

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE APPLICATION)
OF CAPITOL WATER CORPORATION FOR) CASE NO. CAP-W-06-1
AUTHORITY TO INCREASE ITS RATES)
AND CHARGES FOR WATER SERVICE IN) NOTICE OF APPLICATION
THE STATE OF IDAHO)
)
)
) ORDER NO. 30098**

On June 21, 2006, Capitol Water Corporation (“Capitol Water” or “Company”) filed a general rate case Application seeking authority to increase its rates approximately 27.8%. If approved the Company’s revenues would increase by \$132,449 annually. Capitol Water provides service to approximately 2,875 customers in Boise, Idaho. The Company’s Application includes proposed tariffs and requests an effective date of August 1, 2006. In this Order, the Commission suspends the effective date of the proposed rate increase during which time the Staff shall conduct an audit of the Company.

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that to meet continued capital investment needs, the Company requests a revenue requirement increase of \$132,449 resulting in a percentage increase of approximately 27.8%. Application at 2-3. The Company proposes to change the months subject to the summer rate schedule to include the month of April, which would provide approximately \$27,000 in additional revenue. Application at 3. The Company proposes spreading the remainder of the requested additional revenue requirement across its customer classes, resulting in a 22.21% increase in base rates for all customers. *Id.*

YOU ARE FURTHER NOTIFIED that Capitol Water’s Application states since the entry of the final Order in its last rate case, Order No. 26247 issued in November 1995, it has been necessary to implement certain capital improvements. Application at 1. The Commission has authorized two surcharges to help the Company meet its capital improvement needs, in June 1997 and July 2003. *Id.* See Order Nos. 27022 and 29306.

YOU ARE FURTHER NOTIFIED that the Company has filed certain exhibits and workpapers. These documents are on file with the Commission Secretary at the Commission's office, 472 West Washington Street, Boise, Idaho, where they may be reviewed as a matter of public record during regular business hours. Interested persons may also view Capitol Water's Application at the Commission's website, www.puc.idaho.gov under the "File Room" icon.

YOU ARE FURTHER NOTIFIED that the following persons are designated as Capitol Water's representatives in this matter:

H. Robert Price
Capitol Water Corp.
2626 Eldorado
Boise, ID 83704

Robert E. Smith
2209 N. Bryson Road
Boise, ID 83713

E-mail: capitolwatercorp@worldnet.att.net

E-mail: utilitygroup@yahoo.com

All communications with reference to this Application should be served upon the above named representatives of Capitol Water.

YOU ARE FURTHER NOTIFIED that Capitol Water's revenue requirement, and every component of it, both rate base and expense, are at issue. The Commission may grant, deny, or modify the revenue requirement requested and may find a revenue requirement different from that proposed by any party is just, fair and reasonable. IDAPA 31.01.01.124.01.

YOU ARE FURTHER NOTIFIED that the rates and charges of all Idaho retail customers, both recurring and non-recurring, including those of any special contract customers, are at issue, and every component of every existing and proposed rate and charge is at issue. The Commission may approve, reject or modify the rates and charges proposed and may find that rates and charges different from those proposed by any party are just, fair and reasonable. IDAPA 31.01.01.124.02.

YOU ARE FURTHER NOTIFIED that the Commission may approve, reject or modify existing or proposed relationships between and among rates and charges within, between or among customer classes or rate groupings and may approve, reject or modify existing or proposed relationships among and between customer classes or rate groupings. IDAPA 31.01.01.124.02.

YOU ARE FURTHER NOTIFIED that the Commission may abolish, reduce or create rate blocks or categories of rates and charges, abolish, create or reduce components of rates and charges, abolish, reduce or create customer classes or rate groupings, and abolish,

reduce or create absolute or relative differences among and between existing classes or rate groupings of customers. IDAPA 31.01.01.124.02.

YOU ARE FURTHER NOTIFIED that the tariffs, practices, rules and regulations, service, instrumentalities, equipment, facilities, classifications, and customer relations of the utility are at issue, and the Commission may address any of them in its order. IDAPA 31.01.01.124.02.

YOU ARE FURTHER NOTIFIED that the Commission may consider implementing metered service for all customers. IDAPA 31.01.01.124.02

YOU ARE FURTHER NOTIFIED that the Commission Staff shall conduct an audit of the Company's Application, workpapers and all documents and files relevant to this matter. Following such audit, the Staff shall present to the Commission its findings and recommendations. After reviewing the Staff's audit and recommendations, the Commission will issue an Order regarding the further processing of this rate case.

YOU ARE FURTHER NOTIFIED that the Commission has jurisdiction over this matter pursuant to Title 61 of the Idaho Code, and specifically *Idaho Code* §§61-502, 61-622 and 61-623.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, 31.01.01.000 et seq.

SUSPENSION OF PROPOSED EFFECTIVE DATE

Due to the complexities of this case and other constraints on the Commission's time, the Commission finds that it cannot resolve Capitol Water's requested rate increase before the proposed effective date of August 1, 2006. Pursuant to *Idaho Code* §§ 61-622 and 61-623, the Commission hereby suspends the proposed rates for a period of thirty (30) days plus five (5) months from August 1, 2006, or until such time as the Commission enters an Order accepting, rejecting or modifying the request in this matter.

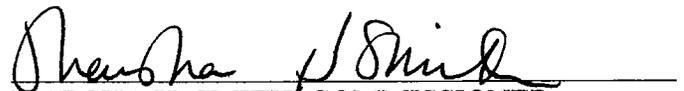
ORDER

IT IS HEREBY ORDERED that the proposed schedules of rates and charges submitted by Capitol Water in this matter are suspended for a period of thirty (30) days plus five (5) months from August 1, 2006, or until such time as the Commission enters an Order accepting, rejecting or modifying the request in this matter.

IT IS FURTHER ORDERED that the Commission Staff shall conduct an audit of the Company's Application and shall present its findings and recommendations to the Commission following the conclusion of such audit.

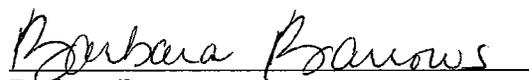
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this *17th* day of July 2006.


PAUL KJELLANDER, PRESIDENT


MARSHA H. SMITH, COMMISSIONER


DENNIS S. HANSEN, COMMISSIONER

ATTEST:


Barbara Barrows
Assistant Commission Secretary

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