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IDAHO PUBLIC
UTILITIES COMMISSION

2626 Eldorado Boise, Idaho 83704
Telephone 375-0931

November 17, 2008

Idaho Public Utilities Commission
P.O. Box 83720
Boise, Idaho 83720-0074

CAP-W-08-01

ATTENTION COMMISSION SECRETARY AND HEAD LEGAL SECRETARY

Enclosed are an original and seven (7) copies of an application requesting the cancellation of Capitol Water Corporation's current surcharges. The Company has collected enough money through the Commission authorized surcharges to satisfy its obligations related to the surcharges.

Capitol Water Corporation requests that the Commission process this Application under the Commission's Rules of Modified Procedure and issue an order on less than 30 days notice.

Sincerely,

Robert Price, President
Capitol Water Corporation

Robert Price, President
Capitol Water Corp.
2626 Eldorado
Boise, Idaho 83704
Ph: (208) 375-0931
Fax: (208) 375-0951
E-mail: capitolwatercorp@worldnet.att.net
Representative for Capitol Water Corp.

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION) CASE NO. CAP-W-08-01
OF CAPITOL WATER CORP. TO)
CANCEL THE SURCHARGES CURRENTLY) APPLICATION
IN EFFECT IN THE STATE OF IDAHO)

COMES NOW Capitol Water Corporation (“Capitol, “Applicant” or “Company”), holder of Certificate of Convenience and Necessity Number 239, and applies to the Idaho Public Utilities Commission (Commission or PUC) for authorization to cancel the Commission authorized surcharges that are currently in effect.

Capitol Water Corporation provides water service to approximately 2,560 residential and 150 commercial customers on the City of Boise’s west bench area bordered approximately by Curtis road to the east, Maplegrove road to the west, Ustick road to the north and Northview street to the south.

Coincident with this application, Capitol Water Corporation is filing an application to increase its base rates and charges. See Application in Case No. CAP-W-08-02. The timing of the two separate applications is purely coincidental; they are not linked in any way. The net effect of the two applications will result in a net decrease in customer’s monthly billings.

SURCHARGE

The Commission by Order No. 29035 in Case Number CAP-W-02-1 authorized Capitol to incur debt to make certain emergency improvements and repairs to the Company’s system. That order also authorized the implementation of surcharges to pay the carrying costs of the debt. By Order No. 29401 the Commission increased the level

of the surcharges. The Company believes it has collected enough through the surcharges to retire the debt prematurely and requests the Commission's approval to cease billing the surcharges to customers effectively immediately. Capitol will incur penalties for the premature retirement of its loan, the amount is not known at this time. Applicant proposes to terminate billing the surcharges to customers effective with the December 2008 billings. Applicant further proposes to submit a final reconciliation of the surcharge collections and disbursements when all final costs are known.

Applicant requests the Commission process this Application under the Commission's Rules of Modified Procedure and issue an Order on less than 30 days notice to avoid over collections from the Company's customers.

Applicant's customers are being notified of this Application by an insert in the December bills. A copy of the notice is enclosed as Exhibit No. 1.

CONTACT INFORMATION:

Questions regarding this Application should be addressed to:

Robert Price, President
Capitol Water Corporation
2626 Eldorado
Boise, Idaho 83704

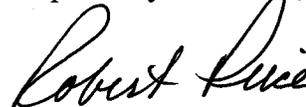
Ph: (208) 375-0931
E-mail capitolwatercorp@worldnet.att.net

Robert E. Smith
2209 N. Bryson Rd.
Boise, Idaho 83713

Ph: (208) 761-9501
E-mail utilitygroup@yahoo.com

Please provide copies of all correspondence, notices and orders to the above individuals.

Respectfully submitted,



Robert Price, President
Capitol Water Corporation.