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

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| IN THE MATTER OF THE APPLICATION OF UNITED WATER IDAHO INC. FOR AUTHORITY TO REVISE AND INCREASE RATES CHARGED FOR WATER SERVICE. | ))))))) | CASE NO. UWI-W-97-6ORDER NO.  27293 |

On December 16, 1997, Sharon Ullman, an intervenor in Case No. UWI-W-97-6, filed a motion with the Idaho Public Utilities Commission (Commission) for disallowance of bifurcation in Case No. UWI-W-97-6.  Reference IDAPA 31.01.01.056.  The bifurcation requested by United Water Idaho Inc. (United Water; Company; UWI) is to separate the issue of revenue requirement from those of cost of service and rate design.

Ms. Ullman was also a participant in Case No. UWI-W-96-4, the Company’s prior “make whole” rate case.  Based upon a Stipulation and Settlement Agreement (Agreement ) in that case, Ms. Ullman believed that rate design issues would be addressed in UWI’s next full-blown rate case.  The referenced Agreement states in part: “Withdrawal of rate design issues from this proceeding is without prejudice to right of any party to assert any position with respect to rate design in an appropriate future proceeding.”  Ms. Ullman contends that UWI is now reneging on the terms of the prior Agreement by proposing that resolution of rate design issues be further delayed through bifurcation of this case.

Ms. Ullman disputes that bifurcation will “secure just, speedy and economical determination of all issues presented to the Commission.”  Reference IDAPA 31.01.01.013  Liberal Construction.  The underlying rules regarding general rate case filings provide that if the application is subject to Rule 122 — Notice of Intent to File a General Rate Case (Reference UWI July 21, 1997 Notice of Intent to File a Rate Case . . . pursuant to Rule 122), the application “must include the following data . . .  testimony and exhibits showing financial statements; cost of capital and appropriate cost of service studies.”  (Emphasis added.)  IDAPA 31.01.01.121.01(e).  Pursuant to Rule 121.03, failure to comply with paragraphs 01 . . . of this Rule is grounds to return or dismiss an application.  IDAPA 31.01.01.121.03.

Ms. Ullman disputes the Company’s contention that “addressing revenue requirement issues and cost of service issues in separate proceedings is the most efficient use of all parties resources.”  UWI Application p. 3.  Ms. Ullman contends that bifurcation will delay resolution of rate design issues and will necessitate the expenditure of additional time and money.  At a minimum, with two separate cases as proposed by UWI, the Company’s customers will be potentially responsible for increased intervenor funding ($50,000 maximum as compared to $25,000 maximum).  Reference 31.01.01.165; Idaho Code § 61-617A. In addition, two separate cases will increase the time (and therefore costs) of required participation (e.g., duplicate hearings and conferences).

Ms. Ullman requests that the Commission

●require UWI to proceed with all phases of a general rate case simultaneously; or

●address cost of service/rate design prior to revenue requirement; or

●dismiss the Company’s Application in Case No. UWI-W-97-6 on the grounds that the Application is incomplete due to UWI’s failure to provide a cost of service study and address rate design issues.

On December 22, 1997, United Water and the Coalition of United Water Customers (Coalition) filed responses to Ms. Ullman’s Motion.  Both recommend that Ms. Ullman’s Motion be denied.  It is suggested that the rate design phase will be highly controversial, as well as complex and challenging.  It is the contention of both that separate consideration and determination of first, revenue requirement and second, cost of service/rate design issues is a logical sequence for addressing the issues, will contribute to efficiency and the use of party resources, will facilitate thoughtful and thorough consideration of the issues, and will provide a procedure that better serves the public interest.

United Water disputes Ms. Ullman’s contention that the Company has “reneged” on a previous commitment.  The Company pledges, now absolutely and unconditionally, to file its cost-of-service studies and rate design proposals within 30 days of the completion of the first phase of this proceeding (reference Application, p. 3), but to allay any possible mistrust, the Company indicates that it will accept a Commission Order requiring the Company to make such a filing.

The Coalition contends in its filing that the Company must be put on notice that the rate design proceeding can have a potential impact on revenue requirement, as certain rate design initiatives, it states, may increase or decrease water consumption and enhance sales.

Commission Findings

The Commission has reviewed and considered the filings of record in Case No. UWI-W-97-6, the Stipulation and Settlement Agreement in Case No. UWI-W-96-4, the above referenced Motion of Sharon Ullman and the related responses.

While noting Ms. Ullman’s concerns and objection and recognizing that the procedure adopted may increase the time and cost of party participation, the Commission is not swayed by her argument.  General rate cases present issues that are complex and challenging.  We find that the public interest is sometimes better served in adopting a procedure that better enables and permits the opportunity for focused and thoughtful analysis and consideration.  In appropriate cases this can be  accomplished by bifurcation.  We continue to find the Company’s proposal to address the revenue requirement and cost of service (and rate design) issues in separate proceedings to be an administratively efficient use of Company and Commission resources.  Reference Order No. 27229.  We also believe that the procedure will be of benefit to intervenors.  The proposed procedure, furthermore, as represented by United Water and the Coalition, is sequentially logical.  We therefore find it reasonable to deny Ms. Ullman’s Motion and the alternative relief requested.  To provide a relatively seemless transition from revenue requirement to cost of service and rate design, however, we further find it reasonable to require United Water by Order to file a separate cost of service and rate design proceeding within 30 days after the Commission’s Order in this proceeding becomes final.

CONCLUSIONS OF LAW

The Idaho Public Utilities Commission has jurisdiction over United Water Idaho Inc., a water utility, the Application in Case No. UWI-W-97-6 and the Motion of Ms. Sharon Ullman for disallowance of bifurcation pursuant to Idaho Code Title 61 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 Motion of Sharon Ullman filed on December 16, 1997, in Case No. UWI-W-97-6 for disallowance of bifurcation of revenue requirement and cost of service (and rate design) issues is denied.

IT IS FURTHER ORDERED and the Company is directed to file a separate cost of service and rate design proceeding within 30 days after the Commission’s ultimate Order in this proceeding becomes final.

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

                                                                                                                                       DENNIS S. HANSEN, PRESIDENT

                                                                                            RALPH NELSON, COMMISSIONER

MARSHA H. SMITH, COMMISSIONER

ATTEST:

Rebecca Smith-Pitman

Assistant Commission Secretary

vld/O:UWI-W-97-6.sw2

**COMMENTS AND ANNOTATIONS**

Text Box 1:

**TEXT BOXES**

Office of the Secretary

Service Date

January 2, 1998