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IDAHO PUBLIC  
UTILITIES COMMISSION

Attorneys for Applicant

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION  
OF UNITED WATER IDAHO INC. FOR  
AUTHORITY TO INCREASE ITS RATES  
AND CHARGES FOR WATER SERVICE IN  
THE STATE OF IDAHO

Case No. UWI-W-09-01

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

DIRECT TESTIMONY OF GREGORY P. WYATT

1 Q. Please state your name and business address.

2 A. Gregory P. Wyatt. United Water Idaho, 8248 West Victory Road, Boise Idaho.

3 Q. What is your occupation?

4 A. I am the General Manager of United Water Idaho ("United Water" or  
5 "Company").

6 Q. Please describe your educational background and other qualifications.

7 A. I am a graduate of Bloomsburg University with a Bachelor of Arts degree in  
8 Business Administration Management. I have previously provided testimony  
9 before the Indiana Utility Regulatory Commission, the Pennsylvania Public  
10 Utility Commission, and the Idaho Public Utilities Commission.

11 Q. Please describe your work experience.

12 A. I have been employed at United Waterworks properties, formerly General  
13 Waterworks, since December 1974. Prior to assuming my current duties as  
14 General Manager of United Water Idaho in late 1999, I worked in various  
15 capacities in several states including General Manager for United Water  
16 Pennsylvania, Area Manager for the United Water Indiana operations, Assistant  
17 Manager of United Water Idaho and various accounting positions in New Jersey  
18 and Pennsylvania.

19 Q. Please describe your duties as General Manager.

20 A. My duties are to oversee the daily operation of providing potable water to the  
21 customers of United Water Idaho. I supervise the various departments of  
22 Engineering, Production, Transmission & Distribution, Customer Service,

1 Billing, Information Technology, Planning and Accounting in meeting their  
2 responsibilities for the delivery of potable water and providing related services  
3 to customers.

4 These functions include planning for raw water source, construction,  
5 maintenance and operation of the treatment and pumping facilities, construction,  
6 maintenance, and operation of the distribution system including mains, services,  
7 and storage tanks, responding to customer needs regarding initial service or  
8 discontinuing service by reading customer meters, processing and delivering  
9 bills, and responding to other customer needs through the Customer Service  
10 Representatives.

11 My duties also include supervision of the Company's compliance with all  
12 regulations in regard to safety, compliance with the Safe Drinking Water Act,  
13 and other similar requirements.

14 Q. What is the purpose of your testimony?

15 A. I will testify regarding the major reasons for the rate increase requested in this  
16 present case, the operations of the Company, and the Company's conservation  
17 and customer service efforts. I also propose that the Commission approve a  
18 Budget Bill Program and a minor change to the Company's Rules and  
19 Regulations. I will also be available to answer questions of a general nature.

20 Q. Please identify the other witnesses who will testify on behalf of the Company  
21 and the topics on which they will testify.

1 A. Mr. Charles E. Loy, with GDS Associates, Inc., will testify regarding revenue  
2 adjustments and expense adjustments.

3 Mr. Kevin Doherty, Director of Rates with the United Water M&S Company,  
4 will testify regarding rate base and revenue requirement.

5 Mr. Scott Rhead, Director of Engineering, will testify regarding pro-forma  
6 capital additions, plant in service, and purchased water expense.

7 **Rate Increase Drivers**

8 Q. Would you briefly explain why the Company is seeking a rate increase at this  
9 time?

10 A. The increase is necessary for the Company to continue to provide quality  
11 service to our customers, to improve service by replacing aging infrastructure  
12 and to replace infrastructure that is in conflict with other infrastructure renewal  
13 (such as highway and street rebuilds). For these reasons, United continues to  
14 make capital investments in utility plant. The Company's rate base of  
15 \$141,015,147 as filed in our last rate proceeding (Case No. UWI-W-06-02) has  
16 increased to \$154,127,480 in this proceeding or an increase of \$13,112,333. In  
17 addition, operating costs have increased since the last rate proceeding from  
18 \$22,877,788 to \$24,123,096 or an increase of \$1,245,308. An increase in rates  
19 is necessary in order to provide sufficient capital dollars to maintain and  
20 improve quality service to our customers, to provide adequate operating and  
21 maintenance coverage, and to maintain a sound financial position.

1 Q. What are the major capital investments the Company has made since the last  
2 rate case that account for the increase in rate base?

3 A. The Company has invested about \$2 million dollars in treatment facilities at  
4 various locations in the system with \$1.6 million of that for the installation of a  
5 granular activated carbon treatment system for the removal of volatile organic  
6 compounds (VOC's) contamination in two wells at the Swift Well complex.  
7 This investment at the Swift site has enabled the Company to improve water  
8 quality to customers while also utilizing more of the source well water from  
9 those wells. The Company has made investments totaling more than \$12  
10 million dollars in replacing aging infrastructure. Since the last case the  
11 Company has replaced over 16 miles of water mainline, 2,200 water services,  
12 and 13,000 meters. Additionally, the Company has improved system reliability  
13 by investing almost \$1.4 million in booster station improvements, and over \$0.7  
14 million dollars in auxiliary power generators at various sites throughout the  
15 water system.

16 Q. What are the major areas of operating cost increase that the Company has  
17 experienced since the last rate case?

18 A. A significant portion of the expense increase in this case comes from  
19 depreciation related to the capital investments the Company has made. The  
20 depreciation expense has increased by more than \$700,000. Additionally, costs  
21 have increased by more than \$600,000 related to electric power and chemicals.  
22 The Company is also seeking reimbursement of over \$100,000 related to its new

1 conservation programs and efforts since 2006. All of these and other expense  
2 changes are discussed more fully in Witness Loy's testimony and exhibits.

3 Q. What is the current average annual residential water bill as determined in the  
4 test year?

5 A. The current average annual residential bill, as reflected in this case after  
6 adjustments and normalization, is \$342.81, exclusive of Idaho Department of  
7 Environmental Quality (IDEQ) fees and city franchise taxes.

8 Q. What would be the average annual residential bill under the proposed rates in  
9 this filing, and what is the overall increase request?

10 A. The average annual residential bill under proposed rates would be \$395.25, or  
11 an increase of 15.30%, or about \$4.37 per month, or about \$.15 per day. The  
12 overall increase request in this present filing is 15.21%.

13 **Cost of Service and Tariff Design**

14 Q. What is the Company's proposal for adjustments to rates to recover any revenue  
15 increase that may be awarded by the Commission?

16 A. As explained in more detail in the testimony of Witness Loy, the Company is  
17 proposing a uniform percentage increase to all rate elements, excluding  
18 miscellaneous service charges and fees. The Company is not proposing, in this  
19 case, any change to the current tariff design and is maintaining the 25%  
20 differential between winter and summer volumetric rates.

21 A. Is the Company presenting the testimony of an independent cost of service  
22 witness in this case?

1 A. No. On July 2, 2009, the Company filed a Motion for Order Waiving  
2 Requirement for Cost of Service Study, and on July 16, 2009 the Commission  
3 granted the waiver in its Order No. 30865.

4 **Company Operations**

5 Q. Please describe the operations of the company.

6 A. As of May 31, 2009, United Water Idaho provided domestic water service and  
7 fire protection to approximately 83,900 residential, commercial, private fire  
8 protection and public authority customers within the City of Boise and the  
9 immediate surrounding area. Currently our source of supply is comprised of  
10 two (2) surface water treatment plants and eighty-five (85) deep wells, which  
11 are located throughout a service area of approximately 146 square miles. The  
12 projected nominal delivery capacity in the year 2009 of the surface water  
13 treatment plants and the eighty-five (85) wells to customers is 97.5 million  
14 gallons per day (mgd).

15 At this time, well water treatment essentially consists of the addition of  
16 chlorine for disinfection and system residuals as well as polyphosphate for  
17 sequestration of iron and manganese. In addition, green sand filtration systems  
18 treat water at two well stations in the system, (Bali Hai and Maple Hills), and a  
19 granular activated carbon filtration system treats two wells at the Swift well site.  
20 At the Marden Street surface water treatment plant, the treatment ranges from  
21 direct filtration to full coagulation, settling and filtration depending on the  
22 quality of the raw water. At the Columbia surface water treatment plant,  
23 treatment is accomplished using micro-filtration membranes.

1           During 2008, the maximum day production (demand) from all sources was  
2           84.9 million gallons; the minimum day production was 17.4 million gallons;  
3           while average day production was approximately 41.7 million gallons. The  
4           historical maximum day demand was 94.1 million gallons in July 2003.

5           The distribution system consists of approximately 1,178 miles of water  
6           main, varying in size from 2 inches to 30 inches in diameter. The distribution  
7           system also is supported by 36.3 million gallons of storage capacity contained in  
8           37 ground-level reservoirs.

9           Due to differences in elevation within the coverage of the service area,  
10          United Water Idaho has 10 different major pressure zones. These zones are  
11          necessary to maintain a reasonable range of pressure at the customers' points of  
12          use. Connections from adjacent pressure zones allow us to transport water  
13          between some pressure zones; however, it is not possible to transport water  
14          from each pressure zone to all 9 of the other pressure zones. Since we have 87  
15          sources (points from which water originates), the customers within the area of  
16          influence of a particular source normally will receive water from that source.  
17          As the customers near the source begin to use up the water and as distance from  
18          the source increases, more water will be consumed until the supply from a  
19          particular source is exhausted and adjacent customers then receive water from a  
20          different source.

21        Q.     You note that the combined nominal delivery capacity of the system is  
22                approximately 97.5 mgd while the maximum day demand from 2008 was 84.9

1 million gallons. Does this mean that you can serve significant numbers of  
2 additional customers without adding any additional source?

3 A. No, it does not. That would require a perfectly balanced distribution system and  
4 every well would have to produce 100% of capacity at the same time. This  
5 perfect balance would have to be between the main sizes, main locations, source  
6 locations, pumping capacity, storage size, and storage locations.

7 Additionally, when the need for supply redundancy is considered the  
8 apparent surplus is reduced. The Idaho Department of Environmental Quality  
9 requires water suppliers to provide supply redundancy by allowing for the loss  
10 of the largest capacity wells when determining their reliable water supply  
11 targets. Two key operational service areas of the water system are Columbia  
12 and the West First Bench. The largest wells serving these zones are Pleasant  
13 Valley (2.5 mgd) and Bethel (2.8 mgd) respectively. With a combined capacity  
14 of 5.3 mgd, these sources, if lost, decrease the difference in overall system  
15 supply compared to demand significantly.

16 Customer growth is also not distributed evenly across the system. There  
17 are areas poised for higher growth where new sources of supply will be needed.  
18 Most notably the southwest and northwest areas of the system have historically  
19 experienced growth that, when the economy recovers, will likely require future  
20 source additions.

21 Q. The pro-forma operating expense adjustments presented by Witness Loy  
22 indicate that three new employee positions are included in this case. Please  
23 explain these new positions and the need for them.

1 A. The three new positions are a GIS Supervisor, an Accounting Manager, and a  
2 Human Resources Generalist.

3 GIS Supervisor: This position is being added in order to enable the Company to  
4 continue its electronic mapping, to upgrade its geographic information system  
5 (GIS) from the current legacy software, ArcInfo GIS, to the more current  
6 technology of ArcGIS geodatabases, and to continue to maintain mapping  
7 updates in GIS. Previously, the Company was able to accomplish map updates  
8 using an outside contractor; however the contractor is not willing or able to  
9 upgrade to ArcGIS. The GIS Supervisor was hired effective July 27, 2009.

10 Accounting Manager: This position is being added in order to enable the  
11 Company to more effectively maintain its books and records, and to meet  
12 reconciliation and reporting requirements. In 2007, the then current Accounting  
13 Manager resigned for personal reasons and the Company replaced that position  
14 with an Accountant; aligning the department under the Manager Finance and  
15 Rates. Since that time the accounting, planning and reporting requirements of  
16 the Company have increased, including the effects of the Sarbanes-Oxley Act.  
17 The Manager of Finance and Rates is now devoted full-time to planning and  
18 regulatory matters resulting in the need for an Accounting Manager to again  
19 oversee the department. The Accounting Manager was hired effective August  
20 31, 2009.

21 Human Resources Generalist: This position is being added in order to enable the  
22 Company to accomplish the local HR functions. Currently, the Administrative  
23 Assistant/Training Coordinator performs the three functions of administrative

1 assistant for the General Manager, training coordinator, and local human  
2 resources activities. This long-term, seasoned employee has confirmed that she  
3 will retire in the first quarter of 2010. In order to accomplish the required  
4 functions a replacement Administrative Assistant (AA) will be hired to fulfill  
5 the AA requirements for the General Manager plus the Accounting, Production  
6 and Commercial Departments, which currently have little or no AA support.  
7 The local human resources and training coordination functions will be filled by  
8 the new Human Resources Generalist. The Human Resources Generalist  
9 position is expected to be filled by year-end 2009.

10 Q. The Company has \$203,994 of expense for R&I Alliance in the test year ending  
11 May 31, 2008. Please explain the Company's R&I Alliance.

12 A. The R&I Alliance is a legal entity structured as a partnership between the  
13 following companies: Lyonnaise des Eaux, United Water Management and  
14 Services, Northumbrian Water, Aguas de Barcelona in Spain and Suez  
15 Environment. This partnership provides the Company with access to a  
16 worldwide technical network including experts in virtually every field of water  
17 and wastewater operations, from water supply to treatment, distribution, and  
18 sludge drying.

19 Q. What is the structure of this Company and what part does United Water  
20 Resources play?

21 A. The Alliance has a Board of Directors, in this case composed of the CEO of  
22 each member company. The Board in turn provides direction to a Steering  
23 Committee which is composed of two senior executives from each company,

1 including the Technical Director and Operations Director. United Water  
2 Resources' Chairman of the Board is the Chairman of this Alliance.

3 Q. How is the Alliance funded?

4 A. It is funded by member contributions. United Water Resources contributes  
5 approximately \$2.2 million per year of which United Water Idaho's portion is  
6 \$203,994.

7 Q. What is the objective of the Alliance?

8 A. The mission of the Alliance is to select, fund and coordinate the execution of  
9 common projects in the above member companies. The focus is on operational  
10 needs within these companies in which innovation can be brought to everyday  
11 operations.

12 Q. What are the advantages to United Water Idaho?

13 A. The Alliance was created to obtain better value from research and innovation  
14 projects by means of Leverage – economies of scale and synergies between  
15 companies; Direction – the ability to steer and influence the work undertaken;  
16 Strategic input – a pool of expertise ensuring the needs of the US water  
17 industry were met; and Transparency – clear selection and funding processes.

18 United Water as a whole is able to participate in a range of innovative  
19 projects far greater than possible on its own. As part of United Water Resources,  
20 United Water Idaho is able to participate in, and direct this research.

21 Q. How are the projects managed?

1 A. There is a discrete technical program with identified phases of development,  
2 execution and dissemination of results for projects. Overall the topics are  
3 arranged into program themes, each theme being managed by a member of the  
4 steering committee. The themes are, Asset Management, Energy Efficiency,  
5 Control of Odors, Sludge Management, Stormwater Management, Metering,  
6 Water and Health.

7 Q. Do you have any examples of these, particularly with respect to United Water  
8 Idaho?

9 A. There are numerous projects underway and thereby a large amount of  
10 information available to all United Water companies. Following are examples  
11 of some projects and their application in the United Water Idaho service area.

12 Fixed Network Automated Metering

13 This project is to evaluate the added value inherent with the unique  
14 capabilities of Fixed Network automated meter reading technologies. In  
15 particular the project focus is on engineering analysis and design, and customer  
16 service/customer relations value added. This project is currently ongoing at the  
17 United Water Idaho location with two 100-meter pilot sites in the system  
18 evaluating two different Fixed Network Automated Metering systems.

19 Water Demand Management Survey

20 This project is to evaluate residential customer water use behavior both  
21 indoors and outdoors. Its objectives include understanding the impact on  
22 residential usage of various conservation products, obtaining data on customer

1 water use behavior, end-uses and appliance saturation, and facilitating  
2 conservation behavior by providing household specific information on current  
3 uses and conservation potential. Data is obtained via a residential customer  
4 water audit survey.

5 Q. Why is it appropriate for the Company to participate in such a program?

6 A. A water utility the size of United Water Resources should engage in ongoing  
7 research and development. There is a significant amount of research worldwide  
8 and some of this is already being funded by the Company through its  
9 membership in the American Water Works Association Water Research  
10 Foundation (WRF). The total amount paid by the Company to the WRF for  
11 2008 was \$33,708. The Company has not had any significant research and  
12 development expenses beyond the WRF membership fees. Unfortunately, total  
13 research and development in the water industry has been declining in real terms  
14 in recent years in spite of looming issues like increasing energy costs and  
15 growing competition for water resources. The larger companies, like United  
16 Water, have a responsibility to take a leadership role, and funding a reasonable  
17 level of research and development should be part of that role.

18 Q. Is the Company's contribution to the R&I Alliance duplicative of the work that  
19 is being done by the WRF?

20 A. There may be some overlap, but generally not. WRF funds research of general  
21 interest to the water industry, which is important and necessary, however the  
22 R&I Alliance focuses on research and development of specific benefit to the  
23 member utilities including United Water Idaho.

1 Q. How does research and development in the water industry benefit water utility  
2 customers?

3 A. The type of research done by organizations like WRF and R&I Alliance  
4 produces best practices and new management and operating techniques that  
5 serve to improve water quality, increase operating efficiency and extend asset  
6 life.

7 **Budget Bill Plan**

8 Q. Please describe the Company's request to implement a Budget Bill Plan for  
9 residential customers in this case.

10 A. United Water's proposed Budget Bill Plan is more fully described in the  
11 attached proposed amendments to its Rules and Regulations attached as Exhibit  
12 No. 1. In general the program has the following features:

13 ▶ The program will be available to all residential customers residing in a  
14 premise in which they have twelve (12) consecutive months of water service, (6  
15 actual historical bills). Customers must be in current account status with no past  
16 due amounts;

17 ▶ Enrollment would be permitted at the convenience of the residential  
18 customer with no set enrollment period;

19 ▶ No interest will accrue on positive or negative balances;

20 ▶ Residential customers may be removed from the Budget Bill program  
21 for failure to timely pay the agreed budget bill amount;

1           ▶ United Water may perform mid-term adjustments to the amount of the  
2 budget bill payment due to rate changes, extreme weather impact or other  
3 significant unforeseen circumstances (major leak, etc) as described on Exhibit  
4 No. 1.

5           Upon enrollment the customer's payment amount under the Budget Bill  
6 plan will be calculated based on their most recent twelve (12) months history (6  
7 bi-monthly reads) of consumption at the premises. The customer will receive a  
8 budget bill monthly. An annual reconciliation will be performed with negative  
9 or positive balances, within limits, rolled forward into the next Budget Bill  
10 period.

11           United Water will advertise the availability of the Budget Bill plan  
12 through news releases, bill messages, bill inserts, publication of information on  
13 its website, the "on hold" telephone message and through direct customer  
14 service representative contact. Residential customers will be permitted to enroll  
15 in person at the Company's office, by telephone, and by e-mail.

16           United Water wishes to implement the Budget Bill plan in conjunction  
17 with the effective date of a Commission Order for this present case. The  
18 Company expects there will be certain costs associated with implementation,  
19 and has estimated those costs to be approximately \$56,000, assuming that 10%  
20 of its residential customer base enrolls in the program. The \$56,000 represents  
21 the annual costs of the program and is composed of additional billing, postage  
22 and payment processing expenses associated with the Budget Bill plan. These

1 costs and the calculations supporting them are further explained in the testimony  
2 of Witness Loy.

3 Q. Why does United Water believe that providing this Budget Bill plan to its  
4 residential customers would be in the public interest?

5 A. The Company believes a Budget Bill plan for its residential customers is in the  
6 public interest for the following reasons:

7 ▶ United Water's customer service representatives routinely and  
8 frequently receive inquiries from residential customers asking about the  
9 availability of a budget bill payment program. The Company believes that there  
10 is significant customer demand for such an option.

11 ▶ The single greatest category of calls received from residential  
12 customers by United Water's customer service representatives is customers  
13 requesting to make payment arrangements. The volume of these requests  
14 increases significantly during the irrigation season with its consequent higher  
15 bills. A Budget Bill plan would address the need expressed by residential  
16 customers of having available the option to, on an annual basis, level out their  
17 payments for water service.

18 ▶ For many residential customers, over 60% of the annual bill is  
19 comprised of the three bi-monthly bills that cover the spring and summer. This  
20 can lead to customer hardship. A Budget Bill plan will allow customers a  
21 significantly less burdensome method to deal with seasonal fluctuation of their  
22 water bill.

1           ▶ United Water's rates for water service have, for approximately fifteen  
2 (15) years, contained a summer consumptive rate (from May 1 through  
3 September 30) that is 25% higher than the winter rate. In the Company's  
4 opinion, residential customers understand and react to the price signal inherent  
5 in the seasonal rate design. The Company also believes a Budget Bill plan  
6 would not significantly dampen such a signal, while providing the residential  
7 customer flexibility to level out their payments as they are permitted to do with  
8 energy providers.

9           ▶ A Budget Bill plan allows residential customers to plan and budget  
10 water usage more effectively than the current "pay as you go" basis. Instead of  
11 being faced with larger summer bills that may be extremely burdensome,  
12 customers will be able to make less stressful, longer term decisions about water  
13 consumption and how it fits into their personal budget.

14 Q. Has United Water previously filed a request to adopt a Budget Bill plan, and if  
15 so, what was the outcome of that filing?

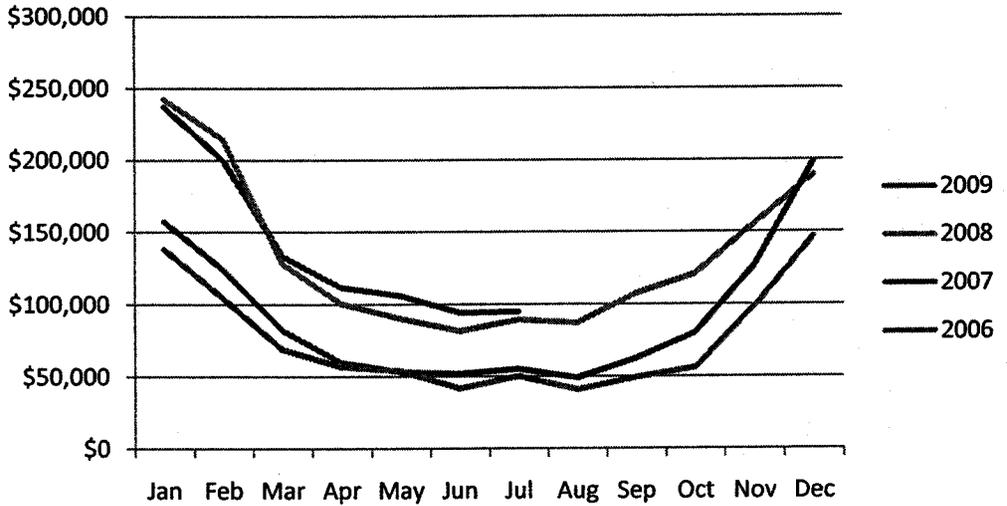
16 A. In February 2004, the Company filed a Modified Procedure Application to  
17 implement a Budget Bill program, (UWI-W-04-01). Commission Staff  
18 subsequently filed comments in support of the Company's proposal, but with  
19 certain modifications. In its Order No. 29455, dated April 9, 2004, the  
20 Commission denied the Company's Application citing concerns over the cost of  
21 the program and the potential for it to detract from the current rate design that  
22 encourages summer conservation.

1 Q. Since the Commission's 2004 decision, what has changed that leads the Company  
2 to conclude that a Budget Bill plan should again be considered?

3 A. Two things have changed that I believe the Commission should consider. First,  
4 the current poor economic climate makes it much more difficult for customers to  
5 pay bills, especially when they have significant seasonal swings in the amounts  
6 due. Because United Water bills customers on a bi-monthly basis, the bills are  
7 much more difficult to budget for and pay than if the customer were to receive a  
8 monthly bill of the same amount as proposed under the Budget Bill plan. One  
9 way to measure the increased financial burdens our customers are facing is to  
10 examine the Company's outstanding accounts receivable balance over 90 days  
11 and its bad debt expense over prior years. Both have shown a significant increase  
12 over prior years. The first graph below marked "Accounts Receivable Over 90  
13 Days" shows a marked increase in the level of amounts due for the years 2008-  
14 2009 compared to the years 2006-2007. On average the increase is almost 68%.  
15 Similarly, bad debt expense, illustrated in the second graph below, shows an  
16 increase of 47% from the average of 2006-2008 to the estimated 2009 amount in  
17 this present case.

18

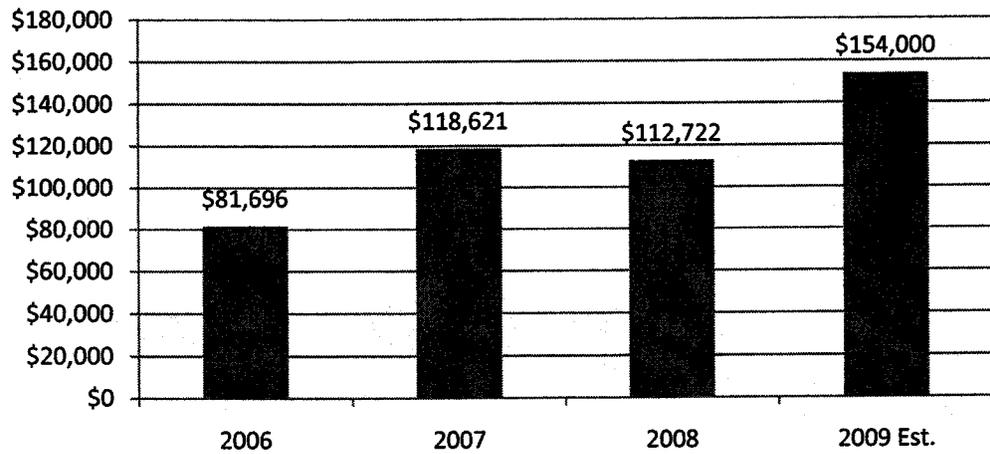
### Accounts Receivable Over 90 Days



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2

### Annual Net Bad Debt Expense



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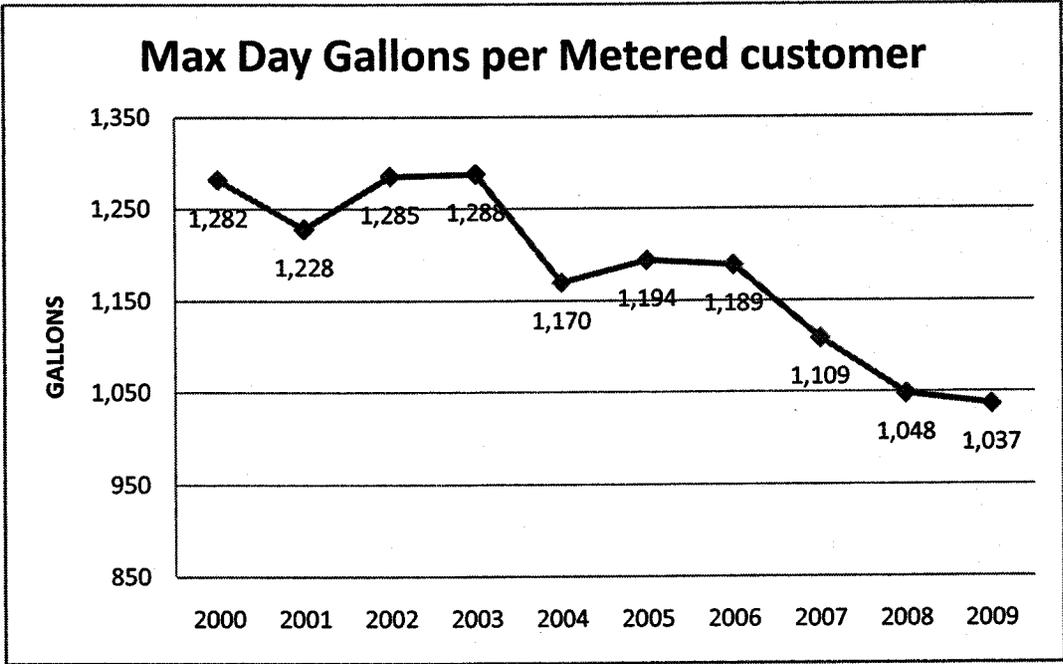
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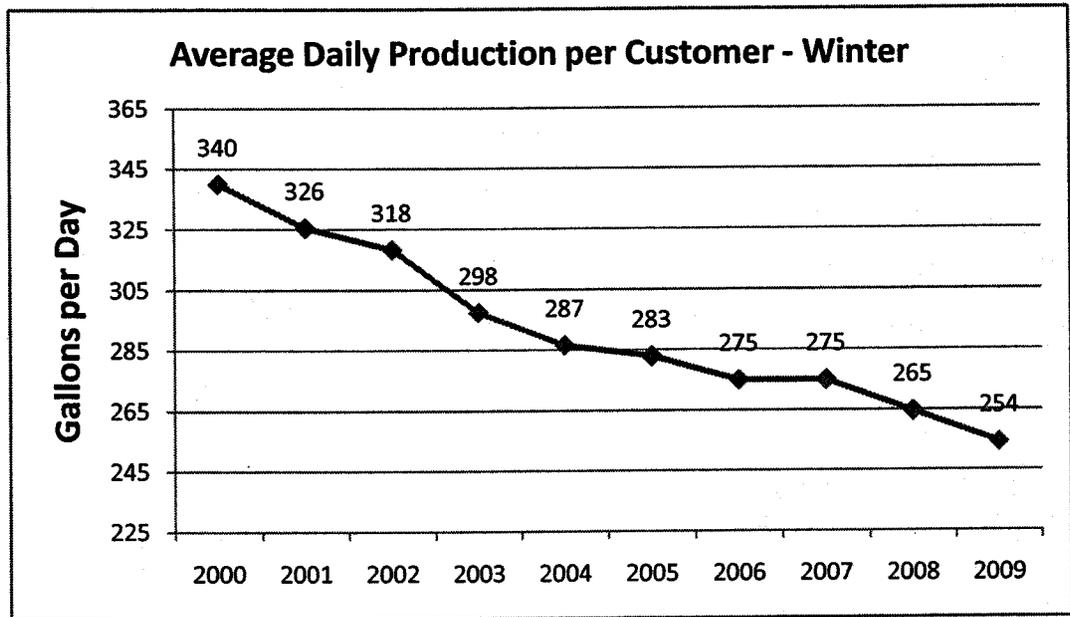
The second change to consider is that annual production volumes per customer have declined considerably, even in the winter months when no irrigation load occurs, which suggests that customers are now more conscious than ever about their water use and are applying the conservation measures

1 promoted by the Company's conservation programs and messages. This leads  
2 me to believe that the financial burden on customers could be relieved through a  
3 Budget Bill plan without diluting the conservation signal inherent in the current  
4 25% seasonal rate differential.

5 The graph below highlights the significant decline in per customer usage  
6 in the summer. It depicts the maximum day production per metered customer  
7 since 2000. In all years the maximum day occurred in July, except 2001 when it  
8 occurred in August.



9  
10  
11 Customer usage in the winter is declining as well. The graph below shows  
12 average daily water produced per metered customer from 2000 to 2009. The  
13 data is for the winter months of November through February when no irrigation  
14 load is present.



1

2

Q. Does the Company believe that a Budget Bill plan for residential customers will materially diminish the water pricing signal of summer rates or the effect of the Company's conservation efforts?

4

5

A. No. The data cited above confirms that customers have been and are continuing to respond to both economic pressures and the Company's conservation efforts in reducing their water consumption. When customers incorporate water saving approaches into their lives, whether by means of changed water use habits or through water saving devices, they are not likely to abandon them simply because the economy improves or they are afforded a different approach to paying for their water service through a Budget Bill option.

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12 **Other Rule and Regulation Changes**

13

Q. Are there any other changes to United Water's current Rules and Regulations that the Company is proposing?

14

1 A. Yes. The Company is proposing a minor wording change on sheet No. 18,  
2 Paragraph 44 with regard to where the Company's responsibility lies for fire  
3 protection service connections. Attached as Exhibit No. 2 is Paragraph 44 with  
4 the proposed language change in both legislative and clean format, along with  
5 Paragraph 7 of Sheet No. 12 which describes all other service connections.

6 Q. Why does the Company wish to make this change?

7 A. This change is proposed in order to accomplish the following:

- 8 ▶ To more appropriately designate the location, particularly in the downtown  
9 area, where the Company's and the customer's responsibilities lie with  
10 regard to private fire protection services.
- 11 ▶ To align the language for private fire protection services with the current  
12 language for all other service connections found in Paragraph 7, Sheet No.  
13 12 of the Company's current Rules and Regulations.
- 14 ▶ To bring the language in paragraph 44 in line with long-standing private fire  
15 service line construction and installation practices.

16 Q. Please explain.

17 A. For many years the construction and installation practice for private fire  
18 protection services has been the same as for all other services. The Company  
19 taps the main line and installs the Company portion of the service to connect to  
20 the private fire service line stubbed out by the contractor or owner. In virtually  
21 all cases this connection point is just a short distance back of the curb line.

1 Q. Is that typically where the "property line" as stated in Paragraph 44 is found in  
2 the downtown area where many private fire protection services are located?

3 A. No, and that is gist of the problem. Typically in the downtown area the property  
4 line is the building wall/foundation line, and from there to the roadway is Ada  
5 County Highway District right-of-way. Even though virtually all downtown  
6 private fire protection services are installed as described above, the current  
7 Paragraph 44 language makes the Company responsible for the service line right  
8 up to the foundation wall, when in actuality that portion of the service line is not  
9 Company property but is the property of the customer.

10 Q. Could the Company's construction practices be changed so as to comply with  
11 the current rule language?

12 A. No. To do so would require the Company to install its side of the service line  
13 not only up to the building wall/foundation line, but through the wall and inside  
14 of the building in order to make the connection to the customer's plumbing.  
15 This would require having Company assets inside of private customer premises  
16 and would also require a plumber's license. Both of which are undesirable from  
17 the public utility perspective.

18 Q. You said that Ada County controls the right-of-way outside of the property line.  
19 Wouldn't your requested language change result in private customer property  
20 being located within the County right-of-way?

21 A. Yes, however that situation already exists throughout the downtown area by  
22 virtue of how the private fire service lines have historically been installed and

1 connected as described above. Also, many downtown establishments have  
2 below ground basement areas that reach out beyond the property line into the  
3 right-of-way area. In addition, many private fire protection services are  
4 required to have a post indicator valve installed on them. An example of this  
5 device along with the meter pit for the service located at 624 Idaho Street is  
6 pictured in the attached Exhibit No. 3. These devices are regularly installed by  
7 the customer's contractor on the fire service line at the point where the  
8 Company and customer service lines meet. As seen from Exhibit No. 3, they  
9 are routinely placed within the County right-of-way, often just inside the curb  
10 line.

11 Q. If the language in Paragraph 44 is not changed as proposed by the Company, is  
12 there a potential financial risk to the Company and ultimately to all customers?

13 A. Yes. If the Company is held to be responsible for maintaining and ultimately  
14 replacing private fire service lines that rightly belong to individual fire service  
15 customers, then the costs for such operating expenses and capital expenditures  
16 will increase and ultimately need to be recovered in rates applicable to all  
17 customers.

18 **Water Conservation**

19 Q. Would you please provide an overview of the Company's water conservation  
20 and demand side management efforts and programs?

21 A. For over 15 years the Company has developed and implemented various  
22 customer information, education and awareness programs, and outreach efforts  
23 that promote wise water use and water conservation and that assist customers in

1 managing their water demand and consumption. Although some of these efforts  
2 have sought to inform customers about water use in the home, the majority of  
3 them have targeted customer water use outside on lawns, gardens and landscape  
4 areas. This focus is designed to enable customers who use water provided by  
5 the Company for irrigation purposes to benefit the most from the Company's  
6 efforts, since irrigation demand is the largest driver of overall water system  
7 demand in the summer.

8 Below is a brief summary of the Company's efforts in these areas:

9 Water Efficient Landscaping Classes:

10 In February of each year, United Water, in partnership with the Ada County  
11 Extension Office and the City of Boise, conduct six, two-and-a-half-hour class  
12 sessions focused on the fundamentals of water efficient landscaping. In the past  
13 three years an average of 563 adult individuals attended the classes.

14 Water Awareness Week

15 In the summer of each year, United Water participates in Water Awareness  
16 Week, which promotes water education and conservation information for school  
17 students in Region 3 (which includes the Boise area) via teacher workshops and  
18 through conservation education materials provided to teachers.

19 Free Indoor/Outdoor Water Conservation Kit for Customers

20 Customers who request an indoor water conservation kit are provided one free  
21 that includes a low flow showerhead, faucet aerators and toilet dams. In  
22 addition, free indoor water conservation kits are provided to low income

1 customers who receive assistance through United Water's low income  
2 assistance program, UW Cares, which is administered by El-Ada Community  
3 Action Partnership.

#### 4 Summer Water Conservation Bill Insert

5 As customer bills are delivered throughout the spring and summer, the bill  
6 typically includes an insert that provides information on how customers can  
7 reduce their outside water demand during the summer.

#### 8 Water Use Management Messaging Through the Media

9 The overall media effort is designed to increase customer's awareness of their  
10 water use and to provide them with concrete reminders and methods to manage  
11 their water consumption. This consists of a coordinated use of newspaper and  
12 television to communicate wise water use and management throughout the  
13 summer. Beginning in 2005, United Water has produced an Annual  
14 Conservation Guide, which is placed in the Idaho Statesman as an advertising  
15 supplement in June. The Conservation Guide is also distributed for display at  
16 Boise City Hall, the Foothills Learning Center, and the Boise Watershed  
17 facility. The Guide includes eight pages of water supply information and both  
18 indoor and outdoor water use conservation information that customers can use  
19 to reduce their annual water usage and cost. The supplement is designed for  
20 customers to easily save and refer to the information year-round. In addition, 8  
21 short commercials featuring water conservation messages and reminders (5  
22 outdoor and 3 indoor) are played June to September on regular and cable  
23 networks. Additionally, United Water has partnered with Idaho Rivers United

1 on a newsprint and television advertising campaign focused on conservation and  
2 preservation of the Boise River water source.

3 Xeriscape Demonstration Garden

4 In 2006, United Water installed a Xeriscape, or low-water use, demonstration  
5 garden at its main office location on Victory Road. The garden contains over 45  
6 drought-tolerant plant varieties and is configured with appropriate signage in a  
7 walk-through venue. A listing of plants is available for customers at the office  
8 and on our web site, and the Company's Outreach and Education Coordinator  
9 conducts educational workshops for customer groups using the garden as the  
10 centerpiece since its construction. Additionally, United Water is financially  
11 supporting the installation of a new low-water use garden located at the Idaho  
12 Botanical Garden this summer, and has reached agreement with the State of  
13 Idaho, Department of Administration for two such xeric gardens to be installed  
14 on the Capital grounds upon completion of the Capital expansion and  
15 restoration project this fall. United Water is working with both of these entities  
16 to coordinate messaging, signage, and water conservation educational materials.

17 Hidden Springs Targeted Conservation Plan

18 At the beginning of the summer of 2008, United Water initiated a specific  
19 conservation messaging effort targeted for the approximately 700 residential  
20 customers of the Hidden Springs community. These customers have no access  
21 to alternate irrigation water and use United Water for all indoor and outdoor  
22 purposes including lawn irrigation. In conjunction with the Hidden Springs  
23 Open Space Manager, the Company displayed its Annual Conservation Guide,

1 various other conservation literature, plus coupons for free water saving devices  
2 at the Hidden Springs Mail Room. Then the residential customers were sent  
3 two direct-mail pieces. The first was a postcard notifying residents of the  
4 conservation materials in the Mail Room, and the second mailing was a color  
5 brochure made especially for Hidden Springs providing landscaping, watering,  
6 and general conservation tips.

7 Educational and Community Outreach

8 United Water has developed various water awareness and conservation  
9 presentations that are available to schools and community organizations in the  
10 area. These include PowerPoint presentations, topical lectures, school skits and  
11 a video library. The Company also participates in community events where  
12 conservation materials and information are provided, including Earth Day,  
13 Idaho Green Expo, Boise School's Teacher Night Out, Idaho Botanical Garden  
14 Landscaping Symposium, Idaho Department of Environmental Quality's Green  
15 Fair, as well as meetings with various neighborhood associations throughout the  
16 service area.

17 Conservation Plan

18 Q. Please comment on the Company's efforts to implement its updated  
19 Conservation Plan.

20 A. As a result of the Company's 2004 case (UWI-W-04-04) the Commission, in its  
21 September 20, 2005 Order No. 29871 directed the Company to prepare an  
22 updated conservation plan and submit it to the Commission for review. United

1 Water prepared and then filed its updated Conservation Plan with the  
2 Commission on December 1, 2006 (UWI-W-06-05), and by Order No. 30305  
3 dated April 18, 2007 and Order No. 30305 Errata dated May 22, 2007, the  
4 Commission approved implementation and associated cost deferral of four  
5 specific programs from the updated Conservation Plan; specifically Xeriscape  
6 demonstration gardens, rain sensor retrofit, trigger shut-off valves and hose  
7 timers, and restaurant low flow spray nozzles.

8 Q. Please describe the Company's implementation efforts regarding the four  
9 programs since Commission approval in April 2007.

10 A. United Water began promoting the trigger shut-off valve and hose timer  
11 program via a free coupon in its 2007 Conservation Guide. Customers were  
12 encouraged to bring the coupon from the Guide into the office and receive the  
13 free devices. The program was also promoted via signage at the Company's  
14 office where extra coupons were also available, at public shows and displays,  
15 and on the Company's web site. This program was promoted in the same  
16 fashion during the summers of 2008 and 2009. As of August 21, 2009, 2,066  
17 kits (each containing a trigger shut-off valve and hose timer) have been  
18 provided to customers.

19 In the summer of 2008, the Company began implementing the rain sensor (shut-  
20 off device) retrofit on irrigation controllers program. This program involves  
21 purchasing and providing a rain sensor device at no cost to customers. The  
22 device connects to the customer's automatic irrigation system and interrupts the  
23 scheduled watering cycle whenever sufficient rainfall is detected by the device.

1 This program was promoted in the same way as the trigger shut-off valve and  
2 hose timer program via the annual Conservation Guide, office signage, public  
3 shows and displays, and on the Company web site. This program was promoted  
4 in the same fashion during the summers of 2009. As of August 21, 2009, 830  
5 rain sensors have been provided to customers.

6 For both the trigger shut-off / hose timer, and rain sensor programs the  
7 Company mailed letters to all neighborhood association presidents within the  
8 service area advising them of the free devices along with extra coupons.

9 The restaurant low flow spray nozzle change out program is getting  
10 underway in 2009. In this program the Company identifies customers, such as  
11 restaurants, who have commercial kitchen facilities, and replaces their existing  
12 rinse and clean spray nozzles with low flow units at no charge. The Company  
13 entered into an agreement with a licensed plumbing contractor in August 2009  
14 for the installation of these devices for customers.

15 The Company's efforts regarding the fourth program approved by the  
16 Commission in 2007, Xeriscape demonstration gardens, has already been  
17 discussed above.

18 Q. Do you believe the Company has implemented the approved Conservation Plan  
19 programs in the way the Commission intended?

20 A. Yes. The Company has made a diligent effort implementing the four approved  
21 programs, while at the same time it has maintained and improved its previous  
22 conservation efforts.

1 Q. Do you believe the Company's Conservation Plan efforts are showing success  
2 through reduced water consumption by customers?

3 A. Yes. The two water use graphs provided earlier in my testimony on the  
4 proposed Budget Bill plan clearly demonstrate that customers are using less  
5 water per capita in both the summer and the winter. Certainly a portion of this  
6 water use decline is attributable to the Company's diverse and widespread  
7 efforts to promote water conservation.

8 Q. Has the Company shifted any costs from its historical conservation program  
9 efforts to support the implementation of the four new conservation programs?

10 A. No. Only new costs associated with the new programs have been recorded in  
11 the deferred account (see Order No. 30063 in Case No. UWI-W-06-3) for which  
12 the Company is seeking rate making treatment in this present case as described  
13 in Witness Loy's testimony.

14 **Customer Service**

15 Q. Please comment on the Company's customer service efforts.

16 A. United Water uses various measures and metrics to ensure that it maintains a  
17 high level of service and responsiveness to its customers. For example, the  
18 Company tracks customer complaints it receives relating to water quality.  
19 During 2008, water quality complaints that required a field visit to resolve have  
20 averaged only 0.60% of total customers. Complaints relating to high bills and  
21 disconnection have averaged only 0.38% and 0.46% respectively as a  
22 percentage of bills rendered.

1 Q. Are there other measures used by the Company to track customer service  
2 performance?

3 A. Yes. Our Customer Service group maintains various data relating to customer  
4 calls, response time, length of call, and number of dropped calls. During 2008,  
5 the Customer Service office answered 92,679 calls with an average answer  
6 speed of 26 seconds. The average length of calls was 2.27 minutes, and the  
7 abandoned or dropped call rate was 3.4% of all calls. Almost 26% of the  
8 dropped calls occurred during the first 15 seconds of hold time and this would  
9 include those customers who may have reached our office in error (i.e. wrong  
10 number) and hung up. Assuming a caller is willing to continue with the call for  
11 more than 15 seconds, the dropped call rate falls to 2.8%. In addition, due to  
12 the fact that virtually all customer meters are located in outside pits or vaults,  
13 we are able to render bills based on actual meter readings 98.6% of the time.

14 Q. Are there other customer service improvements the Company has made to  
15 enhance the level and/or quality of service provided to customers?

16 A. Yes. In 2007 the Company made arrangements through Western Union to add  
17 five additional payment locations throughout the service area, bringing the total  
18 number of payment locations to seven. Also in 2007 the Company implemented  
19 an interactive voice response (IVR) system via a 1-800 phone number that is  
20 available 24/7 to enable customers to pay their bill by phone. In the 1<sup>st</sup> quarter  
21 of 2009 the Company rolled out a completely redesigned website  
22 ([www.unitedwater.com](http://www.unitedwater.com)) which includes significant customer service  
23 enhancements including updated water conservation information, a news center

1 and many other useful features. The new website also offers customers the  
2 opportunity to enroll their account which then enables them to view their bills  
3 and payments history on-line. At about the same time United Water began to  
4 offer customers an e-billing option in which they can receive and pay their  
5 water bill on-line. Customers can enroll in e-billing via the website, or by  
6 calling or visiting our customer service office.

7 **Low-Income Customer Assistance**

8 Q. Does the Company currently have a low-income customer assistance program in  
9 place?

10 A. Yes. Beginning in September 2005 the Company initiated UW Cares, which is  
11 the first and only water utility customer assistance program in the state. The  
12 program, which is administered through the El-Ada Community Action  
13 Partnership social service organizations, provides up to \$50 annual water bill  
14 assistance to qualifying customers. The Company currently funds the program  
15 and will match customer contributions into the fund up to \$20,000 annually.  
16 Additionally, the Company provides the agencies with indoor and outdoor water  
17 conservation kits for distribution and installation for qualified customers in the  
18 program. Since UW Cares began in 2005, the Company's shareholder has  
19 provided more than \$36,000 in assistance to qualified customers to help pay  
20 their water bills.

21 Also, during its 2004 rate proceeding (UWI-W-04-04), the Company  
22 supported and agreed to a proposed change in it's rate tariff whereby the first 3

1            hundred cubic feet (ccf) of consumption used during the summer rates period  
2            (May through September) is priced at the 25% lower winter rate.

3        Q.     Does this conclude your testimony?

4        A.     Yes.

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BUDGET BILL PLAN

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41. Residential Budget Bill Plan: A Budget Bill Plan is available to Residential Customers, as defined in paragraph 51 of these Rules, desiring to levelize payments for water service. A residential customer may enroll in the Budget Bill Plan at any time during the year. To be eligible for the Budget Bill Plan, the customer must have a minimum of 12 consecutive months of service at the current location and have no past due balance owing at the time of enrollment. Residential Budget Bill Plan participants will receive monthly billing statements, though their meters will continue to be read on a bi-monthly basis.

The levelized monthly payment will approximate the 12 month average of the most current 6 bi-monthly bills. Budget Bill Plan amounts will be recalculated annually at the 12-month anniversary of the date the customer began paying the most current Budget Bill amount. The new monthly payment will be the recalculated Budget Bill amount. A customer's Budget Bill amount may decrease, increase, or remain the same from year to year.

Customers with a negative (underpaid) balance in their Budget Bill Plan account at the time of recalculation will have new monthly Budget Bill Plan charges equal to the recalculated Budget Bill amount plus one-twelfth of the negative balance. At the customer's option, a negative balance may be paid in full and disregarded for purposes of calculating the next period's Budget Bill amount. If the negative balance exceeds 25% of the estimated annual bill for the ensuing annual period, the Company may request that the negative balance be paid in full. Customers with a positive balance exceeding \$25 in their Budget Bill Plan account at the time of recalculation may be refunded at the customer's request. If no request for refund is made, the monthly Budget Bill Plan charge will be equal to the recalculated Budget Bill Plan amount reduced by one-twelfth of the positive balance. Upon termination of the Budget Bill Plan agreement, after all charges for services are paid, positive balances will be refunded at the customer's option.

Estimates of future costs based on historical charges furnished by the Company with such Budget Bill Plan should not be construed by the customer as a guarantee that the total actual charges will not exceed the estimates. In the event of a significant change in rates for water service or substantial deviation from the customer's historical water consumption, the Company may at any time submit a revised estimate to the customer and require that the customer pay the revised monthly Budget Bill installment amount as a condition of continuation in the Budget Bill Plan.

The Budget Bill amount will be billed monthly. Once established, the Budget Bill Plan will remain in effect from year to year until the customer notifies the Company not less than 30 days prior to the desired date of cancellation or unless the customer fails to pay the Budget Bill amount.

Issued: October \_\_, 2009

Effective: October \_\_, 2009

Under Authority of I.P.U.C. Order No.

Issued by: UNITED WATER IDAHO INC.

By: Gregory P. Wyatt, Vice President

Case No. UWI-W-09-01  
Exhibit No. 1  
G. Wyatt

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Sheet No. 18, Paragraph 44 – Legislative Format

44. All private fire service connections from the main to inside the curb line or ~~Company right-of-way~~ ~~the property line~~, including all valves, shall be furnished and installed by the Company.

Sheet No. 18, Paragraph 44 – Clean Format

44. All private fire service connections from the main to inside the curb line or Company right-of-way, including all valves, shall be furnished and installed by the Company.

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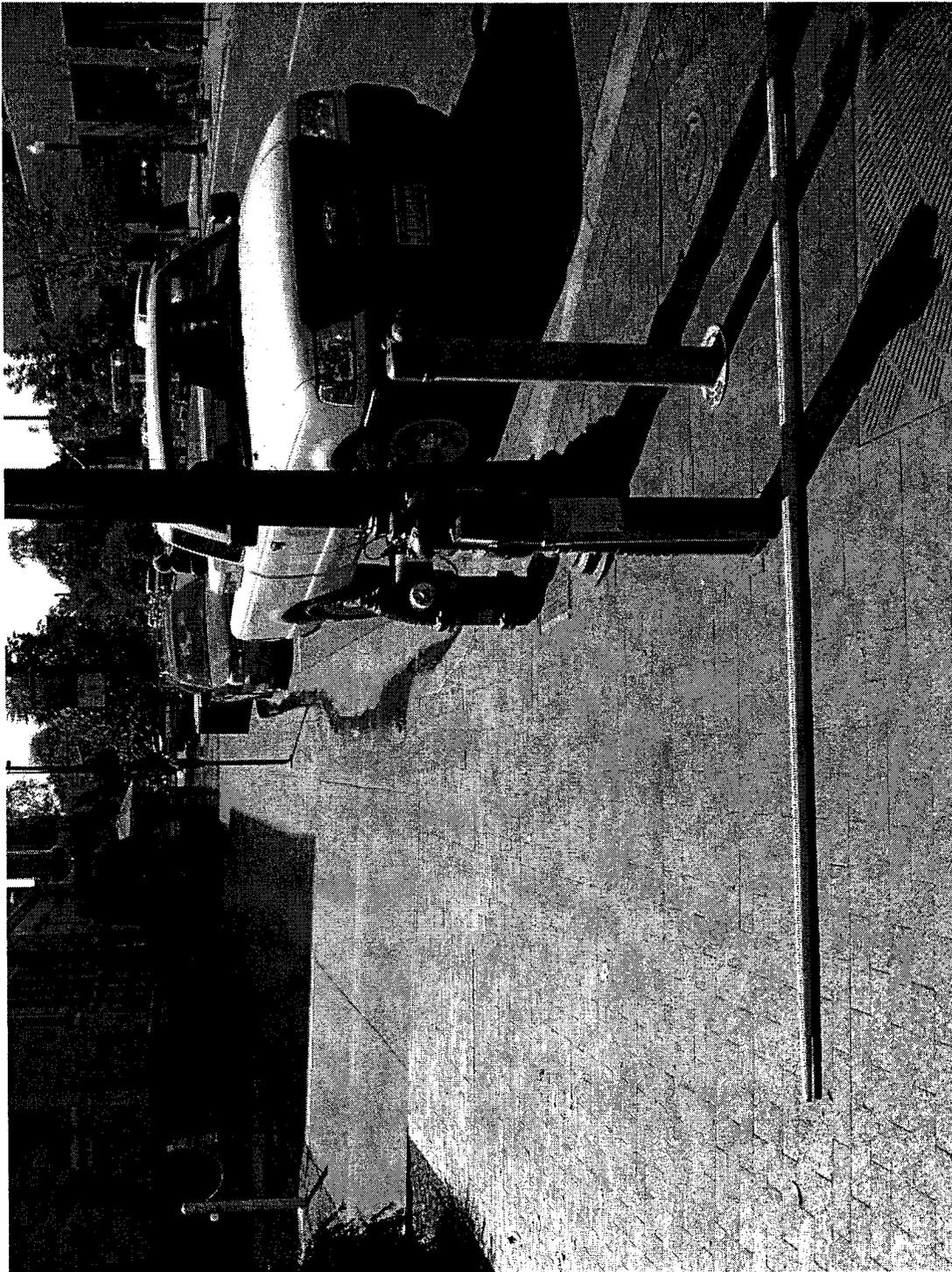
Sheet No. 12; Paragraph 7

7. The Company will make all connections to its existing mains which front the property to be served and will furnish, install, and maintain all service lines from the main to and including the meter box or vault, meters and service setting. **The meter box or vault shall be placed inside the curb line or Company right-of-way** (emphasis added). All service lines shall be property of the Company and shall be accessible to and under its control. In instances where the existing mains do not front the property to be served, the Applicant shall enter into the appropriate main extension agreement as provided under Company's Rules and Regulations Governing Main Extensions.

Case No. UWI-W-09-01

Exhibit No. 2

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