

DECISION MEMORANDUM

TO: COMMISSIONER KJELLANDER
COMMISSIONER REDFORD
COMMISSIONER SMITH
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL

FROM: NEIL PRICE
DEPUTY ATTORNEY GENERAL

DATE: JULY 6, 2012

SUBJECT: APPLICATION OF CAPITOL WATER CORPORATION FOR
AUTHORITY TO INCREASE ITS SCHEDULE NO. 3 PURCHASE
POWER ADJUSTMENT RATE, CASE NO. CAP-W-12-01

On June 15, 2012, Capitol Water Corporation (“Capitol Water” or “Company”) filed an Application to increase its Schedule No. 3 Purchase Power Adjustment Rate to “recover the Company’s cost of electricity related to Idaho Power Company’s electric rate schedules that have been approved by the Idaho Public Utilities Commission (‘IPUC’ or ‘Commission’).” *Application* at 1.

THE APPLICATION

In its Application, Capitol Water states that the proposed “change is necessitated by Idaho Power Company’s recent changes in the rates and charges for electric service to Capitol Water Corporation.” *Id.* The Application references “the effect of Idaho Power Company’s pending [, now concluded,] Case No. IPC-E-12-14 regarding the Langley Gulch power plant.” *Id.*

In its Application, Capitol Water estimates that, once the costs of the Langley power plant case are included, its rates will rise from its current average rate of 5.58¢ per kWh to 5.87¢ per kWh. *Id.* at 2. The Company believes that its total cost of electric power will increase from \$75,483.41 to \$81,136. *Id.* This amounts to “an increase in annual electric power cost of \$5,653 or 7.49% more than included in Applicants base water rates.” *Id.* Further, “when the estimated affect of the Langley power plant case are included, Applicants average KWh cost of 5.87¢ per

KWh results in an annual cost to Applicant of \$85,418.” *Id.* This amounts to an annual increase in electric power costs of \$9,934 or 13.161% from Capitol Water’s current base water rates. *Id.*

Capitol Water also requests recovery of \$1,200 as costs associated with the review of the Idaho Power Company cases, ascertaining their effect on the Company, prepare and file the Application, and respond to inquiries regarding the Application. *Id.* Applicant proposes an increase of the currently approved Schedule No. 3 Purchased Power Cost Adjustment Rate from .37% with a new Purchased Power Cost Adjustment Rate of 1.71%. *Id.*

Capitol Water has attached Exhibit No. 1 demonstrating its calculations at Idaho Power Company’s [pre-Langley Gulch] approved rates. *Id.* Exhibit No. 2 demonstrates the same calculation but incorporates the anticipated effect of the Idaho Power Company Langley Gulch power plant case on its rates. *Id.* Exhibit No. 3 is a copy of the Company’s current approved Schedule No. 3 in legislative format that shows the proposed change to the Purchased Power Cost Adjustment Rate. *Id.*

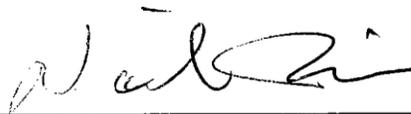
The Company’s Application also included a revised Schedule No. 3 with an effective date of August 1, 2012. *Id.* at 3. Capitol Water provided workpapers showing its calculations for Staff review. *Id.*

The Company states that it has informed its customers of its Application to the Commission through a customer notice included in customer bills mailed on July 1, 2011 and via a news release to the Idaho Statesman and the Idaho Business Review newspapers contemporaneous with this filing. *Id.*, Exhibit Nos. 4 and 5.

Capitol Water requests that the Commission process its Application pursuant to Modified Procedure with a proposed effective date of August 1, 2012. *Id.*

COMMISSION DECISION

Does the Commission wish to process Capitol Water’s Application for an increase in its rates and charges for water service through Modified Procedure with a 21-day comment period?



Neil Price
Deputy Attorney General

M:CAP-W-12-01_np