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Attorney for the Commission Staff

## BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

<b>IN THE MATTER OF THE APPLICATION</b>	)	
<b>OF CAPITOL WATER CORPORATION TO</b>	)	<b>CASE NO. CAP-W-21-01</b>
<b>CHANGE ITS SCHEDULE NO. 3</b>	)	
<b>PURCHASED POWER COST ADJUSTMENT</b>	)	<b>COMMENTS OF THE</b>
<b>RATE</b>	)	<b>COMMISSION STAFF</b>
	)	
	)	

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**STAFF OF** the Idaho Public Utilities Commission, by and through its Attorney of record, John Hammond, Jr., Deputy Attorney General, submits the following comments.

### BACKGROUND

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

The Company’s Schedule No. 3 PPCA rate provides a mechanism for the Company to recover its cost of electricity related to Idaho Power Company’s (“Idaho Power”) electric rate schedules that have been approved by the Commission. *Application* at 1. The Commission approved the Company’s current base rates by Order No. 30762 in Case No. CAP-W-08-02. *Id.* In that Order, the Commission adopted a three (3) year average of 1,454,401 kilowatt hours (“kWh”) of electricity consumption at an average cost of 5.19¢ to establish rates for the

Company. *Id.* The Company states that, “together these produce a total cost of electric power for the [Company] of \$75,483.41.” *Id.*

The Company states that its “actual power costs in the calendar year 2020 were \$81,505” which is \$6,022 more than embedded in the Company’s base rates. *Id.* The Company proposes to recover these additional electric power costs by replacing the Company’s currently approved Schedule No.3 Purchased Power Cost Adjustment rate of 2.06% with a new Schedule No. 3, PPCA rate of 0.92%. *Id.*

### **STAFF REVIEW AND ANALYSIS**

Staff reviewed the Company’s Application and supporting documents and recommends the Commission approve a PPCA rate of 0.89% instead of the 0.92% proposed by the Company. This is a decrease of 1.17% from the current PPCA rate of 2.06%. Staff’s proposed PPCA rate reduces the current \$13,426 incremental revenue produced by the current PPCA rate to \$5,817 if the proposed PPCA rate of 0.89% is approved by the Commission.

The Company’s actual power expenses for the calendar year 2020 were \$81,300. The Company reported power expenses of \$81,505 in its Application, which is \$205 greater than verified by Staff. In its calculation of the 2020 calendar year annual power costs, the Company included \$205 in late fees it was charged by Idaho Power. Late fees are not directly related to the Company’s electric expense usage and customers should not pay additional amounts through rates because the Company’s didn’t pay its power bills on time. Staff has adjusted the Company’s request by removing the \$205 in late fees as shown on Attachment A.

#### Rate Design

With the proposed change in the PPCA, 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 \$0.15 (from \$12.91 to \$12.76) in all other months. The bill for a metered customer will vary with water usage and the PPCA portion of the bill will decrease by 1.17%. These bill calculations exclude the City of Boise franchise fee and the Idaho Department of Environmental Quality fee.

### PPCA Methodology

In Order No. 33876, Case No. CAP-W-17-01, the Commission approved changes to the PPCA method. The Company compares its actual charges directly from Idaho Power to the energy cost embedded in base rates to calculate the PPCA. By using this approach, PPCA filings are completed in-house without the need for a consultant. Only the costs related to the supply of metered energy are used in the calculation of the PPCA. Costs related to late payment fees or services beyond the delivery of metered energy should be excluded from the calculation.

The current PPCA method can maintain its simplicity and remain accurate without a true-up if the number of customers remains stable over time. Overall, since 2017, the Company acquired 78 new customers, indicating the Company has experienced a relatively stable customer count.

### System Efficiency

In Case No. CAP-W-20-01, Staff expressed concerns about the electrical efficiency of Well Nos. 5 and 6. Monitoring the efficiency of the wells is important, because the adjustment mechanism allows a pass-through of electricity costs to ratepayers. Customers should not have to pay for higher electricity costs due to preventable inefficiencies.

In Response to Staff's Production Request No. 2, the Company stated that it cleaned Well No. 5 and rebuilt the pump and motor in March 2020, to improve the efficiency of and extend the life of the well. Additionally, the Company performed routine maintenance on all remaining wells.

Staff calculated the efficiency of each well on a gallon-per-kilowatt hour basis by dividing water consumption in gallons by energy consumption in kilowatt hours and then compared the 2019 and 2020 resulting efficiency of each well. See Table No. 1.

**Table No. 1: Pump Efficiency Comparison between 2020 and 2019**

	<b>2020 Pump Efficiency (gallon/kWh)</b>	<b>2019 Pump Efficiency (gallon/kWh)</b>	<b>Difference</b>
Well #3	317.661179	311.1864201	2%
Well #4	397.6230695	433.7402212	-8%
Well #5	556.5702036	380.5868110	46%
Well #6	533.2999529	505.1343322	6%
Well #7	744.3638958	740.3139140	1%

The results show that the efficiency of Well No. 5 has increased by 46% and the efficiency of Well No. 6 has increased by 6%. The efficiencies of all other wells, except Well No. 4, have also shown improvement. Staff recommends that the Company continue to monitor all wells but focus on Well No. 4 to determine if there are issues hampering its efficiency and perform corrective action to address any issues identified.

The Company stated in Response to Staff's Production Request No, 2 that "it is always the Company's plan to refurbish one well per year, given the need for the repairs balanced with the finance ability of the Company." Staff recommends the Company include a description of these efforts in the future filings, along with water consumption and energy consumption data to demonstrate the effectiveness of its efforts.

### **CUSTOMER NOTIFICATION**

The Company filed its customer notice and press release with its Application. Staff reviewed the documents and determined that they met the requirements of Rule 125 of the Commission's Rules of Procedure. (IDAPA 31.01.01.125). The notice was included with customers' October 1, 2021, billing statements.

The Company sent a press release to the Idaho Statesman and the Idaho Business Review at the time of the Application's filing on September 8, 2021.

As of Wednesday, October 20, 2021, the Commission has received one comment that recommended the Company forego the de minimis decrease to keep the quality of service at a high level.

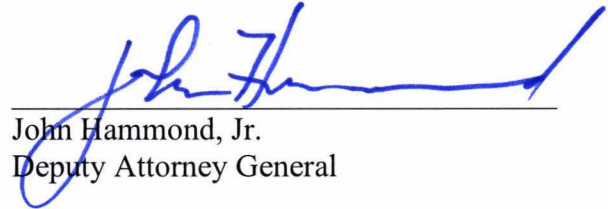
### **STAFF RECOMMENDATION**

Staff recommends that the Commission:

1. Authorize a PPCA rate of 0.89%, a PPCA decrease of 1.17%;
2. Authorize a new Schedule No. 3 incorporating Staff proposed rates;
3. Order the Company to continue monitoring all wells but focus on Well No. 4 to determine if there are issues hampering its efficiency and perform corrective action to address any issues identified; and

4. Order the Company to include a description of refurbishment efforts in future filings, along with water consumption and energy consumption data to demonstrate the effectiveness of its efforts.

Respectfully submitted this <sup>21<sup>st</sup></sup> day of October 2021.



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John Hammond, Jr.  
Deputy Attorney General

Technical Staff: Johan Kalala-Kasanda  
Kathy Stockton  
Yao Yin  
Chris Hecht

i:umisc:comments/capw21.jhnmjkklsyycwh comments

**Staff calculation of the PPCA**  
**Calculation of Purchased Power Cost Adjustment**  
**Based upon Energy Consumption in the Year 2020**

	<u>Staff</u>	<u>Company</u>	
1 Base Revenue	\$651,738	\$651,738	Per Order No. 30762 Case No. CAP-W-08-02
2 Actual Power Cost from 2020	<b>\$81,300</b>	<b>\$81,505</b>	From Power Bills Workpaper.
3 Power Cost Embedded in base Revenue	\$75,483	\$75,483	Per Order No. 30762 Case No. CAP-W-08-02
4 Incremental Cost	\$5,817	\$6,022	Line 2 less Line 3
5 PPCA Required	<b>0.89%</b>	<b>0.92%</b>	Line 4 / Line 1
6 Current PPCA	2.06%	2.06%	From Current Tarriff
7 Incremental Decrease in PPCA	-1.17%	-1.14%	
8 Incremental Revenue Produced by New PPCA	\$5,817	\$6,022	Line 1 * Line 5
9 Incremental Revenue Produced by Current PPCA	\$13,426	\$13,426	Line 1 * Line 6
10 <b>Increase or (decrease) from Current Charges</b>	<b>\$ (7,608.80)</b>	<b>\$ (7,403.80)</b>	Line 8 less Line 9


**Capitol Water Corporation  
Idaho Power Cost Spreadsheet - 2020  
Revised with Late Fees Charges Removed**

Date	Office	Shop	Well #1	Well #2	Well #3	Well #4	Well #5	Well #6	Well #7	All KWH	Total \$ -		Total \$ - With Late Fees
	01/13/20	01/13/20	01/13/20	01/13/20	01/14/20	01/17/20	01/16/20	01/13/20	01/17/20		Without Late Fees	Late Fees	
KWH	2831	54	875	14	56	2680	25340	2440	32560	66,850.00			
Charges	251.78	11.18	102.71	6.76	46.41	351.09	1457.29	304.22	1845.03		\$	4,376.47	\$ 4,376.47
Late Fee													
Date	02/12/20	02/12/20	02/12/20	03/12/20	02/13/20	02/18/20	02/15/20	02/13/20	02/18/20				
KWH	2411	62	948	15	59	2320	23680	2600	31000	63095			
Charges	232.18	12.05	109.81	6.88	46.69	334.32	1384.32	311.46	1772.01		\$	4,209.72	\$ 4,209.72
Late Fee													
Date	03/13/20	03/12/20	03/12/20	03/12/20	03/12/20	03/19/20	03/17/20	03/12/20	03/18/20				
KWH	2040	50	792	13	55	2520	10660	1360	29640	47130			
Charges	215.01	10.72	94.49	6.65	46.3	343.57	781.91	220.84	1709.09		\$	3,428.58	\$ 3,428.58
Late Fee													
Date	04/10/20	04/10/20	04/10/20	04/10/20	04/10/20	04/16/20	04/15/20	04/10/20	04/16/20				
KWH	1146	40	620	13	151	2360	7400	320	28080	40130			
Charges	129.26	9.62	77.58	6.65	160.99	775.52	961.62	150.7	1641.49		\$	3,913.43	\$ 3,913.43
Late Fee													
Date	05/11/20	05/11/20	05/11/20	05/11/20	05/11/20	05/15/20	05/14/20	05/11/20	05/15/20				
KWH	586	20	265	13	8750	1360	21860	4040	37360	74254			
Charges	74.26	7.43	42.71	6.65	654.95	567.84	1374.35	648.11	2069.79		\$	5,446.09	\$ 5,446.09
Late fee													
Date	06/10/20	06/10/20	06/11/20	06/10/20	06/10/20	06/16/20	06/15/20	06/10/20	06/16/20				
KWH	226	26	6	14	21560	1640	23960	18920	39200	105552			
Charges	39.74	8.12	17.3	6.76	1307.39	791.3	1599.98	1440.3	2321.81		\$	7,532.70	\$ 7,532.70
Late Fee													
Date	07/10/20	07/10/20	07/13/20	07/10/20	07/10/20	07/16/20	07/15/20	07/10/20	07/16/20				
KWH	493	22	6	12	22325	5600	29300	23880	43440	125078			
Charges	72.47	7.74	17.36	6.59	1528.73	1143.84	2144.71	1928.24	2807.01		\$	9,656.69	\$ 9,656.69
Late Fee													
Date	08/11/20	08/11/20	08/12/20	08/11/20	06/11/20	08/17/20	08/14/20	08/11/20	08/17/20				
KWH	1279	21	6	12	30291	25480	35880	47840	42320	183129			
Charges	161.4	7.62	17.36	6.59	1967.06	2234.58	2587.68	3246.65	2745.38		\$	12,974.32	\$ 12,974.32
Late Fee													
Date	09/11/20	09/11/20	09/14/20	09/11/20	09/11/20	09/16/20	09/15/20	09/11/20	09/16/20				
KWH	1348	25	7	14	33265	26440	34780	43680	45120	184679			
Charges	165.23	8.08	17.45	6.82	2074.86	2158.02	2454.92	2928.32	2774.21		\$	12,587.91	\$ 12,717.66
Late fee	1.61	0.08	0.17	0.07	19.67	22.35	25.88	32.47	27.45				130
Date	10/12/20	10/12/20	10/13/20	10/12/20	10/12/20	10/16/20	10/15/20	10/12/20	10/16/20				
KWH	237	21	6	12	24394	7440	29280	21520	40760	123670			
Charges	40.94	7.62	17.3	6.59	1479.01	1035.87	1904.17	1484.78	2393.57			8369.85	\$ 8,444.47
Late Fee						21.8	24.81		28.01				75
Date	11/12/20	11/12/20	11/11/20	11/11/20	11/12/20	11/17/20	11/16/20	11/11/20	11/17/20				
KWH	649	33	286	14	3151	1920	18980	2320	30320	57673			
Charges	83.11	9.01	45.94	6.82	408.84	314.28	1243.41	499.22	1867.63		\$	4,478.26	\$ 4,478.26
Late Fee													
Date	12/11/20	12/11/20	12/11/20	12/11/20	12/11/20	12/17/20	12/16/20	12/11/20	12/17/20				
KWH	2086	50	860	14	84	3120	18780	840	34720	60554			
Charges	225.71	10.95	104.7	6.82	154.76	378.89	1187.56	172.14	2084.7		\$	4,326.23	\$ 4,326.23
Late Fee													
Total all KWH										1131794			
Total cost											\$	81,300	205 \$ 81,504.62

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 21<sup>ST</sup> DAY OF OCTOBER 2021, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. CAP-W-21-01, BY E-MAILING A COPY THEREOF, TO THE FOLLOWING:

ROBERT PRICE  
PRESIDENT  
CAPITOL WATER CORP  
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BOISE ID 83704  
E-MAIL: [capitolwatercorp@yahoo.com](mailto:capitolwatercorp@yahoo.com)

  
SECRETARY