

DECISION MEMORANDUM

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

FROM: CECELIA A. GASSNER

DATE: JANUARY 23, 2007

**SUBJECT: CAPITOL WATER CORPORATION'S APPLICATION FOR APPROVAL
OF CUSTOMER REFUNDS, CASE NO. CAP-W-07-1**

On January 9, 2007, Capitol Water Corporation filed an Application for approval of customer refunds. If approved the Company would refund approximately \$65,000 to its customers. The Company requested that the Application be processed under Modified Procedure.

THE APPLICATION

Capitol Water's Application states during the course of its recent rate case, Case No. CAP-W-06-1, a billing error was discovered that resulted in overcharges to certain metered customers. The total over-billing from December 1, 2003 until September 1, 2006, was approximately \$65,000. In this Application, the Company proposes a mechanism to return these overcharges to the pertinent customers.

The Company proposes the following plan to distribute the necessary refunds:

- 1) To the 99 customers currently connected to the water system to whom the Company owes a refund of \$100 or less, an immediate credit to each of their respective accounts in the proper amount;
- 2) To the 18 former customers to whom the Company owes a collective \$2,269.30, by locating them and issuing them refund checks;
- 3) To the 13 former customers who were in arrears on their accounts, by reducing the amount owed to them by the amount in arrears;
- 4) To the 112 current customers to whom the Company owes more than \$100 each, bill credits each month over a 36-month period. The total credits would be calculated as an amortization of the refund principal due

together with interest at the Commission's approved rate for customer deposits of 5%. These refunds represent an aggregate total of \$58,937.26. The billing credits would reduce the Company's monthly revenues by \$1,767.51 during the refund period.

STAFF RECOMMENDATION

Staff recommends that the Company's Application be processed by Modified Procedure with a twenty-one (21) day comment period. This should allow sufficient time for interested parties to review the Company's Application and file their comments with the Commission. Reference Commission Rules of Procedure, IDAPA 31.01.01.201-.204.

COMMISSION DECISION

Does the Commission wish to issue a notice of the Company's Application?

How does the Commission wish to proceed with this matter?



CECELIA A. GASSNER

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