

DECISION MEMORANDUM

TO: COMMISSIONER KJELLANDER
COMMISSIONER RAPER
COMMISSIONER ANDERSON
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL

FROM: BRANDON KARPEN
DEPUTY ATTORNEY GENERAL

DATE: JULY 6, 2017

SUBJECT: CAPITOL WATER CORPORATION'S APPLICATION TO INCREASE
ITS SCHEDULE NO. 3 PURCHASED POWER ADJUSTMENT RATE;
CASE NO. CAP-W-17-01

On June 26, 2017, Capitol Water Corporation filed an Application to adjust its Schedule No. 3 Purchased Power Adjustment Rate to "recover the Company's cost of electricity related to Idaho Power Company's electric rate schedules that have been approved by the Idaho Public Utilities Commission." Application at 1. Capitol Water proposes an effective date of August 15, 2017.

THE APPLICATION

Capitol Water requests an increase in Schedule 3 rates. It states that the proposed increase is driven by a rise in electric power expenses. *Id.* The Company claims that its current 2.8% PPCA rate is too low when factoring in the increase in power rates, and the Company's costs to file this Application. *Id.* The Company requests a new PPCA rate of 3.1%. *Id.* Finally, the Company also requests the Commission approve a change in the methodology used to calculate the Company's PPCA. *Id.* at 2.

Capitol Water states that its "current base rates were established by Order No. 30762 in Case No. CAP-W-08-02." *Id.* at 1. The Company summarizes the Order: "the Commission adopted a three (3) year average of 1,454,401KWh of electricity consumption at an average cost of 5.19¢, to establish rates for Applicant." *Id.* This results in a total electric power cost rate of \$75,483.41. *Id.* The Company claims that its actual cost in 2016 was \$19,126.83. *Id.* at 2. Capitol Water estimates that its costs associated with the preparation and filing of this

Application to be \$1,100. *Id.* at 1. Capitol Water is seeking to recover these costs together with the electric power costs. *Id.*

The Company's proposal to change the method of calculating the Company's PPCA rates consist of comparing the most recent year's costs with the costs imbedded in base rates. This method eliminates the use of a computer model. *Id.* 2. According to the Company, this approach "can be completed internally by the Company without the need for outside consultant assistance." *Id.* at 3.

Capitol Water also includes with the Application a worksheet detailing its calculations (Exhibit Nos. 1-3), a sample customer notice that will be included in the July billing (Exhibit No. 3), a copy of the proposed Schedule No. 3 in legislative format (Exhibit No. 5), and a news release that will be printed in the Idaho Statesman and Idaho Business Review. *Id.* (Exhibit No 6).

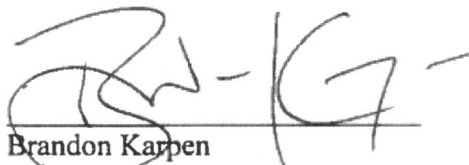
Capitol Water requests that the Commission process its Application pursuant to Modified Procedure. *Id.*

STAFF RECOMENDATION

Staff has reviewed the Company's Application and agrees that it is appropriate to process the case by modified procedure. However, Staff is concerned that implementation by August 15 may rush its review of the Company's request, and therefore recommends that the Commission suspend the Company's requested implementation deadline for 30 days, until September 15. Further, Staff recommends a comment deadline of August 9, 2017.

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, suspended the proposed effective date to September 15, 2017, and order a comment deadline of August 9, 2017?


Brandon Karpen
Deputy Attorney General