

## DECISION MEMORANDUM

**TO:** COMMISSIONER KJELLANDER  
COMMISSIONER SMITH  
COMMISSIONER HANSEN  
COMMISSION SECRETARY  
COMMISSION STAFF  
LEGAL

**FROM:** CECELIA A. GASSNER

**DATE:** JUNE 29, 2006

**SUBJECT:** CAPITOL WATER CORPORATION'S GENERAL RATE CASE  
APPLICATION – CASE NO. CAP-W-06-1

On June 21, 2006, Capitol Water Corporation filed a general rate case Application seeking authority to increase its rates approximately 27.8%. If approved the Company's revenues would increase by \$132,449 annually. Capitol Water provides service to approximately 2,875 customers in Boise, Idaho. The Company's Application includes proposed tariffs and requests an effective date of August 1, 2006.

### THE APPLICATION

Capitol Water's Application states that since the entry of the final Order in its last rate case, Order No. 26247 in Case No. CAP-W-95-1, it has been necessary to implement certain capital improvements. Application at 1. The Commission has authorized two surcharges to help the Company meet its capital improvement needs, in June 1997 and July 2003. *Id.* See Order Nos. 27022 and 29306.

To meet continued capital investment needs, the Company requests a revenue requirement increase of \$132,449 resulting in a percentage increase of approximately 27.8%. Application at 2-3. The Company proposes to change the months subject to the summer rate schedule to include the month of April, which would provide approximately \$27,000 in additional revenue. Application at 3. The Company proposes spreading the remainder of the requested additional revenue requirement across its customer classes, resulting in a 22.21% increase in base rates for all customers. *Id.* The Company requests that the Application be processed by Modified Procedure. *Id.*

### STAFF RECOMMENDATION

Unless suspended, the proposed rates would go into effect on August 1, 2006, according to the Application. Because it is not possible to perform the necessary audit and review of the Company's Application prior to the August 1, 2006 effective date, Staff recommends the Commission suspend that effective date. *Idaho Code* §§ 61-622 and 61-623. Staff recommends that a notice of the Company's Application be issued, with a deadline for intervention of July 26, 2006. Staff suggests the case not proceed by Modified Procedure, but rather a hearing schedule be established.

### COMMISSION DECISION

Does the Commission wish to issue a notice of the Company's Application?

Does the Commission wish to suspend the effective date of the proposed rate increase pursuant to *Idaho Code* §§ 61-622 and 61-623?

How does the Commission wish to proceed with this matter?

  
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CECELIA A. GASSNER

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