

DECISION MEMORANDUM

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

FROM: KARL KLEIN
DEPUTY ATTORNEY GENERAL

DATE: JUNE 18, 2013

SUBJECT: CAPITOL WATER CORP.'S APPLICATION TO INCREASE ITS
SCHEDULE NO. 3 PURCHASE POWER ADJUSTMENT RATE,
CASE NO. CAP-W-13-01

On June 14, 2013, Capitol Water Corp. (“Capitol Water,” the “Company”) applied to the Commission for authority to change its Schedule No. 3 Purchased Power Cost Adjustment (PPCA) rate. *Application* at 1. Capitol Water seeks to recover its increased electrical costs arising from Commission-approved changes to Idaho Power Company’s electric rate schedules. *Id.* The Company asks that the case proceed under Modified Procedure and that the proposed Schedule No. 3 changes take effect on August 1, 2013. *Id.* at 2.

THE APPLICATION

In its Application, Capitol Water notes that since the Company’s last case to establish a new rate to recover purchased power costs (CAP-W-12-01), “Idaho Power Company has been granted changes in its rates and charges that affect [Capitol Water’s] cost of electric power.” *Id.* at 1, *citing* Order Nos. 32811 (Case No. IPC-E-13-06) and 32821 (IPC-E-13-10).

Capitol Water notes that its current base rates were established in 2008 through Order No. 30762. *Id.* at 1. In that Order, the Commission approved a three (3) year average of 1,454,401 kWh of electricity consumption at an average cost of 5.19¢ to establish rates for Applicant. Capitol Water says this average consumption and cost combined for a total electric power cost for Capitol Water of \$75,483.41. However, recalculating Capitol Water’s average cost per kWh at Idaho Power’s current rates produces an average cost of 7.01¢ per kWh. *Id.*

Capitol Water says this average cost per kWh increase raises the Company's annual electric power cost from \$75,483.41 to \$101,915, a \$26,431 or 36.34% increase. *Id.* at 2.

Capitol Water also seeks to recover, as part of its PPCA, \$1,000 for its "costs to review the Idaho Power Company cases, determine their effect on Capitol Water, and prepare and file this application and respond to questions about it." *Id.*

Capitol Water thus asks the Commission to let it replace its current Schedule No. 3 PPCA of 1.85% with a new PPCA of 4.22% to cover Idaho Power's current rates and Capitol Water's costs of processing this Application. *Id.*

Capitol Water attaches several exhibits to its Application. In Exhibit No. 1, the Company presents the calculations underlying its proposed PPCA. In Exhibit No. 2, the Company attaches its current Schedule No. 3 in legislative format showing the proposed changes to the PPCA. The Company also encloses a copy of its proposed Schedule No. 3, effective date August 1, 2013, for the Commission's approval.

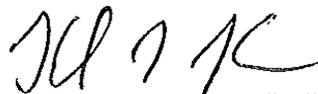
The Company says it will inform its customers of its Application through a customer notice included in bills mailed on July 1, 2013, and via a news release sent to the Idaho Statesman and the Idaho Business Review newspapers concurrent with this filing. *Id.*, Exhibit Nos. 3 and 4.

STAFF RECOMMENDATION

Staff concurs with the Company's request that the case proceed under Modified Procedure. Staff recommends that comments be due July 11, 2013.

COMMISSION DECISION

Does the Commission wish to use Modified Procedure, with comments due by July 11, 2013?



Karl Klein
Deputy Attorney General

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