

UWI-W-11-02

ATTACHMENT 3

PRESS RELEASE

UNITED WATER IDAHO
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IDAHO PUBLIC
UTILITIES COMMISSION



UWI-W-11-02

PRESS RELEASE

UNITED WATER IDAHO FILES RATE REQUEST WITH PUC

BOISE, ID, August 3, 2011 – United Water Idaho has filed for rate relief with the Idaho Public Utilities Commission (IPUC). The request is based on a number of factors, including the cost of new and replacement water system infrastructure, and the impact of declining water consumption over the past few years.

The company's request is for an overall increase in revenues of \$7,616,015, which represents a 19.9 percent increase. The proposed increase for residential customers is 19.9 percent; for commercial customers it is 19.1 percent; for public authority customers it's 19 percent; and for private fire service customers the request is for a 29.9 percent increase.

The proposed increase, if approved by the IPUC, would increase the typical residential customer's bill by approximately \$5.82 per month or 19 cents per day – making the cost per gallon delivered to customer taps on a 24-hour, seven days a week basis still less than a penny. "During these economic times, it's never easy to ask for a rate increase," said Greg Wyatt, United Water Idaho Vice President and General Manager. "However, to maintain our ability to provide safe, clean and reliable drinking water to our customers, we must continue to invest in our water system."

Serving approximately 240,000 residents of Boise and surrounding areas, United Water is the largest water provider in Idaho.

Investments Improve Service and Reliability for Customers

United Water has invested more than \$20 million in its system since the utility's last rate filing in 2009. Those investments have maintained and improved water quality, reliability, and service for all of the company's customers. One example is the new water treatment facility at the Hilton Well, which removes iron and manganese from the water for nearly 4,000 customers on the Bench. The Hilton Well water treatment facility received a City of Boise EnviroGuard Award from Mayor David Bieter for removing thousands of pounds of phosphate annually from the city's wastewater treatment system. Another critical project was the new 600,000-gallon water storage facility serving the Warm Springs Mesa area, which will help provide more stable pressure and firefighting capabilities for residents of this community.

United Water is also currently working to install 1.7 miles of new 24-inch water main along Hill Road to improve pressure and fire protection for thousands of customers in northeast Boise near 36th Street and continues to replace or upgrade water mains, service lines and meters throughout the system.

United Water is performing a major upgrade and replacement of its Customer Information System. The new system will provide a state-of-the-art tool and support a great experience for customers contacting the company. "This new system enables us to respond to an entire range of customer concerns in a more timely, and comprehensive manner," said Wyatt. "These investments directly benefit our customers and demonstrate our commitment to maintaining and updating our facilities. We're seeking recovery of these costs to allow us to continue making improvements to our system."

Multiple Factors Result in Lower Consumption

Since 2003, the average United Water customer's water usage has fallen nearly 23 percent. "There are several factors contributing to the reduced consumption," Wyatt said. "They include successful implementation of a conservation program, as well as weather patterns, plumbing codes and the economy." He said under United Water's current tariff structure, the lower consumption plays a role in the company's rate filing. "Almost three-quarters of our revenues are variable based on water usage, despite the majority of our costs for operating the water system being fixed costs. We have requested adoption of methods to fairly balance lower usage trends against the realities of the fixed cost basis of the water industry. The IPUC will need to consider these alternatives when ruling on a solution that will meet Boise's future needs."

United Water is continually looking for ways to reduce the costs of providing service to its customers and for ways to provide service more efficiently. As part of a national company United Water has been able to leverage the company's size and purchase volume to negotiate favorable unit prices (or mitigate the magnitude of price increases) on various products and services such as chemicals, materials, insurance, health care, fleet leasing, and other products and services.

United Water is also notifying the IPUC that it will implement a 30 percent increase in its low-income assistance program, UW Cares, which helps qualified residential customers experiencing difficulty paying their water bills. In 2010, the company assisted 460 Boise families in paying their water bills. The company funds the program, and it is not paid for by ratepayers.

The proposed increase in rates is subject to review and a decision by the IPUC, which may accept, modify or reject in whole or in part the proposed increase. This process could take up to seven months to complete. A copy of the filing will be available for public review at United Water's office located at 8248 West Victory Road in Boise, on the company's website at www.unitedwater.com/idaho and the IPUC website at www.puc.state.id.us.

About UNITED WATER

United Water Idaho provides water service to approximately 240,000 people throughout the Boise area. It is a subsidiary of United Water, Inc., one of the nation's leading environmental companies, providing water and wastewater services to approximately 7 million people in the United States. In addition to owning and operating 20 water and wastewater utilities, the company operates more than 200 municipal and industrial water and wastewater systems through innovative public-private partnerships and contract agreements. Founded in 1869, United Water is a subsidiary of SUEZ ENVIRONNEMENT.

About SUEZ ENVIRONNEMENT

Natural resources are not infinite. Each day, SUEZ ENVIRONNEMENT (Paris: SEV, Brussels: SEVB) and its subsidiaries deal with the challenge to protect resources by providing innovative solutions to industries and to millions of people. SUEZ ENVIRONNEMENT supplies drinking water to 91 million people, provides wastewater treatment services for 61 million people and collects the waste produced by 50 million people. SUEZ ENVIRONNEMENT has nearly 80,000 employees and, with its presence on a global scale, is the world's leader exclusively dedicated to environmental services. SUEZ ENVIRONNEMENT, a 35.4% GDF SUEZ affiliate, reported sales turnover of 13.9 billion Euros (\$18.5 billion USD) at the end of financial year 2010.

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Press Contact:

Mark Snider 208-362-7328

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Re: Notice of Application to Increase Rates

IDAHO PUBLIC UTILITIES COMMISSION

Dear Customer:

On August 3, 2011, United Water Idaho filed for rate relief with the Idaho Public Utilities Commission (IPUC) requesting a \$5.82 per month or 19 cents per day increase in rates for a typical residential customer. The proposed increase, if approved by the IPUC, would raise the average residential customer's annual bill from approximately \$351 to \$421. United Water was last granted a two-phase rate increase in March 2010.

United Water Idaho has invested more than \$20 million in its system since the utility's last rate filing. Those investments have improved water quality, reliability, and service for all of United Water Idaho's customers. Projects include a new well supply treatment facility at the Hilton Well, which removes iron and manganese from the water for nearly 4,000 customers on the Bench; a new 600,000-gallon water storage facility serving the Warm Springs Mesa area; current work to install 1.7 miles of new 24-inch water main along Hill Road to improve pressure and fire protection for thousands of customers in northeast Boise near 36th Street; and replacing water mains, service lines and meters throughout the system. Additionally, the company is undertaking a replacement and upgrade of its customer information system, which will improve transactions with customers and service calls.

The average water consumption per metered customer has continued to decline significantly over the past several years resulting in significantly lower annual revenues to the Company. This reduction in annual revenue makes up roughly 38 percent of the overall rate request. Under the Company's current tariff structure, nearly 71 percent of revenues are based on volume, which is variable, while at the same time the majority of the company's costs are fixed.

In its Application United Water is proposing a revenue increase of \$7,616,015, which represents an overall increase in rates of 19.9%. The proposed increase for residential customers is 19.9%; for commercial customers it is 19.1 %; for public authority customers it's 19%; and for private fire service customers the request is for a 29.9% increase.



The proposed increase in rates is subject to review and a decision by the IPUC, which may accept, modify or reject in whole or in part the proposed increase. A complete copy of the proposal is available at the Company's office at 8248 W. Victory Road, Boise, Idaho and at the Commission's office at 472 W. Washington, Boise, Idaho. It is also available on-line at the IPUC website: <http://www.puc.idaho.gov>, by following the links for "Water" and "Open Water Cases," and at United Water Idaho's website: <http://www.unitedwater.com/idaho>.

You can also file a comment on the Application via the IPUC website or mail comments to:

Idaho Public Utilities Commission
P.O. Box 83720
Boise, Idaho 83720-0074

Sincerely,

A handwritten signature in black ink, appearing to read 'Greg Wyatt', written in a cursive style.

Greg Wyatt
Vice President and General Manager