

## DECISION MEMORANDUM

**TO: COMMISSIONER KEMPTON  
COMMISSIONER SMITH  
COMMISSIONER REDFORD  
COMMISSION SECRETARY  
COMMISSION STAFF**

**FROM: WELDON STUTZMAN AND KRISTINE A. SASSER  
DEPUTY ATTORNEYS GENERAL**

**DATE: JANUARY 29, 2010**

**SUBJECT: UNITED WATER IDAHO'S APPLICATION FOR AUTHORITY TO  
INCREASE ITS RATES AND CHARGES  
SETTLEMENT STIPULATION, CASE NO. UWI-W-09-01**

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. With updated figures, the Company's request grew to \$6.14 million, or 16.6%. 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.

Pursuant to the schedule, the Staff and Intervenor deadline for prefiling 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.<sup>1</sup> On January 21, the Commission issued a Notice vacating the prefile deadlines (January 22 and February 19, 2010), but retaining the

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<sup>1</sup> 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.

March 4, 2010, technical hearing date in the event live testimony is needed. The Commission directed the parties to propose a new schedule for completing the case.

Pursuant to discussions, the parties have entered into a Stipulation and negotiated settlement that purports to resolve all issues raised in this proceeding. The Stipulation was filed with the Commission on January 27, 2010. The parties represent that the Stipulation is in the public interest and that all of its terms and conditions are fair, just and reasonable.

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 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 Stipulation summarizes the adjustments made by the Parties to the Company's general rate case filing. The Parties 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.

The parties recommend that the Commission issue a Notice of Modified Procedure to facilitate the filing of written comments on the proposed settlement, and also schedule a public hearing. The parties recognize that the proposed settlement is not binding on the Commission (RP 276), and that the parties to the settlement carry the burden of showing that the settlement is reasonable, in the public interest, and is otherwise in accordance with law and regulatory policy. RP 275.

Pursuant to the Commission's directive and in furtherance of the Stipulation, the parties propose the following new schedule for completing this case:

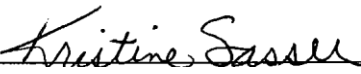
Deadline for filing comments                      February 16, 2010

Public hearing    February 16, 2010

In proposing a February 16, 2010, public hearing date, and in light of a proposed effective date of March 1, 2010, the Parties request that the previously scheduled March 4, 2010, hearing date be vacated.

**COMMISSION DECISION**

1. Does the Commission wish to issue a Notice of Modified Procedure and Notice of Public Hearing to complete the record for the Commission's consideration of the filed Stipulation?
2. Does the Commission wish to vacate the March 4, 2010, technical hearing date?

  
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Weldon Stutzman / Kristine A. Sasser  
Deputy Attorneys General

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