

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF CAPITOL WATER)
CORPORATION'S APPLICATION FOR A) CASE NO. CAP-W-02-1
TEMPORARY SURCHARGE, A)
DECLARATION OF PRUDENCY, AND)
AUTHORITY TO INCUR DEBT TO FUND) ORDER NO. 29332
SYSTEM IMPROVEMENTS.)
_____)**

During its review of Capitol Water Corporation's ("Capitol Water" or "Company") Rules Summary, Staff discovered that Capitol Water was not billing its customers according to the Company's approved tariffs. From June 2002 through July 2003, the Company rounded the total billed amount to the nearest 5-cents rather than collecting the actual tariff rate. In this Order, the Commission directs Capitol Water to credit its surcharge revenues account by \$989.24 and file tariffs consistent with the findings made below.

BACKGROUND

The Commission Staff questioned the Company about the bill-rounding practice and found that the Company believed it was authorized to do so based on a previous Order. In Case No. CAP-W-96-2, Capitol Water requested and the Commission granted rates that were set at the nearest 5-cents for ease of billing. Order No. 27022. The Commission subsequently permitted the Company in May 2002 to incur debt and implement residential and commercial surcharges. Order No. 29035 at 11. However, the Commission did not authorize the Company to round these (current) rates to the nearest 5-cents.

The Company's incorrect billing practices resulted an over-collection of \$989.24 over 14 months from its 2,392 flat rate customers. According to Staff, the Company has remedied the situation on a going-forward basis and is billing the appropriate tariff rates as of July 2003.

In a decision memorandum dated August 22, 2003, Staff recommended that the over-collection be credited to the Company's current surcharge account rather than crediting each flat rate customer approximately \$0.40 on average. Staff and the Company agree that crediting the surcharge account the \$989.24 will fairly distribute the over-collected funds back to customers, payoff the surcharge slightly faster, and would be the easiest bookkeeping remedy. Furthermore, crediting the

surcharge account provides customers with an outcome similar to crediting individual customer accounts.

In addition to the billing error, Staff discovered a minor error in the Company's Tariff Schedule No. 1 franchise fee calculation. The franchise fee calculation for 1-inch metered service was shown at \$0.51 when the actual amount should have been \$0.52. Staff has worked with the Company to revise and resubmit this tariff page with the correct calculation. Even though the franchise fee calculation was shown incorrectly on the tariff page, the total rate was calculated correctly. Therefore, neither the Company nor customers would be affected by this tariff sheet correction.

COMMISSION FINDINGS

The Commission has jurisdiction over Capitol Water Corporation, a water utility, pursuant to the provisions of Idaho Code, Title 61, and the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

Based upon our review of the record in this case, the Commission finds that customers should have been billed at the actual rates established by Order No. 29035 rather than rounding each bill up to the nearest 5-cents. We also find that ratepayers are owed \$989.24 due to this over-collection. Based on the recommendations of the Company and Commission Staff, the Commission finds it reasonable and in the public interest for the Company to credit its surcharge revenues account by this amount. Because each customer is owed a relatively small credit to compensate for the over-collection, it is appropriate to minimize administrative expenses and bookkeeping by reducing the surcharge balance to be paid by customers. We direct Capitol Water to credit the surcharge revenues account by the over-collected \$989.24 and file appropriate tariffs to correct the franchise fee calculation issue identified by Staff no later than September 15, 2003.

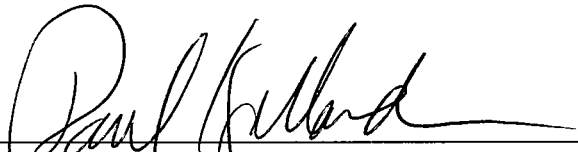
ORDER

IT IS HEREBY ORDERED that Capitol Water Corporation, to the extent it has not already done so, cease rounding the bills of its flat rate customers to the nearest 5-cents and credit its surcharge revenues account by the \$989.24 that was over-collected.

IT IS FURTHER ORDERED that Capitol Water file tariffs consistent with this Order no later than September 15, 2003.

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 8th day of September 2003.



PAUL KJELLANDER, PRESIDENT

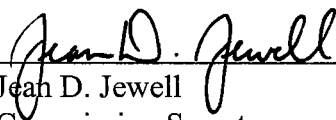


MARSHA H. SMITH, COMMISSIONER



DENNIS S. HANSEN, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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