(text box: 1)BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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| IN THE MATTER OF THE APPLICATION OF UNITED WATER IDAHO INC. TO IMPLEMENT PHASE 2 OF RATES FOR THE NORTH STATE AREA. | ))))))) | CASE NO. UWI-W-97-5ORDER NO.  27125 |

On August 12, 1997, United Water Idaho Inc.  (United Water; UWI; Company) filed an Application with the Idaho Public Utilities Commission (Commission; IPUC) requesting authority to implement Phase 2 of rates for the North State Area.  The North State Area is the general description of those customers lying within the geographic area generally bounded by Gary Lane on the West, Pierce Park on the East and State Street to the South formerly served by the City of Garden City.  This area includes Summer Hill Subdivision, Hillsboro Subdivision and those developments fronting Pierce Park on the East that were formerly served by Garden City.  The North State Area was acquired by United Water on August 12, 1996, when the Commission approved a July 20, 1995, Exchange Agreement between United Water and the City of Garden City, Idaho.  Reference Order No. 26562 and related amendment to UWI Certificate No. 143.  In its Order the Commission approved United Water’s proposal for a phase in of rates for customers in the North State Area whereby rates for customers in that area would be increased in increments to full United Water rates.  More specifically, the Commission approved the following phases:

Phase 1—Existing Garden City rates until completion of intertie with UWI distribution system.

Phase 2—85% of UWI rates, as they existed on August 12, 1996, for twelve (12) months.

Phase 3—92% of UWI rates, as they existed on August 12, 1996, for twelve (12) months.

Phase 4—transition to full UWI rates.

Order No. 26562, p. 5.

United Water is presently providing service at the rates specified in Phase 1, the existing Garden City rates.  United Water contends that it has completed the intertie between the North State Area and UWI’s domestic water distribution system and that the North State Area is now fully integrated with UWI’s system.  Accordingly, United Water states that it is entitled to implement Phase 2 of the phase-in sequence approved by the Commission.

Additionally, United Water contends that it has implemented other measures to ensure that water pressure and quality are adequate within the North State Area.  These measures include:

1.The North State Area has been included in UWI’s annual system flushing program thereby enhancing water quality within the area;

2.The North State Area has been integrated into UWI’s SCADA system  thereby enabling remote monitoring of the system in the area;

3.Water pressure in the North State Area has been stabilized by virtue of connection to UWI’s Hidden Hollow Reservoir;

4.UWI has established a customer liaison team consisting of Company personnel, customer representatives and IPUC representatives.  The customer liaison team has held regular meetings, and these will continue;

5.Construction of the Garden City booster station has been completed thereby enhancing water supply and pressure at peak demand periods;

6.UWI has provided technical assistance to Garden City to help improve water quality.

Accompanying the Company’s Application is the proposed schedule of Phase 2 rates.  Residential customers with 5/8 to 3/4 inch service lines will experience an increase in customer charges to $10.20 bi-monthly per meter and an increase in volume charge for all water used for 100 cubic feet (ccf) of $0.6877 for winter rates and $0.8594 for summer rates.  Summer rate applies to water consumed between May 1 and September 30.  United Water requests approval of the Phase 2 rates for the North State Area for a period of 12 months, and further requests that it thereafter be permitted to file tariffs to implement Phase 3 and Phase 4 by tariff advice pursuant to IPUC Rules of Procedure 134.01.  The Company requests an effective date for Phase 2 rates for the North State Area of September 5, 1997.

Commission Notices of Application and Modified Procedure in Case No. UWI-W-97-5 issued on August 15, 1997.  The deadline for filing written comments or protests was August 29,1997.  The Commission Staff was the only party to file comments (attached).  United Water has completed the interconnection with its distribution system and Staff therefore believes that the Company is entitled to move to Phase 2 of the rate phase-in as approved by the Commission in Order No. 26562.  Staff further believes that it is appropriate to implement Phases 3 and 4 by tariff advice as no action or performance is required other than the passage of time.

COMMISSION FINDINGS

The Commission has reviewed and considered the Company’s Application and the filed comments of Commission Staff.  We have also reviewed our prior Order No. 26562 in Case No. UWI-W-95-2.  The Commission continues to find that the issues presented are suitable for processing under Modified Procedure, ie. by written submission rather than by hearing.  Reference Commission Rules of Procedure, IDAPA 31.01.01.201-204.  The Commission finds the Company’s proposal to move to Phase 2 of the rate phase-in schedule for the North State Area to be justified and reasonable.  The Commission finds the Company’s proposal to implement subsequent Phases 3 and 4 by tariff advice to also be reasonable.  The Commission further finds the proposed September 5, 1997 effective date for Phase 2 rates for the North State Area to be reasonable.

CONCLUSION OF LAW

The Idaho Public Utilities Commission has jurisdiction over this matter and United Water Inc., a water utility, pursuant to the authority and power granted under Title 61 of the Idaho Code and the Commission’s Rules of Procedure, IDAPA 31.01.01.000 et seq

O R D E R

In consideration of the foregoing and as more particularly described above, IT IS HEREBY ORDERED that the Application of United Water Idaho Inc for authority to implement Phase 2 of the rate phase-in for the North State Area is approved effective September 5, 1997.  The Company is directed to file complaince tariffs.  IT IS FURTHER ORDERED and the Company is authorized to implement subsequent Phases 3 and 4 by tariff advice.

THIS IS A FINAL ORDER.  Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order.  Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration.  See Idaho Code § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this                  day of September 1997.

                                                                                                                                       DENNIS S. HANSEN, PRESIDENT

                                                                                            RALPH NELSON, COMMISSIONER

MARSHA H. SMITH, COMMISSIONER

ATTEST:

Myrna J. Walters

Commission Secretary

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**COMMENTS AND ANNOTATIONS**

Text Box 1:

**TEXT BOXES**

Office of the Secretary

Service Date

September 5, 1997