

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	CASE NO. CAP-W-01-01
OF CAPITAL WATER CORPORATION)	
FOR AUTHORITY TO USE EXISTING)	
SURCHARGE MONIES TO PAY FOR)	
INCREASED ELECTRIC POWER COSTS.)	ORDER NO. 28801
)	

On March 23, 2001, Capitol Water Corp. (Capitol Water; Company) filed a Letter Application with the Idaho Public Utilities Commission (Commission) requesting authority to use monies in its existing surcharge account to pay for increased electric power costs. Capitol Water provides water services in Boise to approximately 2754 customers. The Company receives electric service from Idaho Power Company.

Capitol Water maintains that it does not have revenue in sufficient amounts to absorb a high percentage increase in power costs. The Company provides the following information to illustrate the effect a power increase will have:

1. Total power costs for the year 1998 were \$46,543.64.
2. Total power costs for the year 1999 were \$45,545.50.
3. Total power costs for the year 2000 were \$42,196.14 (power consumption in this year was less because Well No. 5 had to be abandoned due to trichlorethylene (drycleaning fluid) found in the well water.

The average cost of power for the last three years is \$44,764.

In anticipation of increased power costs, the Company is requesting the Commission to consider the following proposal as a solution. Capitol Water would pay power bills amounting to \$44,764 (past three year average). After this amount has been paid by Capitol Water, monies from the surcharge account would be used for the remainder of the year (2001). If the power rates remain high in the year 2002, the same procedure would be used for that year also. The surcharge account balance as of February 2001 is \$54,654.

On June 27, 2001, the Commission issued Notices of Application and Modified Procedure in Case No. CAP-W-01-1. The deadline for filing written comments was July 13, 2001. The Commission Staff was the only party to file comments.

Staff has updated the surcharge balance as of June 30, 2001 to recognize additional revenue, loan service costs and authorized expenditures as well as the prior period income tax effects. The balance of unexpended surcharge funds at June 30, 2001 was \$25,117.97.

Staff does not object to the Company's proposal to charge incremental electric expenses resulting from Idaho Power Company's electric PCA surcharge against Capitol Water's surcharge account. However, Staff recommends a more precise method of determining the incremental power costs. Staff proposes that the Company determine the effect of Idaho Power Company's electric PCA surcharge on each electric bill received by Capitol Water. The Company should be directed to apply the Idaho Power PCA surcharge rate (presently \$0.013415 per kilowatt hour (kWh)) to the billed kWhs on each bill to determine the amount of the electric surcharge authorized to be charged against the balance of Capitol Water's surcharge account. The Idaho Power PCA energy surcharge of \$0.013415/kWh used in the calculations should be subject to change if the Commission approved Idaho Power PCA surcharge rate is modified. This proposed method, Staff contends, is more precise and ensures that Capitol Water will neither over nor under apply the incremental electric PCA cost to the surcharge account. Staff states that it has discussed this method with the Company and that the Company agrees. Staff has provided a sample worksheet to the Company for tracking the electric PCA costs applied to its surcharge account and the Company has agreed to maintain the worksheet for future Staff review.

Staff recommends approval of the Company's request using the calculations and accounting records proposed by Staff and agreed to by the Company.

COMMISSION FINDINGS

The Commission has reviewed the filings of record in Case No. CAP-W-01-01 including the filed comments and recommendations of the Commission Staff. The Commission finds it reasonable to authorize Capital Water to charge incremental electric expenses resulting from Idaho Power Company's electric PCA surcharge(s) against Capital Water's surcharge account using the calculations and accounting methods proposed by Staff and agreed to by the Company.

CONCLUSIONS OF LAW

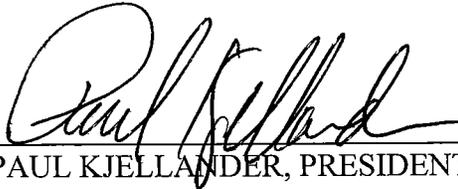
The Idaho Public Utilities Commission has jurisdiction over Capitol Water Corp., a water utility, and the issues presented in Case No. CAP-W-01-01 pursuant to the authority granted in Idaho Code, Title 61 and the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

ORDER

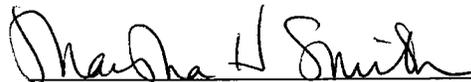
In consideration of the foregoing and as more particularly described above, IT IS HEREBY ORDERED and the Commission does hereby authorize Capital Water Corp to use monies in its existing surcharge account to pay for increased electric power costs using the calculation method and accounting records described above.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* § 61-626.

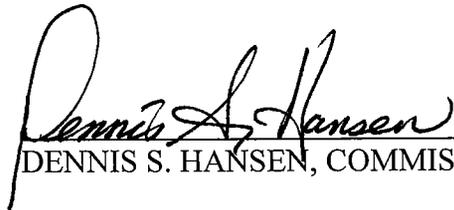
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 31st day of July 2001.



PAUL KJELLANDER, PRESIDENT



MARSHA H. SMITH, COMMISSIONER



DENNIS S. HANSEN, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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