

ORIGINAL

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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-15-01

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

DIRECT TESTIMONY OF ROGER GREAVES

MAY 2015

1 **Q. Please state your name.**

2 A. Roger Greaves.

3 **Q. By whom are you employed and in what capacity?**

4 A. United Water Idaho Inc. ("United Water" or "Company") as a Senior Project
5 Engineer.

6 **Q. What are your duties and responsibilities in your capacity as Senior
7 Project Engineer?**

8 A. My responsibilities include strategic planning, capital budgeting, engineering
9 design, information technology, and construction management for assigned
10 capital improvement projects.

11 **Q. Please describe your professional training and experience.**

12 A. I received a Bachelor of Science Degree in Civil & Environmental Engineering
13 from Utah State University in 1993, and a Masters of Civil & Environmental
14 Engineering from Utah State University in 1995. I was employed by Dames
15 and Moore from 1995 to 1998 engineering a variety of water and waste water
16 municipal improvement projects. I was then employed by Forsgren Associates
17 from 1998 to 2002. At Forsgren, I engineered and managed municipal water
18 and wastewater projects. After Forsgren Associates, I was employed by
19 Burns & McDonnell from 2002 to 2013. At Burns & McDonnell, I also
20 engineered and managed municipal water and wastewater projects. I joined
21 United Water in 2013. I am a registered professional engineer in Idaho, Utah,
22 and Arizona.

23 **Q. What is the purpose of your testimony?**

- 1 A. I will discuss these topics:
- 2 • Pro forma adjustments to the test year (December, 2014) to recognize
 - 3 investments in plant in service through November 30, 2015.
 - 4 • Explanation of the purchased water expense and adjustments thereto as it
 - 5 relates to drought protection and weather conditions.
 - 6 • Brian Subdivision Water Users Association connection.

7 Pro Forma Additions and Retirements

8 **Q. Since the last proceeding has the Company continued to invest in utility**

9 **plant in service?**

10 A. Yes. Gross plant from the last proceeding Test Year ending April 30, 2011

11 through December 31, 2014 has increased \$40.653 million. The pro forma

12 additions for the period January 1 to November 30, 2015 total \$17.585 million.

13 The total plant in service investment from April 30, 2011 to November 30,

14 2015 is \$58.238 million, an increase of 17.1% over the Company's Plant in

15 Service at April 30, 2011 of \$340.030 million. The Company continues to

16 provide new and replacement utility plant in all areas of the business including

17 source of supply, water treatment, pumping, transmission and distribution

18 mains, distribution storage, customer service lines, customer meters,

19 information technology, and general plant.

20 **Q. Are these plant in service additions used and useful in providing service**

21 **to the Company's customers?**

22 A. Yes, they are. Additionally, the projects included in pro forma Rate Base from

23 January 1 through November 30, 2015 will also be in service.

1 **Q. Will these plant additions be in service by the end of the pro forma**
2 **period?**

3 A. Yes. These plant additions are underway and/or planned for completion by
4 the end of the pro forma period, November 30, 2015.

5 **Q. Will the plant additions shown on Exhibit No. 3 be used and useful in**
6 **providing service to the Company's customers?**

7 A. Yes they will.

8 Purchased Water Expense

9 **Q. Please discuss the basis for United Water's purchased water expense in**
10 **the pro forma amount of \$148,194 as shown on Exhibit 4.**

11 A. The annual cost for surface water hinges on multiple factors. The primary
12 factor in establishing the annual cost is balancing the use of short term rental
13 pool water, when available, versus longer term storage contracts between the
14 Bureau of Reclamation (BOR) and the Company. This in turn is directly
15 related to the snow pack and precipitation moisture conditions for any given
16 year. Annual purchased water has ranged from approximately \$208,000 to
17 \$128,000 during the period from 2011-2014. The Company balances its
18 surface water portfolio by renting or leasing water at a lower cost when
19 available and preserving the more reliable storage space for drought
20 protection when rental water is unavailable or becomes extremely costly due
21 to limited availability. In this way the Company minimizes current year costs
22 while guarding against future shortages or high prices. It should be noted that
23 the BOR contract payments for 2,100 acre feet must be made even if the

1 water is not used in any given year. The BOR contracts are shown in Exhibit
2 No. 4 identified by a double asterisk (**).

3 **Q. Are the lease/contract costs generally known and measureable related to**
4 **purchase water expense?**

5 A. Yes, these agreements have been executed and are shown on Exhibit No. 4.

6 **Q. Can you clarify why purchased water expense proposed in the pro forma**
7 **period exceeds the test year expense by approximately \$12,000?**

8 A. The primary purpose of this increase is drought protection. The increase
9 assures enough storage water and senior natural flow to operate the surface
10 water treatment plants in the event of low snow pack and associated storage
11 water carryover. The Company's natural flow water rights are very junior in
12 priority and transition to storage water release occurs according to the control
13 of the Boise River Water Master. In lower than normal snow/precipitation
14 years, such as this year, this transition happens earlier in the season and
15 more storage release is necessary to operate until the next spring when the
16 process starts again. This expense is associated with leases that provide the
17 Company additional storage from the existing owners of these water rights.

18 **Q. Can you explain in detail the breakdown of this additional expense?**

19 A. Yes. The major difference is the \$12,750 expense associated with assuring
20 sufficient rental pool water for the year. The Company has agreements in
21 place to purchase 2500 acre feet from the Basin 63 Rental pool. The
22 additional \$12,750 expense is paid to Boise Valley Irrigation Ditch Co.,
23 directly, to assure that they put 1,500 acre feet into the Basin 63 Rental Pool,

1 as a portion of the 2,500 acre feet total, for use by the Company. The
2 Company did not pay the additional \$12,750 during the test year because
3 Boise Valley Irrigation Ditch Company did not put the 1,500 acre feet into the
4 rental pool. The Company will make the payment of \$12,750 to Boise Valley
5 Irrigation Ditch Co. in May for the 2015 water year to assure they put the 1,500
6 acre feet in the rental pool. This is being done because the snow/precipitation
7 received during the winter and spring is at approximately 60% of normal and it
8 is uncertain that sufficient water will be available without these additional,
9 guaranteed 1,500 acre feet. These changes are reflected in Exhibit No. 4
10 which produces the total purchased water expense of \$148,194.

11 **Q. Do you believe \$148,194, as depicted on Exhibit No. 4 is a reasonable**
12 **allowance for purchased water expense for rate making purposes?**

13 A. Yes.

14 Brian Subdivision Water Users Association Connection

15 **Q. Can you explain the Company's decision to expand the certificated area**
16 **and install infrastructure to be able to serve the Brian Subdivision?**

17 A. Yes. The Brian Subdivision Water Users Association (BSWUA) was issued an
18 order by the Idaho Department of Environmental Quality requiring them to
19 eliminate existing nitrate contamination from its domestic water system.
20 BSWUA determined that the only feasible method to eliminate existing nitrate
21 contamination would be to connect its domestic water system to United
22 Water's domestic water system and to transfer its domestic water system to
23 United Water. The Company filed Case No. UWI-W-14-01 and received

1 approval to make investments in the infrastructure to accomplish the
2 interconnection by Commission Order No. 33195.

3 **Q. Can you comment on the current status of the connection to Brian**
4 **Subdivision?**

5 A. Yes. In mid-January 2015, United Water Idaho's bore contractor, Earth
6 Energy, began construction on a directional bore under the New York Canal.
7 This bore is one of two required to accomplish the main line connection from
8 United Water's distribution system at Surprise Way to the Brian Subdivision.
9 The bore path was from just north of the canal (in vicinity of United Water's
10 River Pump Station adjacent to Highway 21) to a depth of 35 feet below the
11 canal, up the +100 ft. slope to exit northeast of Surprise Way & Highway 21.
12 The total length of this bore is approximately 660 ft. The Canal authorities
13 required a groundwater monitoring piezometer well be installed adjacent to the
14 New York Canal bank for ground water level monitoring. This monitoring will
15 continue through the entire construction period.

16 The contractor experienced difficulty boring up the slope of the Surprise
17 Way hill and was unable to complete the pilot hole. A second attempt was
18 made and the pilot hole was completed, reamed and enlarged, but the
19 contractor was then unsuccessful in pulling the bore pipe through the bore. By
20 this time water was flowing in the New York Canal and we were approaching
21 the beginning of the irrigation season timeframe. A meeting was held with the
22 Boise Project Board of Control and Bureau of Reclamation at which they

1 authorized additional construction efforts into late March/early April during
2 which the bore hole was repeatedly reamed for cleaning, and once to enlarge.

3 A third attempt was made to install casing and pull the pipe through.
4 However, due to the borehole's resulting condition, instability near Surprise
5 Way and cobble debris in the bore this attempt was also unsuccessful. The
6 Company again met with the Canal authorities and, because irrigation season
7 had started, it was agreed that all pipe and casing would be removed from the
8 bore hole and it would be abandoned, cement-filed, and plugged. This was
9 accomplished in early April.

10 **Q. What are the intentions of the Company with respect to completing the**
11 **project?**

12 A. It is our intent to construct a new deeper but shallower sloping directional bore
13 after the irrigation season ends and the New York Canal is no longer flowing
14 water, around November 1, 2015. Depending on the exact date of the end of
15 the irrigation season, it is possible the Board and Bureau could allow
16 construction to restart before that. Our contractor, Earth Energy, is prepared
17 to begin the new bore construction when permitted by the Board and Bureau.

18 In light of the foregoing, and after consulting with Brian Subdivision Water
19 Users Association (BSWUA) representatives, United Water does not think it is
20 advisable to commence any of the other construction activities required to
21 connect and replace the BSWUA distribution system. We intend to commence
22 these activities later in 2015 or early 2016 as soon as the New York Canal
23 bore is completed.

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EXHIBIT TO ACCOMPANY THE

DIRECT TESTIMONY OF ROGER GREAVES

United Water Idaho
Pro Forma Period Plant Additions and Retirements
April 1, 2015 to November 30, 2015

Project ID	Project Title	In Service Date	Forecast Additions	Forecast Retirements	Forecast Cost of Removal	Forecast Salvage
	Source of Supply					
C14A502	Amity Well Re-Drill	Jun-15	\$ 607,000	\$ 186,900	\$ -	\$ -
C15A001	Water Rights	Apr-15	188,900	-	-	-
	Subtotals		\$ 795,900	\$ 186,900	\$ -	\$ -
	Treatment					
C14B503	Fisk VOC Treatment	Apr-15	\$ 2,116,700	\$ 36,800	\$ -	\$ -
C15B101	Beacon Well Blending	Jun-15	100,900	-	-	-
C15B102	MWTP Disinfection Monitoring	Jun-15	20,600	-	-	-
C15B103	Install Fixed Ladders at Marden	May-15	22,800	-	-	-
C15B104	CWTP Blower Vents	Apr-15	4,900	-	-	-
C15B503	MWTP & CWTP Valves & Actuators	Aug-15	136,200	87,200	13,200	-
C15B600	Replace Treatment Equipment	Various	87,400	50,200	7,700	-
	Subtotals		\$ 2,489,500	\$ 174,200	\$ 20,900	\$ -
	Pumping Plant					
C15C001	MWTP Raw Water Pump Control	May-15	\$ 5,700	\$ -	\$ -	\$ -
C15C002	Noise Screen-Floating Feather	Jul-15	7,300	-	-	-
C15C100	Pump Equip-Sources of Supply	Various	208,600	62,600	29,400	1,600
C15C200	Repl Booster Pump Equipment	Various	85,100	40,800	3,000	-
C15C225	Xeriscape Improvements	Nov-15	51,500	5,100	3,800	-
C15C501	Reconstruct Pumping Facilities	Jul-15	51,500	12,500	1,300	-
C15C502	Repl Pmp Stn Gate & Ck Valves	Aug-15	41,900	5,200	9,000	-
C15C503	Repl Bluffs Booster Station	Aug-15	608,800	44,900	4,500	1,500
C15C525	Facility Cooling	Jul-15	38,000	15,000	800	-
	Subtotals		\$ 1,098,400	\$ 186,100	\$ 51,800	\$ 3,100
	T & D Mains					
C15D002	New Short Mains & Valves	Various	\$ 94,400	\$ -	\$ -	\$ -
C15D103	Wrm Sprgs:Highland Val-Teresa	Jun-15	243,400	-	-	-
C15D300	Developer Extensions	Various	2,844,000	-	-	-
C15D502	Repl Short Mains & Valves	Various	140,000	5,600	-	-
C15D600	Replacement Mains	Various	307,900	21,400	3,100	-
C15D625	Upgrade PRV Stations	Jun-15	103,800	7,600	1,700	-
C15D626	PRV Rebuild Kits	May-15	13,700	-	-	-
C15D650	Small GIP Main Repl Project	Various	785,900	12,500	3,900	-
C15D700	Agency Replacement Mains	Various	341,900	54,400	3,400	-
C15D701	Broadway River Crossing	Oct-15	1,000,000	40,000	2,500	-
	Subtotals		\$ 5,875,000	\$ 141,500	\$ 14,600	\$ -
	Services					
C15F003	New Fire Services	Various	\$ 128,000	\$ -	\$ -	\$ -
C15F005	New Isolated Services	Various	317,600	-	-	-
C15F501	Replacement Services	Various	314,400	157,300	16,800	2,400
C15F505	Repl Isolated Services	Various	544,800	-	-	-
	Subtotals		\$ 1,304,800	\$ 157,300	\$ 16,800	\$ 2,400
	Meters					
C15G001	New Customer Meters	Various	\$ 166,400	\$ -	\$ -	\$ -

United Water Idaho - Purchased Water Exhibit 4

	ID#	UNITS	PRICE PER UNIT	MISC. FEES	ANNUAL TOTAL UNIT COST	COMMENT
SHARES IN CANAL						
THURMAN MILL (TM)	N/A	46.5	\$30.00		\$1,395.00	Points of diversion is in Canal Co name at Marden WTP. Annual assessments required to activate.
BOISE CITY CANAL CO. (BCCC) - Own	N/A	45	\$98.00		\$4,410.00	Shares are owned. The Canal Board sets the annual assessments each fall and sends assessments to shareholders the following spring.
BOISE CITY CANAL CO. (BCCC) -10 Year Lease	N/A	400	\$98.00		\$39,200.00	18" Pipeline to Marden WTP from BCCC - Lateral #3
BOISE VALLEY IRRIGATION DISTRICT (BVID)	N/A	43	\$10.00	\$25.00	\$455.00	Shares are owned. The Canal Board sets the annual assessments each fall and sends assessments to shareholders the following spring. Point of diversion in BVID name at Marden WTP.
CONTRACT/LEASE/STORAGE						
**ANDERSON RANCH RESERVOIR B.O.R. (1000 af)	13205638	1000	\$25.44		\$25,440.00	Annual payment same even if not used. Held in Anderson RSVR for drought protection & collector mitigation
** LUCKY PEAK RESERVOIR B.O.R. Repayment (1100 af)	059D101468	1100	\$15.16		\$16,674.00	Fixed Rate: Hold for drought. 40 yr Repayment Contract (Ends 12/31/2046)
** LUCKY PEAK RESERVOIR B.O.R. Maintenance (1100 af)		1100	\$2.45		\$2,695.00	B.O.R. estimates O&M yearly & updates costs
STATE WATER BANK (Use our own ground water)	N/A	350	\$1.70		\$595.00	State water bank fee to allow annual transfer between wells \$1.70 per acre foot.
BASIN 63 RENTAL POOL						
ANNUAL BASIN 63 RENTAL POOL	Rex Barrie	2500	\$17.00		\$42,500.00	Volume rented varies with snow pack and ability to get commitments from other space holders
INCENTIVE PAYMENTS TO BASIN 63 SPACE HOLDERS						
PAY SPACEHOLDERS THAT PUT WATER INTO THE RENTAL POOL	N/A	1500	\$8.50		\$12,750.00	Paid to Boise Valley Irrigation Ditch Company, May 2015.
OTHER						
GARDEN CITY PUBLIC WORKS	N/A				\$1,580.00	3 UWID Customers on Joplin St get their water off GC system
NEW YORK IRRIGATION DISTRICT	N/A	50	\$10.00		\$500.00	Shares associated with land adjacent to CWPS. Irrigation District sets the annual assessments each fall and sends assessments to landowners the following spring.
					\$148,194.00	