

DECISION MEMORANDUM

**TO: COMMISSIONER REDFORD
 COMMISSIONER SMITH
 COMMISSIONER KEMPTON
 COMMISSION SECRETARY
 COMMISSION STAFF**

**FROM: KRISTINE SASSER
 DEPUTY ATTORNEY GENERAL**

DATE: DECEMBER 5, 2008

**SUBJECT: CAPITOL WATER CORPORATION'S APPLICATION TO INCREASE
 ITS BASIC RATES AND CHARGES, CASE NO. CAP-W-08-02**

On November 17, 2008, Capitol Water Corporation filed an Application for authority to increase its rates for water service by 7.8%. The Company requests that the Application be processed by Modified Procedure and that the tariff changes become effective January 1, 2009.

THE APPLICATION

Capitol Water provides water service to approximately 2,560 residential and 150 commercial customers in Boise. The Company's current rates and charges were authorized by Order No. 30198 issued on December 12, 2006. Since that time, the Ustick Road widening project caused the Company to incur \$102,006.34 in costs beyond its control. As part of this Ada County Highway District (ACHD) project, the Company was required to relocate distribution piping, fire hydrants and customer service connections located in the public right-of-way. In addition, in October 2008, the pump at Well #6 failed. The cost to repair the pump and put the well back in service was \$11,234.37.

Since 2006, the Company has also experienced a significant increase in its electric power rates. The Company asserts that its cost for electric power is the single most expensive cost over which the Company has no control. The Company seeks to put a mechanism in place that would allow rates to be adjusted coincident with changes in its electric rates. The Company requests that the Commission immediately approve its proposed rate increase, "but hold the Case open pending a ruling by the Commission regarding Idaho Power Company's current rate case" (Case No. IPC-E-08-10). Application at 4. Upon completion of that case, Capitol Water

proposes that “the Commission revisit this case and authorize recovery of any additional electric expense [it] will realize” as the result of a potential rate increase by Idaho Power. *Id.*

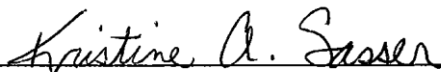
The Company characterizes its Application as a “make whole” request limited to the three issues stated above. It requests that its Application be processed by Modified Procedure with tariff changes to become effective January 1, 2008.

STAFF RECOMMENDATION

Staff has reviewed the Application and recommends that the Company’s Application be processed by Modified Procedure. Staff recommends that the proposed effective date of January 1, 2009, be suspended to allow adequate time for comment and processing of the case. Once the parties are determined, they can discuss a schedule for processing the case.

COMMISSION DECISION

1. Does the Commission find that the public interest may not require a hearing, and that this proceeding may be processed under Modified Procedure?
2. Does the Commission wish to suspend the Company’s proposed effective date of January 1, 2009, pursuant to *Idaho Code* § 61-622, to allow adequate time for comment and processing of the case?



Kristine A. Sasser
Deputy Attorney General

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