BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)

CAPITOL WATER CORPORATION FOR)CASE NO. CAP-W-95-1

AUTHORITY TO INCREASE ITS RATES)

AND ALTERNATIVE APPLICATION FOR)

INTERIM RATES.)ORDER NO. 26163

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On July 11, 1995, Capitol Water Corporation (Capitol; Company) filed an Application with the Idaho Public Utilities Commission (Commission) for authority to increase its tariff rates and charges for water utility service.  The Company is proposing a 25.8% increase and requested an effective date of September 1, 1995.  Alternatively, if the Commission was unable to act on its request by September 1, the Company requested a lower 12.4% interim rate increase for residential and (pursuant to a supplemental application) commercial customers.  The Company’s interim proposal would increase annual revenue by $31,871 or 8.57% of its 1994 revenue.  The Company suggested that its request for interim relief be processed by Modified Procedure, i.e., by written submission rather than by hearing.  Reference Commission Rules of Procedure IDAPA 31.01.01.201 -.204.

On August 17, 1995, the Commission in Order No. 26121 suspended the Company’s permanent rate application, pursuant to agreement allowed the Company until August 18, 1995 to amend and supplement its Application and testimony to justify an award of interim relief, and scheduled the Company’s request for an interim rate increase for public hearing on August 31, 1995.

On August 31, 1995, a public hearing in Case No. CAP-W-95-1 was held in Boise, Idaho regarding the Company’s request for an interim rate increase.  The Company and Commission Staff were the only parties to appear and testify.  Based on our review of the filings of record and consideration of the testimony and exhibits and proposed adjustments (e.g., expense, ratebase, revenue requirement) we determined at hearing that the evidence supported a minimum, uncontested annual revenue deficiency of $5,889.  It is our further determination in this case that an award of interim rates is appropriate given the exigencies of the Company’s circumstances (albeit including long- and short-term debt obligations of the Company’s own making), the fact that without some immediate relief the Company’s cash flow problems would only be exacerbated, and for further reason that it was determined by the Commission that a restructuring of debt by the Company could be facilitated with a demonstration to lenders that the Company’s revenue shortfall was being addressed by the Commission.  The Commission at the conclusion of hearing and from the bench approved as fair, just and reasonable an interim annual revenue requirement increase (subject to refund) in the amount of $5,889, to be collected by way of a 2.29% surcharge to residential and commercial customers with an effective date of September 1, 1995.  The Company was directed to file compliance tariffs prior to any increase.

CONCLUSIONS OF LAW

The Idaho Public Utilities Commission has jurisdiction over Capitol Water Corporation and its Application by virtue of Title 61, Idaho Code and the Commission’s Rules of Procedure, IDAPA 31.01.01000 et seq.

O R D E R

In consideration of the foregoing and as more particularly described above IT IS HEREBY ORDERED that Capitol Water Corporation is authorized on an interim basis and subject to refund to increase its annual revenue requirement by $5,889 and to recover same by increasing its rates and charges to residential and commercial customers by a 2.29% surcharge effective September 1, 1995.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this              day of September 1995.

RALPH NELSON, PRESIDENT

MARSHA H. SMITH, COMMISSIONER

DENNIS S. HANSEN, COMMISSIONER

ATTEST:

Myrna J. Walters

Commission Secretary

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