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UTILITIES COMMISSION

HAND DELIVERED

December 4, 2015

Jean Jewell
Secretary, Idaho Public Utilities Commission
472 W. Washington St.
Boise, ID 83702

Re: Case No. UWI-^{W-15}~~R-05~~-01: CAPAI's Corrected Petition for Intervenor Funding

Dear Ms. Jewell:

Included herewith is the original and seven (7) copies of Community Action Partnership Association of Idaho's corrected Petition for Intervenor Funding in the above-referenced proceeding.

As we discussed, there were two errors contained in the original Petition, to wit: 1) Exhibit "A" calculated attorney fees using an old rate of \$130.00/hr. That rate was increased to \$150.00 years ago. This correction increases attorney fees from \$3,900.00 to \$4,500.00. 2) The caption page of the Petition inaccurately characterized it as a Petition to Intervene rather than Petition for Intervenor Funding.

Aside from these mistakes, there were no other mistakes made in the Petition for Intervenor funding. This is to request that you please replace the original copies filed with the Commission with the enclosed, corrected copies. I am also sending corrected copies to United Water's legal counsel.

Thank you for your assistance in this matter.



Brad M. Purdy

Consistent with Rule 162(01) of the Commission's Rules of Procedure, an itemized list of all expenses incurred by CAPAI in this proceeding is attached hereto as Exhibit "A."

(02) Statement of Proposed Findings

The proposed findings and recommendations of CAPAI are set forth in the testimony of Christina Zamora¹ 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 rate increase and other elements of the application and the impact of those elements on all residential customers, the merits or questionability of numerous aspects of the application for a rate increase, reviewing numerous discovery responses, particularly those from United Water, participation in several formal settlement conferences, numerous sidebar settlement discussions w/United Water and its legal counsel, receipt, review and respond to multitudes of emails sent to facilitate settlement without requiring a formal conference on every line item, the execution of a Settlement Stipulation and a Joint Motion for Approval of the Settlement Stipulation, along with the pre-filed direct testimony of Christina Zamora outlining the basis for CAPAI's support of the settlement now before the Commission for consideration and, finally, the participation by the undersigned and Ms. Zamora at the hearing conducted to address the proposed settlement stipulation. Consistent with the Settlement Stipulation, CAPAI makes the following summary of Ms. Zamora's testimony and presents its statement of proposed findings and recommendations to the Commission.²

¹ On November 16, 2015, CAPAI filed an erratum to the testimony of Ms. Zamora to correct a misstatement of the number of United Water customers. This erratum did not alter the pagination or substance of Ms. Zamora's testimony.

² 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.

A. Revenue Requirement:

Ms. Zamora first expressed concern at the magnitude of the original application (13.2% or \$5.88 million) to be phased-in over two years. Ms. Zamora noted that high users can sometimes consist of a disproportionate number of low income persons. Ms. Zamora acknowledged that United Water must recover increasing costs and occasional infrastructure repair or replacement. The ultimate agreement of a total of 6.0% beginning December of 2015 and 1.39 commencing in December of 2016 (for a total increase of 7.39% compared to the 13.2% , or \$3.4 million, originally proposed, constituted a fair compromise).

B. Rate Design/Rate Spread:

Regarding rate design and the Company's proposal to recover its rate increase on a uniform percentage basis across all rate components, Ms. Zamora noted CAPAI's preference for maintaining a fixed monthly charge at a low level. The reasoning behind this is that, unlike electricity, there can be a greater ability to reduce water consumption. For example, low income customers who rely upon electric baseboard heat and live in poorly insulated housing, have no choice but to keep the heat at levels that don't endanger health or home.

In comparison, low income customers of regulated water utilities ostensibly have greater discretion in their consumption. Sometimes hoses are left running for no purpose, drinking water is used to clean cars or even the side of one's house, dripping faucets often go unfixed, and so on. In short, some low income water users might have greater discretion in their water consumption than do electric customers.

In light of the foregoing, and the relatively minimal increase that the basic monthly charge will receive are sufficient to alleviate CAPAI's concerns over increasing the monthly charge.

Regarding United Water's proposal to increase residential rates relatively more than other customer classes, CAPAI is aware that over recent years, Company-performed studies have shown a lack of parity between customer classes and that residential customers are not paying their share of the revenue requirement. In light of this and the fact that the amount of increase agreed upon for the residential class compared to other classes is fair, just and reasonable.

C. Low Income Issues:

As Ms. Zamora noted in her testimony, United Water is the only regulated, investor-owned utility in the State of Idaho to voluntarily offer a bill assistance program to low-income individuals. This program, known as "United Water Cares", is designed so that customers who apply for assistance are limited to a per customer limit. Prior to this case, the ~~eap~~ limit was set at \$50. Because of back and forth negotiations, United Water agreed to increase the ~~eap~~ limit to \$75, which should allow customers to receive additional assistance.

As Ms. Zamora noted, the Cares program was designed to be more than just a pure give-away program. Instead, eligible customers typically meet with the Community Action Agency "El Ada," typically after they've become delinquent and are facing disconnection. Under the program design, the customers may receive up to \$75 toward their past due balance, thanks to United Water's agreement increase the limit in this Settlement. To the extent that the customer's past due bill exceeds \$75, the customer must either pay the remaining balance or work out a payment arrangement with United Water. Thus, customers who wish to benefit from this program must demonstrate their ability to pay the remaining balance due.

As mentioned, Cares is funded entirely by the Company's shareholders. Even better than that is the fact that the program provides system-wide benefits to United Water's ratepayers due to the reduced disconnections, lost customers, collections costs, and many other negative

consequences of losing a customer due to the inability to pay their bill. The aforementioned costs are, of course, paid for by ratepayers. Thus, CAPAI believes that United Water has taken a step that no other similar utility has, a step that costs ratepayers nothing, provides low-income assistance, and actually reduces costs system-wide that ratepayers would otherwise cover. United Water is to be commended for its forward-thinking approach and sense of responsibility to its customers and the community.

D. Other Low Income Issues:

In addition to increasing the efficacy of the Cares program, United Water has agreed to continue providing water conservation information and materials to low-income customers as needed.

(03) Statement Showing Costs

CAPAI respectfully submits that the costs and fees incurred in this case, and set forth in Exhibit "A," are reasonable.

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 time and resources by CAPAI to effectively participate and address issues of concern to the general body of ratepayers. Furthermore, CAPAI's diligent efforts and United Water's accommodating approach has resulted in benefits to all customers at absolutely no cost to any of them.

(04) Explanation of Cost Statement

CAPAI is a private, 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 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, among other things and 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 funding 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 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, particularly an increase in the amount of shareholder funding available to qualified low income customers at no cost to ratepayers but with system-wide benefits that ratepayers will realize as described herein.

(06) Statement of Recommendation

CAPAI submits that its positions taken and overall participation in this proceeding addressed issues of concern to the general body of United Water's customers. This case is unique in that it provides many of the same system-wide benefits provided by programs such as

Low Income Weatherization Assistance, but comes at no cost to ratepayers. These system-wide benefits include, but are not limited to, the fact that reasonably crafted assistance programs such as Cares reduces arrearages, debt collection costs, and improves cash flow, among other things. These are benefits enjoyed by all utility customers, including the low-income. 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 1st day of December, 2015.

Brad M. Purdy

CERTIFICATE OF SERVICE

I, the undersigned, hereby certify that on the 1st day of December, 2015, I served a copy of the foregoing document on the following by electronic mail and U.S. postage or hand delivery.

Donald L. Howell
Dahpne Huang
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Brad M. Purdy

**EXHIBIT “A”
ITEMIZED EXPENSES**

Costs:	
Photocopies/postage	\$42.05
Total Costs	\$42.05
Fees:	
Legal (Brad M. Purdy –30 hours @ \$150.00/hr.)	\$4,500.00
Total Fees	\$4,500.00
Total Expenses	\$4,542.05

CAPAI’s legal counsel worked on the United Water case a total of 82 days (not including time spent preparing Funding Petition) beginning in February when the Notice of Intent to file a rate case was filed and ending with the hearing date on Nov 16, 2015.

Due to an unexpected and serious illness, counsel has not been able to provide the level of detail that he had intended regarding the actual work done and time pertaining to each day. Should the Commission desire, Counsel could provide greater detail in the next day or two.

Generally speaking, CAPAI coordinated to some extent with the El Ada Community Action Agency to learn about the progress and efficiency of the Cares program and what types of funding or program design changes would be most helpful. In this respect, there were a multitude of meetings, emails and telephone calls conducted in order to negotiate with United Water and be prepared to respond accurately to any questions that the Commission or Staff might have regarding the program. Counsel also spoke with several Staff personnel to apprise them of the sidebar discussions taking place between CAPAI and UWI regarding the Cares program.

Because the Cares program is funded by United Water’s shareholders, CAPAI participated in numerous meetings and other communications with United Water in order to reach some resolution on the increased need for the benefits provided by the Cares program. These sidebar settlement discussions took place in addition to the settlement negotiations participated in by all parties. Meanwhile, United Water filed its direct case in May which Counsel analyzed in detail and provided summary of same with Christina Zamora.

Regarding the all-party negotiations, CAPAI participated in those as well due to its concern about the amount of rate increase originally proposed. CAPAI also analyzed and weighed in on rate design/rate spread issues.

CAPAI naturally undertook all tasks necessary for the full involvement in a contested general rate case starting with a Petition to Intervene and concluding with the filing of Christina Zamora’s testimony and culminating in the hearing conducted in this matter.

Given CAPAI’s interest in revenue requirement, rate spread, and rate design issues (including the amount of basic monthly charge), it was necessary for CAPAI’s counsel to review discovery requests and responses from all parties.

As is the case with all cases in which CAPAI has participated, it is essential to maintain constant communication with CAPAI's Executive Director. Given the rapidly changing nature of social or business interactions, much more time is spent emailing, texting, or utilizing other forms of communication between parties, and between attorneys and their clients. It was not uncommon in this case, nor in any other cases that Counsel is involved in, to send and received literally dozens of emails each day, often with lengthy documents attached from studies and analyses by experts hundreds of pages long, to Excel spreadsheets, and numerous other information. Thus, the consequence of dealing with dozens of emails in a given day have taken on substantial complexity and require a much greater amount of time.

This case also required frequent interaction with El Ada personnel to ensure that the data supplied to the Commission and Staff was accurate, including the results and efficacy of United Water's Cares program. CAPAI also gleaned critical data from El Ada and other sources to determine the need for assistance, the backlog of said need, and the program changes necessary to address the need in the most efficacious manner.

As the case progressed, settlement discussions were being discussed and required considerable back and forth communications to determine feasible dates and times. Counsel continued to participate in meetings with El Ada as discussions with United Water and all parties commenced. Meanwhile, formal settlement negotiations continued to be scheduled and rescheduled to suit the availability of all critical personnel. Counsel participated in the formal settlement negotiations once they were finally pinned down. Meanwhile, continued efforts at working out a settlement regarding the Cares program took place between Counsel and United Water.

In addition to the foregoing, CAPAI also reconciled the data that United Water and El Ada had regarding total monies credited by the Company into the Cares program and total credits received by customers. In addition, it was necessary to account for the abandoned developer funds that United Water was authorized by the Commission to apply to Cares as funding and ensure that El Ada's and United Water's numbers were consistent.

Counsel reviewed the proposed settlement terms as they evolved involving all issues not pertinent to the Cares program. CAPAI also fully participated in the cross-connection and backflow prevention device issues raised by United Water. Counsel concluded negotiations with United Water involving the Cares program and the terms and wording that would be included in the Settlement Stipulation. Inform Staff of the details of the changes to the Cares program. Counsel reviewed numerous drafts of the settlement stipulation transferred back and forth over two or so weeks and ultimately executed same on behalf of CAPAI.

Finally, CAPAI prepared and filed the direct testimony of Christina Zamora in support of the Settlement Stipulation. Counsel also executed the settlement stipulation and joint motion seeking approval by the Commission of the settlement.