

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE APPLICATION )**  
**OF CAPITOL WATER CORPORATION )** **CASE NO. CAP-W-11-01**  
**TO CHANGE ITS SCHEDULE NO. 3 )**  
**PURCHASED POWER ADJUSTMENT )** **NOTICE OF APPLICATION**  
**RATE )**  
**)**  
**)** **NOTICE OF**  
**)** **MODIFIED PROCEDURE**  
**)**  
**)** **ORDER NO. 32287**

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On June 6, 2011, Capitol Water Corporation applied to the Idaho Public Utilities Commission for authority to change its Schedule No. 3 Purchased Power Cost Adjustment (PPCA). Capitol Water seeks to increase its PPCA from 0.81% to 1.44% on an interim basis effective July 1, 2011 (subject to refund). Capitol Water requests that the interim increase become permanent effective August 1, 2011.

**NOTICE OF APPLICATION**

***A. Proposed PPCA***

YOU ARE HEREBY NOTIFIED that Capitol Water is applying to change its PPCA from 0.81% to 1.44% to account for recent Commission-approved changes to Idaho Power Company's rates.<sup>1</sup> The Commission approved Capitol Water's current base rates in 2008 in Commission Order No. 30762, which authorized a three-year average of 1,454,401 kWh of electricity consumption at an average cost of 5.19¢. Thus, Capitol Water's total electric power cost was \$75,483.41. According to Capitol Water, however, recent Commission-approved changes to Idaho Power's rates have increased what Capitol Water pays to Idaho Power for electric service. Capitol Water says its average cost per kWh at Idaho Power's current rates is 5.77¢ per kWh, which has increased Capitol Water's total annual electric power cost by 11.1% to \$83,856 (\$75,484 + \$8,372).

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<sup>1</sup> Capitol Water refers to Idaho Power's Commission-approved rate changes from Order Nos. 32248 (granting Idaho Power authority to increase its contribution to its pension plan, resulting in a 1.39% increase for all customer classes); 32250 (approving Idaho Power's request to reduce the annual Power Cost Adjustment surcharge an average 4.8%); and 32251 (approving an average 0.74% increase to residential and small-business customers in this fourth year of Idaho Power's Fixed Cost Adjustment Program). Idaho Power's approved rate changes result in an overall, net average rate decrease of 3% for all customer classes and about 1.45% for residential customers.

Capitol Water explains that it must increase its PPCA because:

Subsequent to the issuance of the Commission's Order No. 32056 in Case No. CAP-W-10-01, an error was discovered in the calculation of Applicant's average cost of electric power used in prior cases. That error understated the average cost of Applicant's electric power costs reducing Applicant's Schedule No. 3 Purchased Power Adjustment approved in Case No. CAP-W-10-1. Hence, Applicant has under recovered its purchased power costs over the last twelve months. Correction of that calculation error together [with] the changes to Idaho Power Company's tariff rates . . . produce an increase in the Applicant's Schedule No. 3 Purchased Power Adjustment.

Capitol Water states its proposed PPCA includes \$1,000 in expenses to offset the Company's costs to review the recent Idaho Power cases, determine their effect on the Company, prepare and file the Application, and respond to any questions about the Application.

Exhibit Nos. 1 and 2 to Capitol Water's Application attach the Company's underlying PPCA calculations and the proposed Schedule 3.

#### ***B. Effective Date and Suspension***

YOU ARE FURTHER NOTIFIED that Capitol Water requests that the proposed PPCA rate increase take effect on July 1, 2011 on an interim basis, subject to refund, and that the increase become permanent effective August 1, 2011. Because Capitol Water did not file its Application until June 6, 2011, Capitol Water's proposed July 1, 2011 effective date will occur in less than 30 days after the filing date. Per Idaho law, a utility cannot propose an effective date fewer than 30 days after the date on which the application was filed unless the utility can show good cause why the Commission should approve the earlier effective date. *See Idaho Code* § 61-307; Rule 23 of the Commission's Rules of Procedure (RP) 123, IDAPA 31.01.01.123. Capitol Water explains that it could not apply to increase its PPCA in time to meet the Commission's 30-day requirement because the Company was unable to review the Commission's pertinent Orders approving Idaho Power's new rates until after June 1, 2011.

Capitol Water says it will notify its customers of its pending Application by mail on July 1, 2011 (i.e., on the proposed, interim effective date), and by placing a news release in the Idaho Statesman and the Idaho Business Review newspapers when it files the Application. Exhibit Nos. 3 and 4 to the Application are the Company's proposed customer notice and news release.

YOU ARE FURTHER NOTIFIED that the Commission finds there is not sufficient good cause to approve the Company's request to implement the proposed interim rate on less than 30 days' notice. If the proposed PPCA increase were to take effect on July 1, 2011, it is likely the Company's customers will not receive prior notice of the interim increase. Further, "interim rate relief is an extraordinary remedy to be granted only in an emergency or where there is danger that the utility will not be able to render adequate service if relief is withheld." See Order 25683. Consequently, the Commission finds that Capitol Water has not presented sufficient good cause to obtain the extraordinary relief requested.

Because the Commission is not approving the proposed interim effective date, the soonest the rate increase could go into effect is 30 days after the Application is filed, pursuant to *Idaho Code* § 61-307, or July 6, 2011. See RP 123. However, the Commission finds it appropriate to *suspend* the proposed July 6, 2011 effective date for a period of sixty (60) days, or until such time as the Commission may issue an Order accepting, rejecting, or modifying the Application. *Idaho Code* § 61-622; RP 123.03.

#### **NOTICE OF MODIFIED PROCEDURE**

YOU ARE FURTHER NOTIFIED that the Commission has reviewed Capitol Water's filing in Case No. CAP-W-11-01 and finds that the public interest may not require a formal hearing in this matter. Accordingly, this matter will proceed under Modified Procedure pursuant to Rules 201 through 204 of the Commission's Rules of Procedure, IDAPA 31.01.01.201-.204. Modified Procedure and written comments have proven to be an effective means for obtaining public input and participation.

YOU ARE FURTHER NOTIFIED that any person desiring to state a position concerning Capitol Water's request to change its Schedule No. 3 Purchased Power Cost Adjustment to recover the Company's cost of electricity may file a written comment in support or opposition with the Commission within **twenty-one (21) days** from the service date of this Notice. The comment must contain a statement of reasons supporting the comment. Persons desiring a hearing must specifically request a hearing in their written comments. Written comments concerning this filing should be mailed to the Commission and Capitol Water at the addresses reflected below:

Commission Secretary  
Idaho Public Utilities Commission  
PO Box 83720  
Boise, ID 83720-0074

Street Address for Express Mail:  
472 W. Washington Street  
Boise, ID 83702-5918

Robert Price  
Capitol Water Corporation  
2626 El Dorado  
Boise, ID 83704  
E-mail: [capitolwatercorp@yahoo.com](mailto:capitolwatercorp@yahoo.com)

Robert E. Smith  
2209 N. Bryson Road  
Boise, ID 83713  
E-mail: [utilitygroup@yahoo.com](mailto:utilitygroup@yahoo.com)

All comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's home page located at [www.puc.idaho.gov](http://www.puc.idaho.gov). Click the "Comments and Questions" icon and complete the comment form using the case number as it appears on the front of this document. These comments must also be sent to Capitol Water at the e-mail addresses listed above.

YOU ARE FURTHER NOTIFIED that Capitol Water's filing can be viewed at [www.puc.idaho.gov](http://www.puc.idaho.gov) by clicking on "File Room" and then "Water Cases," or it can be viewed during regular business hours at the Idaho Public Utilities Commission, 472 West Washington Street, Boise, Idaho.

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the time limit set, the Commission will consider this matter on its merits and enter its Order without a formal hearing. If written comments are received within the time limit set, the Commission will consider them and, in its discretion, may set the same for formal hearing.

YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code and specifically *Idaho Code* §§ 61-124, 61-125, 61-129, 61-622 and 61-623. The Commission may enter any final Order consistent with its authority under Title 61.

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

**ORDER**

IT IS HEREBY ORDERED that Capitol Water's proposed rates in this case are suspended for sixty (60) days from the effective date of July 6, 2011, or until such time as the Commission may issue an Order accepting, rejecting or modifying the Application in this matter.

IT IS FURTHER ORDERED that Capitol Water's Application shall be processed through Modified Procedure, IDAPA 31.01.01.201-204. Persons interested in submitting written comments in this matter must do so no later than twenty-one (21) days from the service date of this Order.

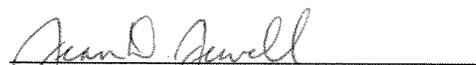
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 30<sup>th</sup> day of June 2011.

  
PAUL KJELLANDER, PRESIDENT

  
MARSHA H. SMITH, COMMISSIONER

  
MACK A. REDFORD, COMMISSIONER

ATTEST:

  
Jean D. Jewell  
Commission Secretary

O:CAP-W-1101-01\_kk