



## **(02) Statement of Proposed Findings**

The proposed findings and recommendations of CAPAI are set forth in the testimony of Teri Ottens previously filed in this matter, and reflected in the settlement stipulation currently before the Commission to which CAPAI is a signatory.

CAPAI fully participated in every aspect of this case including an analysis of the Company's requested impact on all residential customers, the merits or questionability of numerous aspects of the application for a rate increase, the submission of discovery, participation in several settlement conferences and, ultimately, the execution of a Settlement Stipulation and a Joint Motion for Approval of the Settlement Stipulation, along with the prefiled direct testimony of Teri Ottens outlining the basis for CAPAI's support of the settlement now before the Commission for consideration. Consistent with the Settlement Stipulation, CAPAI makes the following summary of Ms. Ottens' comments and presents its statement of proposed findings and recommendations to the Commission.<sup>1</sup>

First, Ms. Ottens noted CAPAI's initial concern regarding the magnitude of the rate increase originally requested, nearly 20%, and the impact this would have on the customers of one of Idaho's largest public water utilities. CAPAI believes that the reduced rate increase set forth in the settlement by which the Company receives roughly 10.5% spread over two years, will have significantly less impact on the Company's customers and, in light of other offsetting provisions in the Stipulation affecting low-income customers, represents a reasonable compromise. As noted by Ms. Ottens: "[t]his two-phase agreement lessens the impact of the rate increase in the first year and provides assuredness for a slightly expanded time and, even in total, is considerably less than originally proposed." *Ottens, at p.4*. Ms. Ottens further notes that, by

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<sup>1</sup> For the sake of brevity, this list is not an exhaustive summation of virtually every issue resolved by the settlement agreement and for which CAPAI had a position but focuses on those issues most important and unique to United Water's residential customers in general and low-income in particular.

virtue of the phased-in rate increase, there would be no new rate increase effective for United Water prior to January 1, 2014.

Ms. Ottens also discussed the proposed changes to the Company's customer charge testifying that higher customer (fixed) charges provide utility management and shareholders with greater predictability in terms of revenues and reduced risk in terms of not recovering their revenue requirement. She further noted that any increase in this charge affects a customer's ability to affect their own bill even through reduced consumption. Because of these factors, the customer charge is an important issue to CAPAI and, no doubt, to the Company. Although the settlement does result in an increase to United Water's customer charge, Ms. Ottens testified that this increase is justifiable in light of agreed upon "enhancements" to United Water's low-income customers. There are several such "enhancements" agreed upon in the settlement. Under the first, United Water agreed (Settlement Stip, p. 15) to increase the cap on total benefits available under the Company's "United Water Cares" program from \$50 to \$65 annually.<sup>2</sup> This change provides the Community Action Agencies with greater latitude in determining the greatest level of need among low-income customers and how best to address that need. *Ottens, p.5.*

Another enhancement to low-income assistance negotiated through settlement was the provision to remove the currently existing annual matching cap of \$20,000 contributed by United Water to the United Water Cares program.<sup>3</sup> Previously, United Water's agreement was to match funds contributed by the Company's customers up to a maximum of \$20,000 contributed by United Water. Because customer contributions have unfortunately been quite low, the Company agreed to eliminate this cap. The consequence of this agreement by United Water is to open up

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<sup>2</sup> See, par 15(a) of Settlement Stipulation.

<sup>3</sup> See, par 15(b) of Settlement Stipulation.

the Company's United Water Cares program benefits to provide more assistance to eligible customers.

United Water further agreed to provide CAPAI with certain low-income data including an analysis of data related to low-income customers' consumption of water by using United Water Cares program recipients as a "data proxy" for the Company's low-income customers in general.<sup>4</sup> Ironically, a significant problem that low-income advocates such as CAPAI often face is the lack of useful data concerning the utility consumption habits of low-income customers. This data can be surprisingly difficult to obtain. The reasons include, among others, the need to protect the confidentiality of customers and the fact that the utility in question is often the only party in possession of or with access to the needed data.

The opportunities to make productive use of this type of information is varied. One example pertains to the establishment or modification of tiered rates for any given utility. It is typically not known how much of a particular utility commodity the average low-income customer consumes, the time of day when such consumption takes place, seasonal variances of said consumption, and so on. As Ms. Ottens testified, "CAPAI is often frustrated by a lack of low-income consumption data when it considers positions to take in proceedings before this utility on any number of issues on any number of issues for any utility from revenue allocation to rate design."<sup>5</sup> It was agreed by the parties to the Settlement Stipulation that the confidentiality of any United Water customers whose consumption data is used for analysis purposes as previously described shall remain confidential.

This type of data is helpful whether one is dealing with kilowatts or cubic feet of water and will hopefully prove useful not only to CAPAI, but to the Commission Staff and

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<sup>4</sup> See, *par 15(c) of Settlement Stipulation.*

<sup>5</sup> *Test. T. Ottens, p.6.*

Commissioners as well in reaching recommendations and decisions regarding both low-income and non-low income issues. Furthermore, at the time of the settlement agreement, CAPAI had pending certain discovery responses that might also provide additional useful information.

United Water has agreed to respond to this discovery within a reasonable time frame.<sup>6</sup>

Finally, United Water has agreed to make available to requesting Community Action Agencies water conservation devices (“kits”) for distribution to low-income customers which should help to increase the dissemination of these important water-saving measures. The parties agreed to meet and confer to develop protocols for ensuring that conservation kits are delivered only to United Water customers and that appropriate record keeping is maintained.<sup>7</sup>

Ms. Ottens noted and expressed CAPAI's appreciation for United Water's history of cooperation in working with CAPAI to address the concerns of the Company's low-income customers. Ms. Ottens noted that United Water's reasoned and cooperative approach to low-income issues was a factor in CAPAI's decision to join in the settlement.

### **(03) Statement Showing Costs**

CAPAI submits that the costs and fees incurred in this case, and set forth in Exhibit “A,” are reasonable in amount. Though this matter was obviously settled, CAPAI had performed the vast majority of the work needed to proceed to hearing, had that been necessary, by the time the case was settled.

CAPAI has historically made a concerted effort to minimize its expenses and maximize the effect that its efforts have in proceedings before this Commission. Though this matter was settled, it still required the investment of considerable time and resources by CAPAI to effectively participate and address issues of concern to the general body of ratepayers.

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<sup>6</sup> See, *par 15(d) of Settlement Stipulation.*

<sup>7</sup> See, *par 15(e).*

**(04) Explanation of Cost Statement**

CAPAI is a non-profit corporation overseeing a number of agencies who fight the causes and conditions of poverty throughout Idaho. CAPAI's funding, which comes from various private and governmental sources, is in a state of heightened uncertainty and limitations. CAPAI, therefore, has an extremely limited budget to participate in cases before the Commission. Some matters that CAPAI participates in before this Commission, furthermore, do not qualify for intervenor funding by virtue of their nature, though they are still quite important to low-income utility customers.

In light of the magnitude of the rate increase originally requested by United Water, CAPAI believed that its intervention in this proceeding was necessary to advocate for the interests of low-income customers. The outcome of that intervention, as reflected in the Settlement Stipulation, was to enhance the assistance provided to United Water's low-income customers through the settlement provisions outlined above. Were it not for the availability of intervenor funds and past awards by this Commission, CAPAI would not be able to participate in cases before this Commission. Even with intervenor funding, participation in Commission cases constitutes a significant financial hardship because CAPAI must pay its expenses as they are incurred.

**(05) Statement of Difference**

Although Staff provided valuable input regarding most every issue to this matter, CAPAI is the only party who represented the interests of United Water's low-income customers and proposed the conditions agreed to by United Water and described herein.

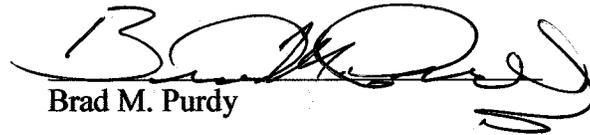
**(06) Statement of Recommendation**

CAPAI submits that providing assistance to a utility's low-income customers provides system-wide benefits in numerous respects including, but not limited to, the fact that properly crafted assistance reduces arrearages, debt collection costs, and improves cash flow, among other things. These are benefits enjoyed by all utility customers, not just the poor. Therefore, the proposals and recommendations made by CAPAI are "of concern to the general body of utility users or consumers."

**(07) Statement Showing Class of Customer**

To the extent that CAPAI represents a specific United Water customer class, it is the residential class.

RESPECTFULLY SUBMITTED, this 12<sup>th</sup> day of January, 2012.

  
Brad M. Purdy

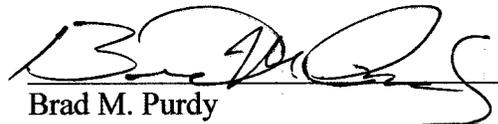
## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 13th day of September, 2012, I caused to be served on the individuals listed below, the foregoing document via electronic transmission and hard copy via U.S. Mail, first class.

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Brad M. Purdy

**EXHIBIT "A"**  
**ITEMIZED EXPENSES**

<b>Costs:</b>		
Photocopies/postage		\$32.43
<b>Total Costs</b>		<b>\$32.43</b>
<b>Fees:</b>		
Legal (Brad M. Purdy –25 hours @ \$130.00/hr.)		\$3,250.00
Expert Witness (Teri Ottens – 10.0 hours @ \$50.00/hr.)		\$500.00
<b>Total Fees</b>		<b>\$3,750.00</b>
<b>Total Expenses</b>		<b>\$3,782.43</b>