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IDAHO PUBLIC  
UTILITIES COMMISSION

2626 Eldorado Boise, Idaho 83704  
Telephone 375-0931

Capitol

**Water**  
Corp.

September 29, 2003

*CAP-W-03-01*

Idaho Public Utilities Commission  
P.O. Box 83720  
Boise, ID 83720

To whom it may concern:

RE: Surcharge Funds

At the present time there is in the Capitol Water surcharge account, an amount in excess of \$100,000. This became possible because of two factors. All the money of Surcharge two has not been borrowed and the interest rate was reduced from 7.0% to 5.65%.

My proposal is to use the money in the surcharge account to retire early the surcharge one loan. This loan is expected to be paid August 1, 2004. The amount to pay this loan off is about \$63,000. This would leave more than \$40,000 to satisfy surcharge two's obligations and surcharge one's uses for phosphate purchases, power, etc.

Surcharge one's interest rate is 9.0%. By retiring surcharge one early, money can be saved on interest plus the consumer's bill will be reduced by \$3.27 plus tax per month. The monthly bills would change from \$15.82 to \$12.45 for a 3/4" service and the 1" service from \$17.68 to \$14.31. The meter rates would be reduced by 25.2%.

Because this is in the best interest of the rate payers, I request your approval and an early response so we can have the November billing with the lower rates.

Sincerely,



H. Robert Price, President  
Capitol Water Corporation