

## DECISION MEMORANDUM

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

**FROM:** NEIL PRICE  
DEPUTY ATTORNEY GENERAL

**DATE:** JULY 25, 2014

**SUBJECT:** APPLICATION OF CAPITOL WATER CORPORATION FOR  
AUTHORITY TO INCREASE ITS SCHEDULE NO. 3, PURCHASED  
POWER ADJUSTMENT RATE, CASE NO. CAP-W-14-01

On July 11, 2014, Capitol Water Corporation (“Capitol Water” or “Company”) filed an Application to increase its Schedule No. 3 Purchased Power Adjustment Rate to “recover the Company’s cost of electricity related to Idaho Power Company’s (“Idaho Power”) electric rate schedules that have been approved by the Idaho Public Utilities Commission (‘IPUC’ or ‘Commission’).” *Application* at 1. Capitol Water proposes an effective date of September 1, 2014.

### THE APPLICATION

In its Application, Capitol Water states that the proposed change is necessitated by “changes in [Idaho Power’s] rates and charges that affect Applicant’s cost of electric power.” *Id.* The Company requests that “the Commission take official notice of Idaho Power Company rates and charges currently in effect and on file with the Commission.” *Id.*

Capitol Water states that its “current base rates were established by Order No. 30762 in Case No. CAP-W-08-02.” *Id.* According to the Company, 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.” *Id.* The total cost of electric power for Capitol Water is estimated to be \$75,483.41. *Id.* Capitol Water claims that its average cost per kWh at Idaho Power’s current rates is 7.15¢ per kWh which produces an annual cost for electric power of \$103,937. *Id.*

at 1-2. Capitol Water states that this represents “an increase in annual electric power cost of \$28,454 or 37.7% more than included in Applicants base water rates.” *Id.* at 2.

Capitol Water estimates that its costs associated with the preparation and filing of this Application to be \$1,100. *Id.* Capitol Water is seeking to recover these costs together with the electric power costs by increasing the Company’s currently approved Schedule No. 3 Purchased Power Cost Adjustment of 4.2% with a new Purchased Power Cost Adjustment of 4.53%. *Id.*

Capitol Water also included a one page Exhibit No. 1 that presents Capitol Water’s calculations at Idaho Power’s currently approved rates. *Id.* Also attached to the Application is Exhibit No. 2, a copy of the Company’s current approved Schedule No. 3 in legislative format that shows the proposed change to the Purchased Power Cost Adjustment. *Id.*

Capitol Water included a new Schedule No. 3, with the proposed power cost adjustment rate, with an effective date of September 1, 2014. *Id.* The Company provided work papers showing its calculations for Staff review. *Id.*

The Company states that it has informed its customers of its Application to the Commission through a customer notice included in customer bills mailed on August 1, 2014, and via a news release to the Idaho Statesman and the Idaho Business Review newspapers contemporaneous with this filing. *Id.*, Exhibit Nos. 3 and 4.

Capitol Water requests that the Commission process its Application pursuant to Modified Procedure. *Id.*

### COMMISSION DECISION

Does the Commission wish to process Capitol Water’s Application for an increase in its Schedule No. 3, Purchased Power Adjustment Rate, through Modified Procedure with a 21-day comment period?

  
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Neil Price  
Deputy Attorney General

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