

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF CAPITOL WATER) CASE NO. CAP-W-22-01
CORPORATION’S APPLICATION TO)
CHANGE ITS SCHEDULE NO. 3)
PURCHASED POWER COST ADJUSTMENT) ORDER NO. 35582
RATE)
)

On September 6, 2022, Capitol Water Corporation (“Company”) applied for authority to change its Schedule No. 3 - Purchased Power Cost Adjustment (“PPCA”) rate from 0.89% to 2.72%, effective November 15, 2022.

On September 26, 2022, the Commission issued a Notice of Application and Modified Procedure, setting public comment and Company reply deadlines. Order No. 35537. Commission Staff (“Staff”) filed comments to which the Company did not reply. No other public comments were received.

Having reviewed the record, the Commission now issues this Order approving the Company’s Application.

BACKGROUND AND APPLICATION

The Company’s current base rates were established in Commission Order No. 30762 issued in 2008. 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 Company has applied to adjust the Schedule No. 3 annually; the most recent adjustment was Order No. 35224, effective on November 15, 2021.

According to the Company, actual costs for calendar year 2021 exceeded the estimated costs by \$17,729. *Application* at 1. Based on its calculations, the Company now seeks to increase the Schedule No. 3 rate from 0.89% to 2.72%. *Id.*

The Company attached its currently approved Schedule No. 3 with the proposed changes. *Id.* at 2; Exhibit No. 2. The Company also included a new Schedule No. 3 with the proposed power cost adjustment rate, a work sheet showing the detailed electric power bills the Company used to develop its power cost adjustment, and its customer notice to be mailed on October 1, 2022, and a news release for the Idaho Statesman and the Idaho Business Review. Exhibits No. 3-4.

STAFF COMMENTS

Staff recommended the Commission authorize the Schedule No. 3 – PPCA rate of 2.72% proposed by the Company.

1. PPCA Adjustment

Staff reviewed the Company's Application and supporting documents. Based on its analysis, Staff confirmed the Company's calculations and recommended the Commission authorize the 2.72% Schedule No. 3 – PPCA rate. This rate is an increase from the current rate of 0.89%, or \$17,729 more than the \$75,483 in electricity costs currently embedded in base rates.

2. Rate Design

Staff concluded that the monthly bill for an unmetered customer with a ¾-inch service line would increase by \$0.53 for May through September and increase by \$0.23 for October through April. Staff estimated that the annual customer bill would increase by 1.81%, and metered customers would see increases of 1.83% corresponding to their usage.

3. PPCA Method

The PPCA methodology allows the Company to compare its actual electricity charges to the energy cost embedded in based rates, and use that difference to calculate the PPCA balance for rates. Staff noted that the Company had a 3.0% increase in customers since 2016, and that the customer numbers is stable in this service territory.

4. System Efficiency

Staff reviewed the pump efficiencies for preventable operational inefficiencies. Staff determined that Well Nos. 3, 5, 6, and 7 were sufficiently stable. Staff expressed concerns about Well No. 4's 25% decrease in efficiency, and recommended a Company investigation of possible causes and solutions. Staff noted that the Company plans to perform periodic maintenance on its wells, and Well Nos. 5 and 7 are scheduled for maintenance in 2023.

5. Customer Notification

The Company's September 2, 2022 press release erroneously stated that customers would see a "decrease of 1.83%," even though the customers' billing notices correctly reported an increase of 1.83%. The Company filed a corrected press release with the *Idaho Statesman* and the *Idaho Business Review* on October 17, 2022.

COMMISSION FINDINGS AND DECISION

The Commission has jurisdiction and authority over Capitol Water and the issues raised in this case under Title 61 of the Idaho Code, specifically *Idaho Code* §§ 61-124, 61-125, 61-129, 61-307, 61-502 and 61-503.

The PPCA allows the Company to adjust its rates to reflect changes in power supply costs. *See* Order No. 30762. The Company's power costs are determined by two factors: the amount of electric power used, and the rate paid for electric power. This year, the Company's power costs exceeded the amount included in base rates as reported by the Company and verified by Staff. Accordingly, we find it just and reasonable to approve the Company's request to increase the Schedule No. 3 rate from 0.89% to 2.72%. The Company's revised Schedule No. 3 rate is cost-based and appropriate.

We are concerned with the pumping efficiency of the Company's wells because of the direct impact that pumping has on rates. Accordingly, we direct the Company to investigate and, if possible, remedy Well No. 4, which has significantly decreased in pumping efficiency. We urge the Company to continually monitor and maintain its system, including its wells, 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 as filed. Effective November 15, 2022, the Company shall increase its Schedule No. 3 – PPCA rate from 0.89% to 2.72%.

IT IS FURTHER ORDERED that the Company is directed to investigate causes of Well No. 4's decreased efficiency, and to continue monitoring and maintaining its entire system for safe, efficient, and cost-effective operation.

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.*

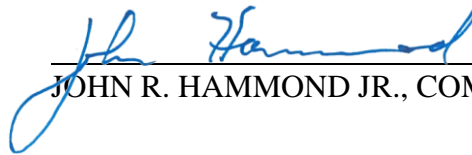
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho 3rd this day of November 2022.



ERIC ANDERSON, PRESIDENT

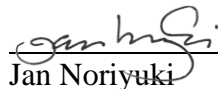


JOHN CHATBURN, COMMISSIONER



JOHN R. HAMMOND JR., COMMISSIONER

ATTEST:



Jan Noriyuki
Commission Secretary

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