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IDAHO PUBLIC  
UTILITIES COMMISSION

2626 Eldorado

Boise, Idaho 83704

Telephone 375-0931

July 26, 2016

Jean D. Jewell, Secretary  
Idaho Public Utilities Commission  
P.O. Box 83720  
Boise, ID 83702-0074

RE: CASE NO. CAP-W-16-01  
IN THE MATTER OF THE APPLICATION  
OF CAPITOL WATER CORP. TO  
CHANGE IT'S SCHEDULE NO. 3  
PURCHASED POWER COST ADJUSTMENT RATE

Dear Ms. Jewell:

Enclosed are an original and seven copies of applicants reply to the Commission Staff comments in this case.

Sincerely,

Robert Price, President  
Capitol Water Corporation

Robert Price, President  
Capitol Water Corp.  
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Boise, Idaho 83704  
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Representative for Capitol Water Corp.

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE APPLICATION )      CASE NO. CAP-W-16-01**  
**OF CAPITOL WATER CORP. TO )**  
**CHANGE ITS SCHEDULE NO. 3 )      REPLY COMMENTS**  
**PURCHASED POWER ADJUSTMENT RATE)      TO PUC STAFF COMMENTS**

COMES NOW Capitol Water Corporation (“Capitol”, “Applicant” or “Company”), holder of Certificate of Convenience and Necessity Number 239, and files these comments in response to the Commission Staff (Staff) Comments in this case.

**PPCA CALCULATION**

Staff in this case argues that the Company’s annual electricity use has declined since the Purchased Power Adjustment Rate was first approved by the Commission in 2009. Initially, by Order No. 30881 in Case No. CAP-W-08-02, the Commission adopted Staff’s recommended use of a three year average of 1,454,401 KWh per year rather than a single years’ actual use. In this case, Staff now proposes the use of a single years’ actual use as more appropriate. Staff is reversing its earlier recommendations to the Commission.

Staff at page 4 of its comments acknowledges “...that the lower energy consumption is due to efficiency improvements related to well maintenance and cleaning completed in early 2015 and recent equipment upgrades.” Staff does not, in its comments, acknowledge the additional costs the Company has incurred to realize these efficiency improvements. Staff is proposing to change one component of the Commissions approved purchased power cost adjustment methodology ignoring any

other effect on the Company's costs that would affect other components of the Company's rate structure.

Capitol Water is currently working on, and intends to file before year-end, a general rate case application to update the Company's overall rate structure. Applicant proposes the Commission maintain the status quo of the previously approved "Purchased Power Adjustment" methodology and approve the Company's application as filed in this case. The Company will cooperate with Staff to refine and update that methodology during the course of the rate case investigation.

### **CUSTOMER RELATIONS**

Staff in its Comments pointed out what it considers to be inadequate language in the Company's Tariff Sheet, Billing Statements, Customer Notice and News Release. The language in these documents are consistent with similar documents in prior cases that have been modified on occasion to meet the Staff's recommendations. Applicant assumed the documents were prepared in compliance with those prior recommendations.

Applicant will, in the future, submit such proposed documents to the Staff prior to filing an application.

### **CONTACT INFORMATION:**

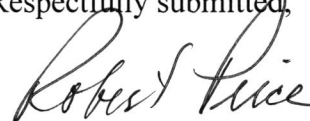
Questions regarding these Comments should be addressed to:

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Please provide copies of all correspondence, notices and orders to the above individuals.

Respectfully submitted,



Robert Price, President  
Capitol Water Corporation