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Attorney for the Commission Staff

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE APPLICATION OF )**  
**CAPITOL WATER CORPORATION FOR )** **CASE NO. CAP-W-07-1**  
**APPROVAL OF CUSTOMER REFUNDS )**  
)  
)  
) **COMMENTS OF THE**  
) **COMMISSION STAFF**  
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The Staff of the Idaho Public Utilities Commission, by and through its Attorney of record, Cecelia A. Gassner, Deputy Attorney General, in response to the Notice of Application and Notice of Modified Procedure in Order No. 30236 issued on February 2, 2007, submits the following comments.

**BACKGROUND**

On January 9, 2007, Capitol Water Corporation filed an Application for approval of customer refunds to correct an over billing situation discovered during its recent general rate case. If approved, the Company would refund approximately \$65,000 to its customers.

Capitol Water's Application states that during the course of its recent rate case, Case No. CAP-W-06-01, a billing error was discovered that resulted in overcharges to certain metered customers. The total over-billing from December 1, 2003 until September 1, 2006, was

approximately \$65,000. In this Application, the Company proposes a mechanism to return these overcharges to the pertinent customers.

The Company proposes the following plan to distribute the necessary refunds:

- (1) To the 99 customers currently connected to the water system to whom the Company owes a refund of \$100 or less, an immediate credit to each of their respective accounts in the proper amount;
- (2) To the 18 former customers to whom the Company owes a collective \$2,269.30, by locating them and issuing them refund checks;
- (3) To the 13 former customers who were in arrears on their accounts, by reducing the amount owed to them by the amount in arrears;
- (4) To the 112 current customers to whom the Company owes more than \$100 each, bill credits each month over a 36-month period. The total credits would be calculated as an amortization of the refund principal due together with interest at the Commission's approved rate for customer deposits of 5%. These refunds represent an aggregate total of \$58,937.26. The billing credits would reduce the Company's monthly revenues by \$1,767.51 during the refund period.

## **STAFF ANALYSIS**

Staff has reviewed the Company's proposal to refund money to metered customers that were over-billed for water use during the period of December 1, 2003 through September 1, 2006. Staff believes the Company has identified the impacted customers, and the corresponding over-charges, and is proposing a reasonable method for providing the refunds. Staff also notes that the over-billing total of approximately \$65,000 over the three-year period is consistent with Staff's analysis of metered customers that were over-billed. Therefore, Staff generally supports the Company's proposed method for refunding metered customers that were over-billed from December 1, 2003 through September 1, 2006.

Staff does have a concern regarding one group of customers to whom refunds are owed. There are 18 former customers no longer taking service from the Company to whom the Company owes refunds totaling \$2,269.30. In the event that the former customers who have left the system cannot be located, the Company proposes to transfer to the Company's surcharge account, funds equal to the amount of the refunds due to those customers. Staff believes that any

refund checks for customers that cannot be located may be subject to Idaho's unclaimed property laws, *Idaho Code* § 14-501, *et. seq.*, and that depositing the unreturned refunds in the Company's surcharge account would be inappropriate.

For those customers owed more than \$100, the Company proposes to refund the principal due with interest at the Commission's approved rate for customer deposits. Staff agrees with the Company's proposal to apply interest at a rate equal to the current customer deposit rate of 5%. While the customer deposit rate has the potential to change yearly, Staff maintains that keeping the interest rate at 5% for the entire 36-month amortization period, rather than changing it to reflect any future changes to the customer deposit rate, is reasonable. The amount of interest is minimal, and keeping the methodology for the refunds simple is beneficial to customers.

### **Consumer Relations**

A Notice to Capital Water Company's customers providing an explanation for the credit or refund will be filed with the Commission after approval of the proposed refund process. The Notice will be provided to active customers on their billing statement when the credits first appear or mailed with the refund checks to those customers who no longer have open accounts with the Company. The Commission has received no customer complaints or inquiries regarding this refund case.

### **STAFF RECOMMENDATION**

Staff recommends that the Application be approved, except that the Company be directed to handle any amounts owed to former customers who cannot be located in accordance with Idaho's unclaimed property laws. Staff also recommends that the Company keep track of the refunds and file a report with the Commission detailing the amount of refunds pending and the amount of refunds paid, and any other pertinent information necessary to keep track of the balance of the refunds with the Company's next quarterly surcharge report and then annually thereafter. Lastly, Staff recommends that the Company file the customer notice providing an explanation for the credit or refund with the Commission for Staff review prior to issuing refunds.

Respectfully submitted this 23<sup>rd</sup> day of February 2007.



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Cecelia A. Gassner  
Deputy Attorney General

Technical Staff: Kathy Stockton  
Tammie Estberg  
Michael Darrington

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## CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 23<sup>RD</sup> DAY OF FEBRUARY 2007, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. CAP-W-07-01, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

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SECRETARY