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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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| IN THE MATTER OF THE APPLICATION OF UNITED WATER IDAHO INC.  FOR AUTHOR­ITY TO IMPLE­MENT PHASE TWO OF RATES FOR THE NORTH STATE AREA. | ))))))) | CASE NO. UWI-W-97-5COMMENTS OF THECOMMISSION STAFF |

COMES  NOW  the Staff of the Idaho Public Utilities Commission, by and through its Attorney of record, Scott Woodbury, Deputy Attorney General, and in response to the Notices and Order No. 27105 in Case No. UWI-W-97-5 issued on August 15, 1997, submits the following comments.

On August 13, 1997, United Water Idaho (UWI; United Water; Company) filed an application with the Idaho Public Utilities Commission (Commission) to implement Phase 2 of rates for the North State Area.  In support of its request, the Company refers to Commission Order No. 26562 in Case No. UWI-W-95-2 which authorized the Company to include the North State Area within its service territory and approved United Water’s proposed phase-in of rates.  The Company specifically cited Commission approval of the following phases:

Phase 1Existing Garden City rates as of August 12, 1996, until intertie with UWI’s distribution system is complete;

Phase 285% of UWI rates, as they existed on August 12, 1996, for twelve (12) months;

Phase 392% of UWI rates, as they existed on August 12, 1996, for twelve (12) months, and

Phase 4Transition to full UWI rates.

The Commission Order stated:

We find the Company’s rate phase-in proposal to be a reasonable method of transitioning North State Area customers to full UWI rates.  We find the rates and proposed transition schedule to be fair, just and reasonable.

United Water states that it is currently providing service to the North State Area at the Phase 1 rates and has completed the intertie between the North State Area and the Company’s distribution system.  The Company also supports its request by describing other measures implemented to insure adequate water pressure and quality in the North State area.  These measures include integrating SCADA in the area, stablizing pressure by connecting to the Hidden Hollow reservoir, establishing a customer liaison team and providing water quality technical assistance to Garden City.

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 Commission Order No. 26562.  Accordingly, it is appropriate to increase North State Area customer rates to 85% of the UWI rates that existed on August 12, 1996 with an effective date of September 5, 1997.  Staff further believes 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.

Implementation of Phase 2 will result in a bi-monthly increase of $0.38 (3.87%) for customers with a 3/4 inch meter or smaller.  Winter commodity rates will increase by $.0145 per 100 cubic feet (2.15%) and summer commodity rates will increase by $0.186 per 100 cubic feet

(27.66%).  It should be noted that the Company’s current Schedule 1 rates are 3.58% higher than Schedule 1 rates in effect on August 12, 1996.  Therefore, Phase 2 rates will be less than 85% of current Schedule 1 rates.

Respectfully submitted this                    day of August 1997.

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Scott Woodbury

Deputy Attorney General

Technical Staff:Randy Lobb

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