

## DECISION MEMORANDUM

**TO:** COMMISSIONER KJELLANDER  
COMMISSIONER SMITH  
COMMISSIONER HANSEN  
COMMISSION SECRETARY  
COMMISSION STAFF  
LEGAL

**FROM:** CECELIA A. GASSNER

**DATE:** SEPTEMBER 1, 2006

**SUBJECT:** CAPITOL WATER CORPORATION'S GENERAL RATE CASE APPLICATION; CASE NO. CAP-W-06-1

On June 21, 2006, Capitol Water Corporation 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.

On July 7, 2006, the Commission issued a Notice of Application. Order No. 30098. In such Order, the Commission suspended the proposed effective date of the Company's proposed rates and ordered the Commission Staff to conduct an audit of the Application and present its findings pursuant to such audit. *Id.* The Commission would then decide how it wishes to process this Application.

### THE APPLICATION

Capitol Water's Application states that since the entry of the final Order in its last rate case, Order No. 26247 in Case No. CAP-W-95-1, 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.

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.*

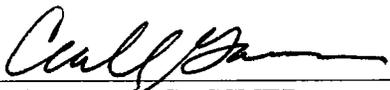
### STAFF RECOMMENDATION

The Staff has had an opportunity to review the Application and communicate with the Company to clarify certain issues. In keeping with its findings, the Staff believes that Modified Procedure would be the most effective way to process this matter. Upon conducting an analysis of relevant issues, *inter alia*, including the revenue requirement and potential to install meters, the Staff believes that each of these may be effectively and adequately discussed and resolved through Modified Procedure.

The Staff recommends holding a public workshop to inform the Company's ratepayers about the Application, and respectfully suggests that such workshop be held on September 25, 2006. The Staff further recommends that a comment deadline of October 12, 2006 and a reply comment deadline of October 26, 2006 be established.

### COMMISSION DECISION

Does the Commission desire to process this matter by Modified Procedure? Does the Commission desire to hold a public workshop on September 25, 2006? Does the Commission desire to set deadlines for the submission of comments and reply comments of October 12 and October 26, 2006, respectively? Does the Commission desire to establish a date for a public hearing?

  
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CECELIA A. GASSNER

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