

## DECISION MEMORANDUM

**TO:** COMMISSIONER KJELLANDER  
COMMISSIONER RAPER  
COMMISSIONER ANDERSON  
COMMISSION SECRETARY  
COMMISSION STAFF  
LEGAL

**FROM:** BRANDON KARPEN  
DEPUTY ATTORNEY GENERAL

**DATE:** JUNE 7, 2018

**SUBJECT:** CAPITOL WATER CORPORATION'S APPLICATION TO INCREASE  
ITS SCHEDULE NO. 3 PURCHASED POWER ADJUSTMENT RATE;  
CASE NO. CAP-W-18-01

On May 30, 2018, Capitol Water Corporation filed an Application to adjust its Schedule No. 3 Purchased Power Adjustment Rate to "recover the Company's cost of electricity related to Idaho Power Company's electric rate schedules that have been approved by the Idaho Public Utilities Commission." Application at 1. Capitol Water proposes an effective date of August 1, 2018.

### THE APPLICATION

Capitol Water requests a decrease in its Schedule 3 rates. It states that the proposed decrease is driven by a drop in electric power expenses. *Id.* The Company claims that its current 3.1% PPCA rate is too high when factoring in the lower power rates. *Id.* The Company requests a new PPCA rate of 2.61%. *Id.*

Capitol Water states that its "current base rates were established by Order No. 30762 in Case No. CAP-W-08-02." *Id.* at 1. The Company summarizes the Order: "the Commission adopted a three (3) year average of 1,454,401KWh of electricity consumption at an average cost of 5.19¢, to establish rates for Applicant." *Id.* This results in a total electric power cost rate of \$75,483.41. *Id.* The Company claims that its actual cost in 2017 was \$17,034 more than what is embedded in base rates, but \$3,170 lower than what is currently being charged after factoring in the PPCA. *Id.* at 2-4. Capitol Water is seeking to recover these costs together with the electric power costs. *Id.*

Capitol Water also includes a worksheet with the Application detailing its calculations (Exhibit No. 1), a copy of the proposed Schedule No. 3 in legislative format (Exhibit No. 2), a copy of a direct customer notice and a news release that will be printed in the Idaho Statesman and Idaho Business Review. *Id.* (Exhibit Nos. 3-4).

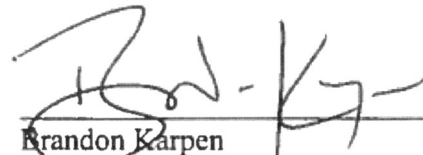
Capitol Water requests that the Commission process its Application pursuant to Modified Procedure. *Id.*

#### **STAFF RECOMENDATION**

Staff concurs with the use of Modified Procedure. Given the expedited nature of this case, and current demands on Staff, Staff recommends a July 12, 2018, comment deadline and a July 19, 2018, reply deadline.

#### **COMMISSION DECISION**

Does the Commission wish to process the PPCA Application by Modified Procedure with a July 12, 2018, comment deadline and a July 19, 2018, reply deadline?

  
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Brandon Karpen  
Deputy Attorney General

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