

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE APPLICATION)
OF CAPITOL WATER CORP. TO CHANGE) CASE NO. CAP-W-13-01
ITS SCHEDULE NO. 3 PURCHASED)
POWER ADJUSTMENT RATE) ORDER NO. 32858
_____)**

On June 14, 2013, Capitol Water Corp. (“Capitol Water,” the “Company”) applied to the Commission for authority to increase its Purchased Power Cost Adjustment (PPCA) rate from 1.85% to 4.22%.¹ The Company asks the Commission to process the case under Modified Procedure, with the new rates to take effect on August 1, 2013. Application at 1-2.

On June 25, 2013, the Commission issued a Notice of Application and Notice of Modified Procedure setting a July 11, 2013 comment deadline. One public comment was filed that supported the Application. In addition, Staff filed comments that generally supported the Application but proposed minor corrections that ultimately reduced the PPCA increase from 4.22% to 4.20%. On July 16, 2013, the Company submitted comments that concurred with the Staff’s corrections.

Having reviewed the record, the Commission issues this Order approving a 4.20% PPCA rate increase for the Company.

THE APPLICATION

In its Application, Capitol Water notes that its current base rates were established in 2008 through Order No. 30762. In that Order, the Commission approved a three (3) year average of 1,454,401 kWh of electricity consumption at an average cost of 5.19¢ to establish rates for Applicant. Capitol Water says this average consumption and cost combined for a total electric power cost for Capitol Water of \$75,483.41. Application at 1-2.

The Company now proposes to increase its PPCA from 1.85% (*see* Case No. CAP-W-12-01) to 4.22%. *Id.* at 2. The Company says it needs this increase for several reasons.

First, Idaho Power’s recent, Commission-approved rate changes have increased the Company’s average cost per kWh from 5.19¢ per kWh to 7.01¢ per kWh. *Id.* at 1, *citing* Order Nos. 32811 (Fixed Cost Adjustment Case No. IPC-E-13-06) and 32821 (Power Cost Adjustment

¹ Idaho Power Company sells electric service to Capital Water. The PPCA is a mechanism that allows Capital Water to adjust its rates to cover changes in its costs to buy electric power due to Idaho Power rate changes.

Case No. IPC-E-13-10). The Company says this average cost per kWh increase raises its annual electric power cost by \$26,431 or 36.34% (from \$75,483.41 to \$101,915). *Id.* at 1-2.

Second, the Company has incurred \$1,100 in costs to review the Idaho Power Company cases, determine their effect on Capitol Water, and process this PPCA Application. *Id.* at 2 and Exhibit 1.²

Capitol Water asks the Commission for permission to replace the Company's current Schedule No. 3 with a new Schedule No. 3 that reflects the new PPCA. The Company requests that the new Schedule No. 3 take effect on August 1, 2013. *Id.* at 2.

THE COMMENTS

One member of the public commented in support of the Company's request. The commenter said the request is reasonable and that the Company provides outstanding service.

Staff submitted the only other comments. These, too, were generally supportive of the Company's position. According to Staff, the Company calculated the PPCA using the same methodology that it used in prior PPCA rate adjustments. Staff noted that the Commission has directed the Company to "utilize a 0.25% revenue band in determining each year whether to file for an adjustment of its total revenue to recognize changes in power costs." Staff Comments at 2, *citing* Order No. 30881 (Case No. CAP-09-01). Staff calculated the incremental increase in the Company's power costs to be \$15,347, for a 2.31% increase in the Company's total revenue requirement. Staff thus concluded that the Company may properly seek a PPCA rate increase because the 2.31% revenue requirement increase exceeds the Commission-ordered, 0.25% revenue band. Staff Comments at 2.

Although Staff supported increasing the Company's PPCA rates, Staff proposed minor corrections to the Company's calculations that result in a slightly smaller PPCA increase than the Company requested. The Company concurs with Staff's corrections. *See* Company's July 16, 2013 Concurrence. In summary, based on an average cost per kWh of \$0.700, Staff proposed decreasing the expected power cost from \$101,915 to \$101,777, and the incremental power cost from \$26,431 to \$26,293. Staff noted that the Company already is collecting \$10,946 from the 1.85% PCA set in Order No. 32607 (CAP-W-12-01). Thus, Staff recommended the PPCA increase to cover the remaining \$15,347 in incremental power costs. Staff Comments at

² The text of the Company's Application requested \$1,000 in consultant fees. Staff confirmed with the Company that this amount is incorrect, and that the actual consultant fees requested are the \$1,100 reflected in the Company's workpapers. Staff Comments at 4-5.

4. Staff also recommended the Commission award the Company a reasonable consultant's fee of \$1,100 to cover the Company's case preparation costs. *Id.* at 4-5. Staff said the Company's PPCA should increase from 1.85% to 4.20% to cover these amounts, and that the 4.20% PPCA should be reflected in the Company's Schedule No. 3 (Other Recurring and Non-Recurring Charges). *Id.* at 5.

FINDINGS AND DISCUSSION

The Commission has jurisdiction over Capitol Water, a water corporation operating a water system in Idaho, and the issues presented in this case pursuant to Title 61 of the Idaho Code, including, but not limited to, *Idaho Code* §§ 61-124, 61-125, 61-129, 61-301, 61-305, 61-307 and 61-313.

The Commission has thoroughly reviewed the Company's Application and the comments. Based on that review, including the agreement of the parties, the Commission finds the Company has established that its \$15,347 incremental revenue requirement increase exceeds the Commission-ordered, 0.25% revenue band, and that it is fair, just, and reasonable for the Company to raise its Schedule No. 3 PPCA surcharge to 4.20% to cover that increase, including \$1,100 in reasonably incurred consulting fees.

ORDER

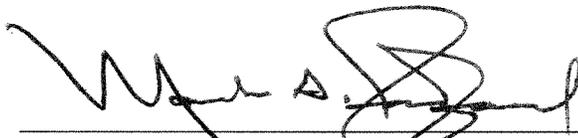
IT IS HEREBY ORDERED that effective August 1, 2013, the Company shall increase its Schedule No. 3 PPCA from 1.85% to 4.20%. The Company shall promptly file a conforming tariff Schedule No. 3 for Commission approval.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *See Idaho Code* § 61-626.

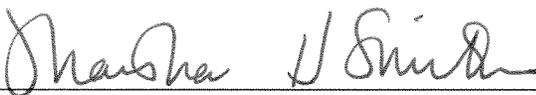
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 22nd
day of July 2013.



PAUL KJELLANDER, PRESIDENT

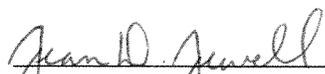


MACK A. REDFORD, COMMISSIONER



MARSHA H. SMITH, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

O:CAP-W-13-01_kk2