

DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER
COMMISSIONER RAPER
COMMISSIONER ANDERSON
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL**

**FROM: BRANDON KARPEN
DEPUTY ATTORNEY GENERAL**

DATE: JUNE 16, 2016

**SUBJECT: CAPITOL WATER CORPORATION'S APPLICATION TO INCREASE
ITS SCHEDULE NO. 3 PURCHASED POWER ADJUSTMENT RATE;
CASE NO. CAP-W-16-01**

On June 14, 2016, Capitol Water Corporation filed an Application to adjust its Schedule No. 3 Purchased 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.” Application at 1. Capitol Water proposes an effective date of August 15, 2016.

THE APPLICATION

Capitol Water requests an increase in Schedule 3 rates. It states that the proposed increase is driven by a rise in annual electric power expenses from Idaho Power. *Id.* at 2. The Company notes that the electricity rates affecting its power costs were approved by the Commission, and also request that “the Commission take official notice of Idaho Power Company rates and charges currently in effect and on file.” *Id.* at 1.

Capitol Water states that its “current base rates were established by Order No. 30762 in Case No. CAP-W-08-02.” *Id.* Capitol Water summarizes the Order: “the Commission adopted a three (3) year average of 1,454,401KWh of electricity consumption at an average cost of 5.19¢, to establish rates for Applicant.” *Id.* This results in a total electric power cost rate of \$75,483.41. *Id.* However, the Company claims that its actual average cost per kWh at Idaho Power’s current rates of 7.15¢ per kWh produces an annual cost for electric power of \$103,972.

Id. at 1-2. Capitol Water states that this represents a deficiency “of \$26,625 or 35.3% more than included in Applicants base water rates.” *Id.* at 2.

Capitol Water estimates that its costs associated with the preparation and filing of this Application to be \$1,100. *Id.* Capitol Water is seeking to recover these costs together with the electric power costs by increasing the Company’s currently approved Schedule No. 3 Purchased Power Cost Adjustment of 4.25% with a new Purchased Power Cost Adjustment of 4.54%. *Id.*

Capitol Water also includes with the Application a worksheet detailing its calculations (Exhibit No. 1), a copy of the proposed Schedule No. 3 in legislative format (Exhibit No. 2), a sample customer notice that will be included in the July billing (Exhibit No. 3), and a news release that will be printed in the Idaho Statesman and Idaho Business Review. *Id.* (Exhibit No 4).

Capitol Water requests that the Commission process its Application pursuant to Modified Procedure. *Id.*

COMMISSION DECISION

Does the Commission wish to process Capitol Water’s Application for an increase in its Schedule No. 3, Purchased Power Adjustment Rate, through Modified Procedure with a 21-day comment period?



Brandon Karpen
Deputy Attorney General

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