BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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| IN THE MATTER OF THE APPLICATION OF CAPITOL WATER CORPORATION TO BORROW UP TO $75,000. | ))))))) | CASE NO. CAP-W-95-2ORDER NO. 26248  |

On November 13, 1995, Capitol Water Corporation filed an Application requesting authority to issue security for and borrow up to $75,000 to repay existing short term bank loans and pay certain construction costs.  Capitol Water intends to issue mortgages, deeds of trust, notes or other security instruments to secure an indebtedness in the principal amount not to exceed $75,000 with a maturity of eight years and an interest rate of 10.5%.  The Commission Staff reviewed Capitol Water’s Application and accompanying documents and recommended the Commission approve the Application.

The Commission, having fully considered the Application and the attached exhibits, makes the following findings of facts and conclusions of law.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

Capitol Water is incorporated under the laws of the state of Idaho with its principal office in Boise, Idaho, and is a public utility subject to the Commission’s regulatory authority pursuant to Idaho Code, Title 61.  Capitol Water seeks authority to issue instruments to secure indebtedness in a principal amount not to exceed $75,000.  The indebtedness will be in the form of a term loan.

The proceeds of the loan to be received by Capitol Water will be used to provide capital funds to retire existing short-term bank debt and fund certain capital construction projects described in the Application.  The proposed issuance of securities is for lawful purpose and is within Capitol Water’s corporate powers.

The Commission does not have before it for determination and therefore does not determine the effect of the issuance of the instruments of security on the rates to be charged by Capitol Water for water service to consumers in the state of Idaho.

The Commission has jurisdiction over Capitol Water and its Application in this matter pursuant to Idaho Code §§ 61-901 through 61-908.  All fees have been paid by Capitol Water in accordance with Idaho Code § 61-905.

O R D E R

IT IS THEREFORE ORDERED that the Application of Capitol Water Corporation to issue instruments to secure indebtedness in the principal amount up to $75,000 in the ways and for the purposes set forth in its Application is hereby granted.

IT IS FURTHER ORDERED that Capitol Water shall file, as promptly as possible after the completion of the loan transactions, loan documents describing the amounts and terms of the borrowing as well as the lenders involved, with the Commission.

IT IS FURTHER ORDERED that nothing in this Order shall be construed to obligate the state of Idaho to pay or guarantee in any manner whatsoever any security authorized or issued under the provisions of this Order.

IT IS FURTHER ORDERED that this authorization is without prejudice to the regulatory authority of this Commission with respect to rates, service, accounts, evaluation, estimates or determination of costs, or any other matter which may come before this Commission pursuant to its jurisdiction and authority as provided by law.

IT IS FURTHER ORDERED that the issuance of this Order does not constitute acceptance of Capitol Water Corporation’s exhibits or other material accompanying this Application for any purpose other than the issuance of this Order.

THIS IS A FINAL ORDER.  Any person interested in this Order (or in issues finally decided by this Order) or in interlocutory Orders previously issued in this Case No. CAP-W-95-2 may petition for reconsideration within twenty-one (21) days of the service date of this Order with regard to any matter decided in this Order or in interlocutory Orders previously issued in this Case No. CAP-W-95-2.  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                  day of  November 1995.

RALPH NELSON, PRESIDENT

MARSHA H. SMITH, COMMISSIONER

DENNIS S. HANSEN, COMMISSIONER

ATTEST:

Myrna J. Walters

Commission Secretary

vld/O:CAP-W-95-2.tc