

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF CAPITOL WATER CORPORATION TO) CASE NO. CAP-W-21-01
CHANGE ITS SCHEDULE NO. 3)
PURCHASED POWER COST ADJUSTMENT) ORDER NO. 35224
RATE)

On September 8, 2021, Capitol Water Corporation (“Company”) applied for authorization to change its Schedule No. 3, Purchased Power Cost Adjustment (“PPCA”) rate from 2.06% to 0.92%, effective November 15, 2021.

On September 28, 2021, the Commission issued a Notice of Application and Modified Procedure, setting public comment and Company reply deadlines. Order No. 35179. Staff and one member of the public filed written comments. The Company did not file reply comments.

Having reviewed the record, we approve the Company’s Application.

BACKGROUND

In April 2009, the Commission issued final Order No. 30762 which established just and reasonable rates for the Company. In that Order, the Commission used the Company’s three-year electric power consumption average to calculate the Company’s annual power costs to embed in base rates. The Commission found the Company’s average annual electricity consumption to be 1,454,401 kilowatt-hours (“kWh”). *See* Order No. 30881 at 2-3. Based on this average consumption, the Commission determined that the Company would incur \$75,483 in annual electric power costs.

In August 2009, the Commission approved the Company’s request to establish a new tariff rate to recover its costs for electricity. Order No. 30881. The Company’s new tariff established the PPCA mechanism which provided the means to annually adjust for increased or decreased purchased power costs by accounting for differences between power costs embedded in base rates and the actual power costs paid by the Company.

In 2017, the Commission approved a change that simplified the Company’s PPCA method by calculating the difference between the actual electricity costs the Company paid during the previous calendar year, and the cost of electricity embedded in the Company’s Schedule No. 3 rates recovered through customer billing. Order 33876 at 3.

THE APPLICATION

The Company requested to decrease its PPCA rate from 2.06% to 0.92%. The Company asserted its actual electric power supply cost in 2020 was \$81,505 which is \$6,022 more than what is embedded in its base rates. Application at 1. By comparison, the Company's actual electric power supply cost in 2019 was \$88,888. Order No. 34445 at 2. Therefore, the Company's actual electric power supply cost was *less* in 2020 than 2019.

STAFF COMMENTS

Staff recommended the Commission authorize a 0.89% PPCA rate instead of the 0.92% proposed by the Company.

Staff reviewed the Company's Application and supporting documents. Based on its review, Staff recommended the Commission authorize a 0.89% PPCA, which will decrease the PPCA from \$13,426 to \$5,817. In addition, Staff verified the Company's calculations included in the Application and confirmed actual power costs incurred in calendar year 2020 were \$81,300—\$205 less than the \$81,505 requested. The additional \$205 was due to late fees which Staff did not believe customers should be responsible for.

Staff noted that only the costs related to supplying metered energy are used to calculate the PPCA. Costs related to late payment fees or services beyond the delivery of metered energy are excluded from the calculation.

If the Commission adopts the proposed change to the PPCA, Staff determined "the monthly bill for an unmetered customer with a ¾ - inch service line would decrease by \$0.32 (from \$29.28 to \$28.96) in May through September and decrease by \$0.15 (from \$12.91 to \$12.76) in all other months." Staff Comments at 2. For a metered customer, the PPCA portion of the customer's bill will decrease by 1.17% (excluding franchise taxes).

Staff asserted the current customer charge rate structure allows this method to remain simple and accurate without a true-up if the number of customers remains stable. The Company has acquired 78 new customers since 2017—indicating to Staff that the Company has maintained a relatively stable customer count.

Staff previously expressed concern about the decreased pump efficiency of Well Nos. 5 and 6. In response to Staff's discovery request, the Company replied that it cleaned and rebuilt the pump and motor for Well No. 5 in March 2020.

An analysis of the pump efficiency in Wells Nos. 3-7 demonstrated marked improvement from 2019 to 2020. *See* Staff's Comments at 3-4. All wells except for Well No. 4 showed improved pump efficiency. Staff recommended that the Company continue to monitor its wells and focus on improving the efficiency of Well No. 4. Staff further recommended that the Company continue to apprise the Commission of its well refurbishing efforts, and water consumption and energy consumption in future filings. *Id.* at 4.

The Commission received one customer comment that recommended the Company forego the de minimis decrease to keep the quality of service at a high level.

DISCUSSION AND FINDINGS

The Commission has jurisdiction and authority over the Company and the issues raised in this case under Title 61 of the Idaho Code.

The PPCA allows the Company to adjust its rates to reflect changes in power supply costs. *See* Order No. 30881 at 1-2; *see also* Order No. 33876 at 3. The Company's power costs are determined by two factors: the amount of electric power used, and the rate paid for electric power. *See* Order 33876 at 3. This year, the Company's power costs decreased as reported by the Company and verified by Commission Staff. *See* Application at 1; Staff Comments at 2. Accordingly, we find it just and reasonable to approve the Company's request to decrease the Schedule No. 3 PPCA rate from 2.06% to 0.89% as recommended in Staff's comments. The Company's revised Schedule No. 3 rates are cost-based and appropriate. The new PPCA rates will decrease monthly bills for unmetered customers with a ¾ - inch service line by \$0.32, May through September, and \$0.15, October through April. Metered customers' bills will vary with water usage, but the PPCA portion of the bill will decrease by 1.17%.

The pumping efficiency of the Company's wells has a direct impact on the Company's customers. Consequently, we urge the Company to continually monitor and maintain its system so that it is operating in a safe, efficient, and cost-effective manner.

ORDER

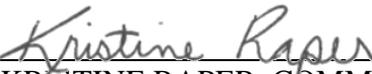
IT IS HEREBY ORDERED that the Company's Application is approved with slight modification as proposed by Staff. The PPCA rate in Schedule No. 3 will decrease from 2.06% to 0.89%, effective November 15, 2021. The Company shall file conforming tariffs with the Commission within ten (10) days of the service date of this Order.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *See Idaho Code § 61-626.*

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 15th day of November 2021.



PAUL KJELLANDER, PRESIDENT

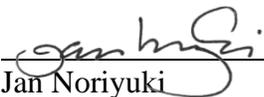


KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Jan Noriyuki
Commission Secretary

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