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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?

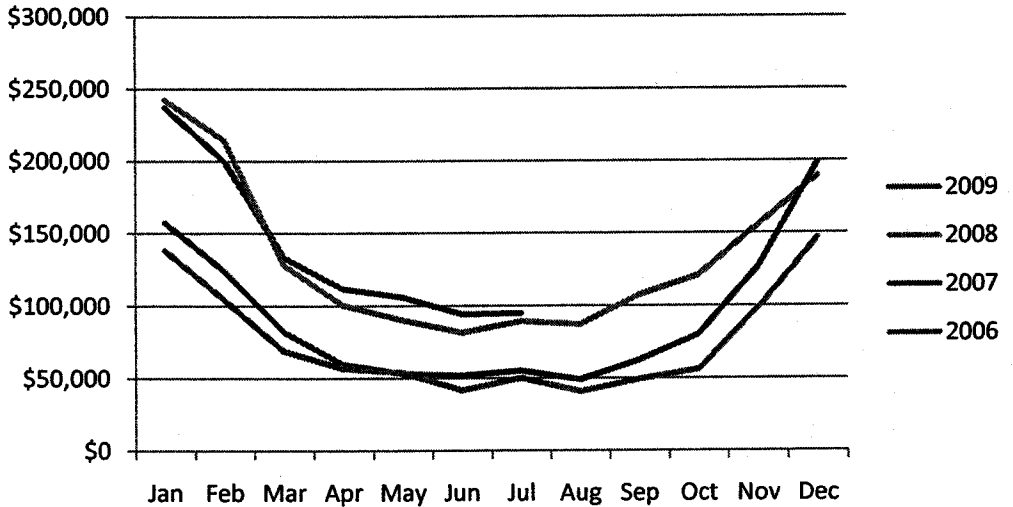
16 A. In February 2004, the Company filed a Modified Procedure Application to  
17 implement a Budget Bill program, (UWI-W-04-01). Commission Staff  
18 subsequently filed comments in support of the Company's proposal, but with  
19 certain modifications. In its Order No. 29455, dated April 9, 2004, 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.

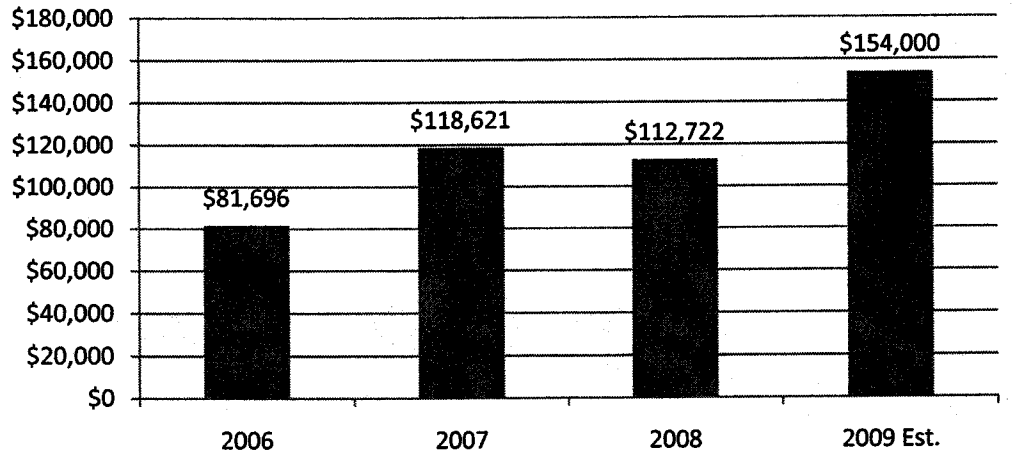
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### Accounts Receivable Over 90 Days



1  
2

### Annual Net Bad Debt Expense

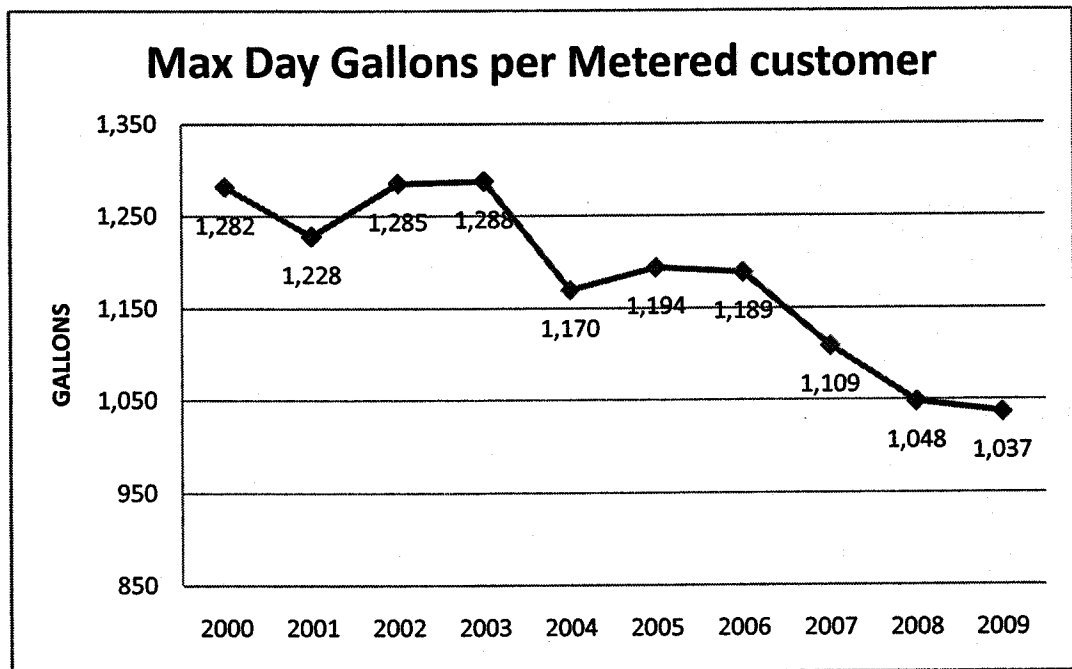


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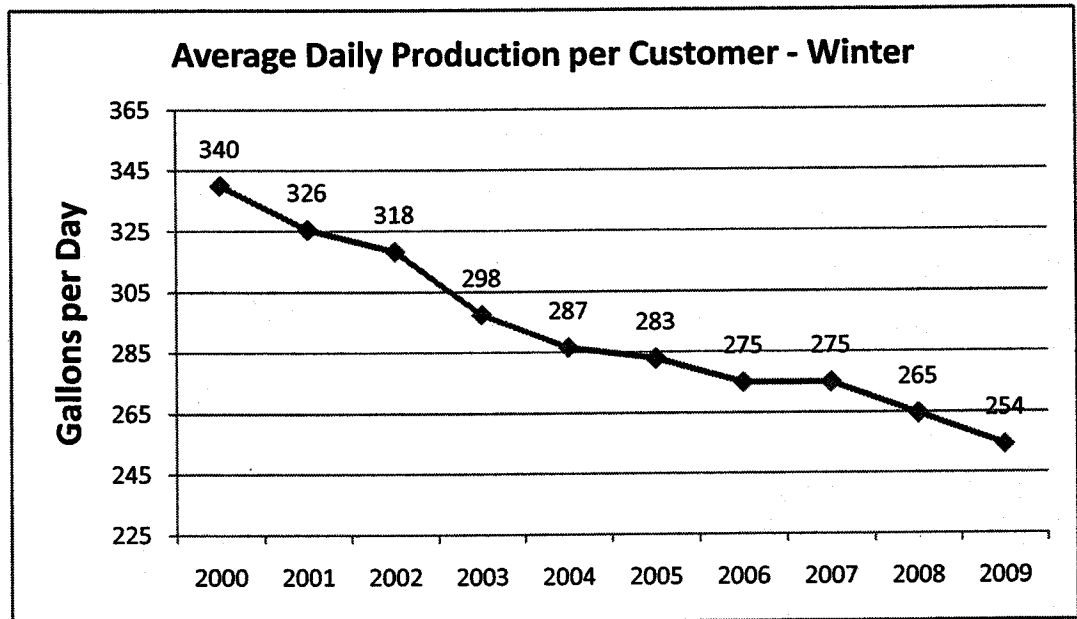
The second change to consider is that annual production volumes per customer have declined considerably, even in the winter months when no irrigation load occurs, which suggests that customers are now more conscious than ever about their water use and are applying the conservation measures

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?

3

4

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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**Other Rule and Regulation Changes**

12

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

13

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.

