

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	
OF CAPITOL WATER CORPORATION FOR)	CASE NO. CAP-W-12-01
AUTHORITY TO INCREASE ITS)	
SCHEDULE NO. 3 PURCHASE POWER)	NOTICE OF APPLICATION
ADJUSTMENT RATE)	
)	NOTICE OF
)	MODIFIED PROCEDURE
)	
)	ORDER NO. 32589

YOU ARE HEREBY NOTIFIED that on June 15, 2012, Capitol Water Corporation (“Capitol Water” or “Company”) filed an Application to increase its Schedule No. 3 Purchase Power Adjustment Rate.

YOU ARE FURTHER NOTIFIED that the Company states that the proposed increase is necessitated by recent changes in Idaho Power Company’s rates and charges for electric service to Capitol Water Corporation. In its Application, Capitol Water references the effect of Case No. IPC-E-12-14 pertaining to Idaho Power’s request for cost recovery for the integration of its Langley Gulch power plant.

YOU ARE FURTHER NOTIFIED that Capitol Water estimates that, once the costs of the Langley power plant are included, its rates will rise from its current average rate of 5.58¢ per kWh to 5.87¢ per kWh. The Company believes that its total cost of electric power will increase from \$75,483.41 to \$81,136. This amounts to an increase in annual electric power cost of \$5,653, or 7.49% more than included in Applicant’s base water rates. Further, when the estimated effect of the Langley power plant case is included, Applicant’s average kWh cost of 5.87¢ per kWh results in an annual cost to Applicant of \$85,418. This amounts to an annual increase in electric power costs of \$9,934, or 13.161% from Capitol Water’s current base water rates.

YOU ARE FURTHER NOTIFIED that Capitol Water also requests recovery of \$1,200 for costs associated with the review of the Idaho Power Company cases, ascertaining their effect on the Company, preparation and filing of this Application, and responding to inquiries regarding this Application. Capitol Water proposes an increase of the currently

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approved Schedule No. 3 Purchased Power Cost Adjustment Rate from .37% to a new Purchased Power Cost Adjustment Rate of 1.71%.

YOU ARE FURTHER NOTIFIED that Capitol Water attached Exhibit No. 1 to its Application displaying its calculations. Exhibit No. 2 displays the same calculations but incorporates the anticipated effect of the Idaho Power Langley Gulch power plant on the Company's rates. Exhibit No. 3 is a copy of the Company's current approved Schedule No. 3 in legislative format that shows the proposed change to the Purchased Power Cost Adjustment Rate.

YOU ARE FURTHER NOTIFIED that the Company's Application also included a revised Schedule No. 3 with an effective date of August 1, 2012. Capitol Water provided workpapers showing its calculations.

YOU ARE FURTHER NOTIFIED that the Company states that it has advised customers of its Application through the issuance of a customer notice included in customer bills mailed on July 1, 2012, and via a news release to the Idaho Statesman and the Idaho Business Review newspapers contemporaneous with this filing.

YOU ARE FURTHER NOTIFIED that Capitol Water requests that the Commission process its Application pursuant to Modified Procedure with a proposed effective date of August 1, 2012.

YOU ARE FURTHER NOTIFIED that the Commission may approve, reject or modify the rates and charges proposed and may find that rates and charges different from those proposed by any party are just, fair and reasonable. IDAPA 31.01.01.124.02.

YOU ARE FURTHER NOTIFIED that the Commission may approve, reject or modify existing or proposed relationships between and among rates and charges within, between or among customer classes or rate groupings and may approve, reject or modify existing or proposed relationships among and between customer classes or rate groupings. IDAPA 31.01.01.124.02.

YOU ARE FURTHER NOTIFIED that the tariffs, practices, rules and regulations, service, instrumentalities, equipment, facilities, classifications, and customer relations of the utility are at issue and the Commission may address any of them in its order. IDAPA 31.01.01.124.02.

YOU ARE FURTHER NOTIFIED that the Commission Staff has undertaken an audit and investigation of the Company's Application, workpapers and all documents and files relevant to this matter.

YOU ARE FURTHER NOTIFIED that the Idaho Public Utilities Commission has jurisdiction over Capitol Water, its filing and the issues pertaining to this case pursuant to Title 61 of the *Idaho Code*.

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.*

NOTICE OF MODIFIED PROCEDURE

YOU ARE FURTHER NOTIFIED that the Commission has reviewed the Company's filing in Case No. CAP-W-12-01 and finds that the public interest may not require a formal hearing in this matter and will proceed under Modified Procedure pursuant to Rules 201 through 204 of the Idaho Public Utilities Commission's Rules of Procedure, IDAPA 31.01.01.201 through .204. The Commission notes that Modified Procedure and written comments have proven to be an effective means for obtaining public input and participation.

YOU ARE FURTHER NOTIFIED that any person desiring to state a position concerning Capitol Water's Application in Case No. CAP-W-12-01 may file a written comment in support or opposition with the Commission within **fourteen (14) days from the date of this Notice**. The comment must contain a statement of reasons supporting the comment. Persons desiring a hearing must specifically request a hearing in their written comments. Written comments concerning this filing should be mailed to the Commission and Capitol Water at the addresses reflected below:

Commission Secretary
Idaho Public Utilities Commission
PO Box 83720
Boise, ID 83720-0074

Street Address for Express Mail:
472 W. Washington Street
Boise, ID 83702-5918

Robert Price, President
Capitol Water Corp.
2626 Eldorado
Boise, Idaho 837704
E-mail: capitolwatercorp@yahoo.com

Robert E. Smith
2209 N. Bryson Rd.
Boise, Idaho 83713
E-mail: utilityfgroup@yahoo.com

These comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's home page located at www.puc.idaho.gov. Click the "Comments and Questions" icon, and complete the comment form, using the case number as it appears on the front of this document.

YOU ARE FURTHER NOTIFIED that Capitol Water's filing can be viewed at www.puc.idaho.gov by clicking on "File Room" and then "Water Cases," or it can be viewed during regular business hours at the Idaho Public Utilities Commission, 472 West Washington St, Boise, Idaho.

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the time limit set, the Commission will consider this matter on its merits and enter its Order without a formal hearing. If written comments are received within the time limit set, the Commission will consider them and, in its discretion, may set the same for formal hearing.

ORDER

IT IS HEREBY ORDERED that the Application of Capitol Water Corporation shall be processed by Modified Procedure, IDAPA 31.01.01.201-204. Persons interested in submitting written comments in this matter must do so no later than 14 days from the service date of this Order.


DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 10th
day of July 2012.


PAUL KJELLANDER, PRESIDENT


MACK A. REDFORD, COMMISSIONER


MARSHA H. SMITH, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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