BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)

CAPITOL WATER CORPORATION FOR)CASE NO. CAP-W-95-1

AUTHORITY TO INCREASE ITS RATES)

AND ALTERNATIVE APPLICATION FOR)NOTICE OF APPLICATION

INTERIM RATES )NOTICE OF SCHEDULING

)NOTICE OF HEARING

                                                                   )(INTERIM RATES)

YOU ARE HEREBY NOTIFIED that on July 11, 1995 Capitol Water Corporation (Capitol; Company) filed an Application with the Idaho Public Utilities Commission (Commission) for authority to increase its tariffed rates and charges for water utility service.  The Company is proposing a 25.8% increase.  The Company has requested that the Commission authorize the proposed change in prices for an effective date of September 1, 1995.  Should the Commission however determine that a hearing or detailed Staff analysis is required of the Company’s Application, Capitol requests pending final Order that the Commission authorize the Company to charge Schedule 1 customers an interim rate increase of $1.00/per month (subject to rebate) beginning September 1, 1995.

The Company proposes the following permanent and interim rates for residential customers, metered commercial customers and private fire, sprinkler and hose service customers:

CAPITOL WATER CORPORATION

PRESENT AND PROPOSED RATE COMPARISON

|  |  |  |  |
| --- | --- | --- | --- |
| Schedule No. 1 | Present  Rates | Proposed  Interim-Rates | Proposed  Permanent Rates |
| FLAT RATE - Rates--Monthly |  |  |  |
| 3/4" service | $ 8.06 | $ 9.06 | $10.14 |
| 1" service | $ 9.78 | $10.78 | $12.30 |
| 1-1/4" service | $10.89 | $11.89 | $13.70 |
| Sprinkling | $10.34 | $10.34 | $13.00 |

|  |  |  |  |
| --- | --- | --- | --- |
| Schedule No. 2 |  | Present  Rates | Proposed  Permanent Rates |
| METERED RATED  Rates--Monthly | 1000 cu. feet per month per 100 cu feet | $.79 | $  .99 |
| Next | 1000 cu. feet per month per 100 cu. feet | $.45 | $  .57 |
| Next | 2000 cu. feet per month per 100 cu. feet | $.34 | $  .43 |
| Minimum Charges:  The monthly minimum charges for service under this schedule shall not be less than the following for all customers. |
| Meter Size |  |  |  |
| 3/4" and smaller |  | $ 5.15 | $ 6.48 |
| 1" |  | $ 7.27 | $ 9.15 |
| 1-1/2" |  | $10.59 | $13.32 |
| 2" |  | $18.34 | $23.07 |
| 3" |  | $32.88 | $41.36 |

Schedule No. 3 - No change

|  |  |  |
| --- | --- | --- |
| Schedule No. 4 | Present  Rates | Proposed  Permanent Rates |
| RATES FOR PRIVATE FIRE SPRINKLER AND HOSE SERVICE - Rates--Monthly |
| For 3" Service or smaller, per month | $ 5.67 | $ 7.13 |
| For 4" Service per month | $ 7.93 | $ 9.98 |
| For 6" Service per month | $18.14 | $22.82 |
| For 8" Service per month | $29.47 | $37.07 |
| For 10" Service per month | $45.34 | $57.04 |

For purposes of this rate case, Capitol states that it has used a 1994 test year with adjustments for known and measurable changes in the year 1995.  The adjustments include the cost of restoring Well No. 3 to production, the refurbishing of Well No. 2, the increased expense of electricity associated with Well No. 3 coming back on line, and increased debt payments incident to the above described investment in well facilities.  The adjustments also include additional revenue from known and anticipated hook-ups.

Capitol is requesting that legal and rate case preparation costs in the amount of $13,000, together with unamortized rate case preparation costs of $2,000 from the Company’s 1993 rate case be placed in a deferral account and amortized through rates over a three-year period.

As represented, Capitol’s actual December 31, 1994 rate base was $519,030 which has been increased by $72,547 to $591,577.  Capitol contends that if allowed to recover these expenses and earn a reasonable rate of return, additional revenue of $96,427 is necessary over that presently allowed under current rates and tariffs.

Capitol states that it has not had a rate increase since early 1993 and that its flat rate per month for domestic customers has not increased since 1987.  As a result, Capitol contends that its earned rate of return and earnings on equity are no longer reasonable and adequate.  The Company contends that an immediate adjustment by way of increased revenue is necessary if Capitol is to maintain a financially stable condition and continue to render reliable and adequate water service to its customers.  As further justification for a rate increase, Capitol represents that the Company now has incurred substantial short- and long-term debt, which as a matter of necessity has been personally guaranteed by Mr. Price, individually.  Present earned rates of return the Company contends, are not adequate to service this debt and allow a reasonable rate of return.

In support of its Application the Company has filed testimony and exhibits showing financial statements, cost of capital, and documentation showing how the test year data was adjusted.  The present and proposed rate schedules and water service regulations are available for public inspection at Capitol’s office at 2626 Eldorado, Boise.

The Application of Capitol and the alleged facts set forth therein are verified as being true by Mr. Price, the Company’s president, who also indicates that the prefiled testimony and exhibits were prepared under his direction and control.  The Company requests that the Commission determine the accuracy of Capitol’s increased costs and revenue requirements, and determine a fair and reasonable return by September 1, 1995.  Alternatively, the Company requests that the proposed interim rates be authorized for September 1, 1995 and that its Application be processed under Modified Procedure, i.e., by written submission rather than by hearing.  Reference Commission Rules of Procedure IDAPA 31.01.01.201 through .204.

YOU ARE FURTHER NOTIFIED that the Commission by Order No. 26121 has suspended the proposed effective date for the requested permanent increase in rates; and regarding the Company’s request for interim relief, has denied its request that the matter be processed under Modified Procedure and has instead required that the matter be scheduled for a public hearing on an expedited basis.

YOU ARE FURTHER NOTIFIED that pursuant to agreement of the parties and the Commission, the following scheduling in the matter of the Company’s Application for interim relief is adopted:

August 18, 1995Company file deadline for amended and/or supplemental

application and testimony.

August 28, 1995Staff/intervenor prefile deadline for direct testimony.

YOU ARE FURTHER NOTIFIED that persons desiring to intervene in this matter for the purpose of presenting evidence or cross examining witnesses at hearing must file a Petition to Intervene with the Commission pursuant to the Commission’s Rules of Procedure, IDAPA 31.01.01.071 and -.073.

YOU ARE FURTHER NOTIFIED that the prepared testimony and exhibits of the parties must conform to the requirements of Rules 266 through 267 of the Commission’s Rules of Procedure, IDAPA 31.01.01.266 -.267.

YOU ARE FURTHER NOTIFIED that the Company’s initial Application in Case No. CAP-W-95-1, together with supporting testimony and workpapers has been filed with the Commission and is available for public inspection during regular business hours at the Commission office.  All amended fillings will be available upon receipt.

YOU ARE FURTHER NOTIFIED that a public hearing on Capitol Water’s request for an interim rate increase in Case No. CAP-W-95-1 is scheduled for THURSDAY, AUGUST 31, 1995 COMMENCING AT 2:30 P.M. AT THE COMMISSION HEARING ROOM, 472 WEST WASHINGTON STREET, BOISE, IDAHO (208)334-0300.

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 that 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.

YOU ARE FURTHER NOTIFIED that persons desiring to present their views without parties’ rights of participation and cross examination are not required to intervene and may present their comments at hearing without prior notification to the Commission or to the parties.

YOU ARE FURTHER NOTIFIED that all hearings and prehearing conferences in this matter will be held in facilities meeting the accessibility requirements of the Americans with Disabilities Act.  Persons needing the help of a sign language interpreter or other assistance of the kind that the Commission is obligated to provide under the Americans with Disabilities Act in order to participate in or to understand the testimony and argument at a public hearing may ask the Commission to provide a sign language interpreter or other assistance at the hearing.  The request for assistance must be received at least five (5) working days before the hearing by contacting the Commission Secretary at:

IDAHO PUBLIC UTILITIES COMMISSION

PO BOX 83720

BOISE, IDAHO  83720-0074

(208) 334-0338  (TELEPHONE)

(208) 334-3151  (TEXT TELEPHONE)

DATED at Boise, Idaho this              day of August 1995.

Myrna J. Walters

Commission Secretary

JR\N-CAP-W-95-1.SW