc.state.id.us

Hand Delivered
U.S. Mail
Fax
Fed. Express
Email

Scott Woodbury
Idaho Public Utilities Commission
472 West Washington Street
P.O. Box 83720
Boise, ID 83720-0074

Hand Delivered
U.S. Mail
Fax
Fed. Express
Email

Terrence R. White, Esq
WHITE PETERSON
5700 E. Franklin Road., Ste 200
Nampa, ID 83687

Hand Delivered
U.S. Mail
Fax
Fed. Express
Email

BY: *Leather Hole*
MCDEVITT & MILLER LLP