



## **Re: Notice of Application to Increase Rates**

### **Dear Customer:**

On August 3, 2011, United Water Idaho filed for rate relief with the Idaho Public Utilities Commission (IPUC) requesting a \$5.82 per month or 19 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 \$351 to \$421. United Water was last granted a two-phase rate increase in March 2010.

United Water Idaho has invested more than \$20 million in its system since the utility's last rate filing. Those investments have improved water quality, reliability, and service for all of United Water Idaho's customers. Projects include a new well supply treatment facility at the Hilton Well, which removes iron and manganese from the water for nearly 4,000 customers on the Bench; a new 600,000-gallon water storage facility serving the Warm Springs Mesa area; current work to install 1.7 miles of new 24-inch water main along Hill Road to improve pressure and fire protection for thousands of customers in northeast Boise near 36<sup>th</sup> Street; and replacing water mains, service lines and meters throughout the system. Additionally, the company is undertaking a replacement and upgrade of its customer information system, which will improve transactions with customers and service calls.

The average water consumption per metered customer has continued to decline significantly over the past several years resulting in significantly lower annual revenues to the Company. This reduction in annual revenue makes up roughly 38 percent of the overall rate request. Under the Company's current tariff structure, nearly 71 percent of revenues are based on volume, which is variable, while at the same time the majority of the company's costs are fixed.

In its Application United Water is proposing a revenue increase of \$7,616,015, which represents an overall increase in rates of 19.9%. The proposed increase for residential customers is 19.9%; for commercial customers it is 19.1 %; for public authority customers it's 19%; and for private fire service customers the request is for a 29.9% increase.



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>, by following the links for "Water" and "Open Water Cases," 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 or mail comments to:

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Greg Wyatt', is written over a horizontal line.

Greg Wyatt  
Vice President and General Manager