



Re: Notice of Application to Increase Rates

Dear Customer:

On September 3, 2009, United Water Idaho filed for rate relief with the Idaho Public Utilities Commission (IPUC) requesting a \$4.37 per month or 15 cents per day increase in rates for a typical residential customer. The proposed increase, if approved by the IPUC, would raise the average residential customer's annual bill from approximately \$343 to \$395. United Water was last granted a rate increase more than three years ago in August 2006.

Since its last rate filing, United Water has made more than \$13 million in investments and improvements to the water system serving Idaho's capital city. The company has invested more than \$12 million to replace aging infrastructure, including replacing more than 16 miles of water mains, 2,200 water services, and 13,000 meters. United Water has invested nearly \$2 million in treatment facilities at various locations in the system. United Water has also improved reliability by investing in booster station improvements and auxiliary power, to ensure uninterrupted service in the event of a power failure.

Since 2006 the company's operational costs have also increased for items such as power, chemicals, and depreciation - totaling more than \$1.2 million. While we've worked hard to control operating costs, prices for commodities such as power and chemicals continue to rise at an alarming rate. That's one of the reasons we have instituted an aggressive water conservation program and a low-income customer payment assistance program through UW Cares.

In its Application United Water is proposing a revenue increase of \$5,625,085, which represents an overall increase in rates of 15.21%, to be applied equally to all classes of customers. The proposed increase in rates is subject to review and a decision by the IPUC, which may accept, modify or reject in whole or in part the proposed increase. A complete copy of the proposal is available at the Company's office at 8248 W. Victory Road, Boise, Idaho and at the Commission's office at 472 W. Washington, Boise, Idaho. It is also available on-line at the IPUC website: <http://www.puc.idaho.gov/internet/cases/summary/UW1W0901.html>, and at United Water Idaho's website: <http://www.unitedwater.com/idaho>.

You can also file a comment on the Application via the IPUC website at: <http://www.puc.idaho.gov/forms/ipuc1/ipuc.html> or mail comments to:

Idaho Public Utilities Commission
P.O. Box 83720
Boise, Idaho 83720-0074

Sincerely,

Greg Wyatt
Vice President and General Manager