

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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| IN THE MATTER OF THE APPLICATION OF UNITED WATER IDAHO, INC., FOR AUTHORITY TO INCREASE ITS RATES AND CHARGES IN THE STATE OF IDAHO. |) CASE NO. UWI-W-09-01)) NOTICE OF SETTLEMENT STIPULATION)) NOTICE OF MODIFIED PROCEDURE)) NOTICE OF PUBLIC HEARING)) ORDER NO. 30998 |
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YOU ARE HEREBY NOTIFIED that on September 3, 2009, United Water filed a general rate case Application for authority to increase rates by 15.21 %, representing an increase of \$5.6 million in annual revenue, to be applied equally to all classes of customers.¹ On September 17, 2009, the Commission issued a Notice of Application, setting an October 8, 2009, deadline for intervention and suspending the Company's proposed October 3, 2009, effective date for new rates. Order No. 30901. Community Action Partnership Association of Idaho (CAPAI) requested and was granted intervention. On October 27, 2009, the Commission issued a Notice of Scheduling and Notice of Hearing. Order No. 30934.

YOU ARE FURTHER NOTIFIED that, pursuant to the schedule, the Staff and intervenor deadline for pre-filing testimony and exhibits was January 22, 2010. On January 6, 2010, Commission Staff filed with the Commission a Notice of Intent to Engage in Settlement Discussions. RP 272. Settlement discussions subsequently began on January 11, 2010, and were attended by all parties. On January 13, 2010, Staff filed a Motion to Vacate the prefiled testimony filing dates while the parties continued intensive settlement negotiations.² On January 21, 2010, the Commission issued a Notice vacating the prefile deadlines (January 22 and February 19, 2010), but retaining the March 4, 2010, technical hearing date in the event live

¹ With updated figures, the Company's revenue request became \$6.14 million, or 16.6%.

² A public workshop for United Water customers was held on January 19, 2010, for the purpose of explaining the Company's Application and in order to provide an opportunity for customers to ask questions of Commission Staff. Only one customer attended the workshop.

NOTICE OF SETTLEMENT STIPULATION
NOTICE OF MODIFIED PROCEDURE
NOTICE OF PUBLIC HEARING
ORDER NO. 30998

testimony is needed. The Commission directed the parties to propose a new schedule for completing the case.

NOTICE OF SETTLEMENT

YOU ARE FURTHER NOTIFIED that on January 27, 2010, the parties filed a Stipulation and negotiated settlement that purports to resolve all issues raised in this proceeding. The parties assert the settlement Stipulation represents a compromise of their positions in this case. They urge the Commission to approve the Stipulation in its entirety. The parties maintain that the Stipulation is in the public interest and that all of its terms and conditions are fair, just and reasonable. On January 27, 28, and 29, 2010, respectively, United Water, Commission Staff and CAPAI filed testimony in support of the Settlement Stipulation.

YOU ARE FURTHER NOTIFIED that under the terms of the Stipulation, United Water would be authorized to recover \$3.6 million in additional revenue effective March 1, 2010, which is an overall increase of 9.9%, and to recover an additional \$640,000 effective February 1, 2011, which is an additional increase of 1.7%. The parties assert they negotiated a phased-in recovery of the total agreed increase after consideration of the unfortunate economic conditions currently prevailing in the Company's service area. The parties also agreed to a uniform percentage increase to be applied equally to the customer charge and volume charge as contained in United Water's tariffs. The Stipulation discusses specific accounting treatment for (1) Idaho Power PCA costs; (2) rate case expenses; (3) tank painting; and (4) conservation plan and implementation expenses. Other issues addressed by the parties in the Stipulation are budget billing, private fire service line connections, and participation in an informal workshop to discuss the Company's UW Cares Program and improved participation in conservation programs. As part of the settlement agreement, the Company agrees to not file a general rate case Application prior to June 1, 2011.

NOTICE OF MODIFIED PROCEDURE

YOU ARE FURTHER NOTIFIED that the Commission has reviewed the filings of record in Case No. UWI-W-09-01 and the Settlement Stipulation filed with the Commission on January 27, 2010. The Commission has preliminarily determined that the public interest in this matter may not require a technical hearing to consider the issues presented and that issues raised by the Settlement Stipulation may be processed under Modified Procedure. Reference

NOTICE OF SETTLEMENT STIPULATION
NOTICE OF MODIFIED PROCEDURE
NOTICE OF PUBLIC HEARING
ORDER NO. 30998

Commission Rules of Procedure 201-204, IDAPA 31.01.01.201-.204. The Commission will convene a public hearing on February 22, 2010.

YOU ARE FURTHER NOTIFIED that the **deadline for filing written comments** in support or opposition to the Settlement Stipulation and the use of Modified Procedure in this case is **Monday, February 22, 2010**. Written comments concerning Case No. UWI-W-09-01 should be mailed to the Commission and the parties listed below:

Commission Secretary
Idaho Public Utilities Commission
PO Box 83720
Boise, ID 83720-0074

Street Address for Express Mail:
472 W. Washington Street
Boise, ID 83702-5918

Dean J. Miller
McDevitt & Miller LLP
420 West Bannock Street
Boise, ID 83702
E-mail: joe@mcdevitt-miller.com

Brad M. Purdy
Attorney for Community Action
Partnership Association of Idaho
2019 N. 17th Street
Boise, ID 83702
E-mail: bmpurdy@hotmail.com

These comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's homepage located at www.puc.idaho.gov. Click the "Comments and Questions" icon and complete the comment form using the case number as it appears on the front of this document. These comments must also be sent to United Water and CAPAI representatives at the e-mail addresses listed above.

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the deadline, the Commission may consider the matter on its merits and may enter its Order without a formal technical hearing. If comments or protests are filed within the deadline, the Commission will consider them and in its discretion may set the matter for hearing or may decide the matter and issue its Order based on the written positions before it.

YOU ARE FURTHER NOTIFIED that the Application, workpapers, Settlement Stipulation and supporting testimony have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices or on the

Commission's web site at www.puc.idaho.gov by clicking on "File Room" and then "Water Cases."

NOTICE OF PUBLIC HEARING

YOU ARE FURTHER NOTIFIED that the Commission will convene a public hearing in this matter. The public hearing will convene on **MONDAY, FEBRUARY 22, 2010, AT 7 P.M. IN THE COMMISSION'S HEARING ROOM, 472 WEST WASHINGTON, BOISE, IDAHO.** The purpose of the public hearing will be for the Commission to take the formal testimony of customers and interested members of the public. Testimony will be recorded and made part of the Commission's formal record for decision in this matter. The Company's customers and any other interested members of the public are encouraged to attend and give testimony.

YOU ARE FURTHER NOTIFIED that all hearings in this matter will be held in facilities meeting the accessibility requirements of the Americans with Disabilities Act (ADA). Persons needing the help of a sign language interpreter or other assistance in order to participate in or to understand testimony and argument at a public hearing may ask the Commission to provide a sign language interpreter or other assistance at the hearing. The request for assistance must be received at least five (5) working days before the hearing by contacting the Commission Secretary at:

IDAHO PUBLIC UTILITIES COMMISSION
PO BOX 83720
BOISE, IDAHO 83720-0074
(208) 334-0338 (Telephone)
(208) 334-3762 (FAX)
E-Mail: secretary@puc.idaho.gov

YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code and that the Commission may enter any final Order consistent with its authority under Title 61.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted according to the Commission's Rules of Procedure, IDAPA 31.01.01.000, *et seq.*

NOTICE OF SETTLEMENT STIPULATION
NOTICE OF MODIFIED PROCEDURE
NOTICE OF PUBLIC HEARING
ORDER NO. 30998


ORDER

IT IS HEREBY ORDERED that the Settlement Stipulation filed by United Water, Commission Staff and Community Action Partnership Association of Idaho shall be processed by Modified Procedure. Persons interested in submitting written comments in this matter must do so no later than February 22, 2010, and may appear at the public hearing on that same date.

IT IS FURTHER ORDERED that a public hearing be held on February 22, 2010, at 7 p.m. in the Commission Hearing Room for the purpose of taking formal testimony of customers and interested members of the public.

IT IS FURTHER ORDERED that the March 4, 2010, hearing date is retained in the event live testimony is needed.

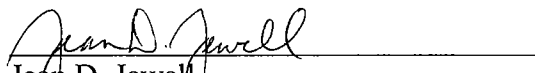
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 5th day of February 2010.


J.M.D. KEMPTON, PRESIDENT


MARSHA H. SMITH, COMMISSIONER


MACK A. REDFORD, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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NOTICE OF SETTLEMENT STIPULATION
NOTICE OF MODIFIED PROCEDURE
NOTICE OF PUBLIC HEARING
ORDER NO. 30998