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# ***ANNUAL REPORT***

IDAHO PUBLIC  
UTILITIES COMMISSION

OF

**Capitol Water Corporation**

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2626 Eldorado  
Boise, ID 83704

TO THE

**IDAHO PUBLIC**

**UTILITIES COMMISSION**

FOR THE

YEAR ENDED 2016

# COLES REINSTEIN

Accounting & Consulting

Dennis R. Reinstein, CPA/ABV, ASA, CVA  
S. Jason Coles, MBA, CPA/PFS  
Keith A. Pinkerton, MBA, CFA, ASA  
Karen A. Ginnett, CPA, CFE, MST  
Susan M. Langley, CPA, CFE

Board of Directors  
Capitol Water Corporation  
Boise, Idaho

Management is responsible the accompanying financial statements of Capitol Water Corporation, which comprise the balance sheet as of December 31, 2016 and the related statements of income and retained earnings for the year then ended in the accompanying prescribed form of the Idaho Public Utilities Commission. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We have also compiled the supplementary schedules of revenue and expense detail, plant in service detail, accumulated depreciation detail, capital stock detail, detail of long-term debt and system engineering data in the prescribed form of the Idaho Public Utilities Commission. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The financial statements and supplementary information are presented in accordance with the requirements of the Idaho Public Utilities Commission, which differ from accounting principles generally accepted in the United States of America.



April 17, 2017

*Member of American Institute of Certified Public Accountants and Idaho Society of Certified Public Accountants*

**COLES REINSTEIN, P.L.L.C.**

University Plaza, 960 Broadway Ave., Suite 415, Boise, ID 83706 T 208.345.2350 F 208.344.3019

**ANNUAL REPORT FOR WATER UTILITIES TO  
THE IDAHO PUBLIC UTILITIES COMMISSION  
FOR THE YEAR ENDING December 31, 2016**

**COMPANY INFORMATION**

1 Give full name of utility Capitol Water Corporation  
 2 Date of Organization April 7, 1959  
 3 Organized under the laws of the state of Idaho  
 4 Address of Principal Office (number & street) 2626 Eldorado  
 5 P.O. Box (if applicable) \_\_\_\_\_  
 6 City Boise  
 7 State Idaho  
 8 Zip Code 83704  
 9 Organization (proprietor, partnership, corp.) Corporation  
 10 Towns, Counties served Boise  
Ada County

11 Are there any affiliated companies? No  
**If yes, attach a list with names, addresses & descriptions. Explain any services provided to the utility.**

12 Contact Information	Name	Phone No.
President (Owner)	H. Robert Price	375-0931
Vice President		
Secretary	Bonnie Price	375-0931
General Manager	H. Robert Price	375-0931
Complaints or Billing	Bonnie Price	375-0931
Engineering	H. Robert Price	375-0931
Emergency Service	H. Robert Price	375-0931
Accounting	Coles Reinstein PLLC	345-2350

13 Were any water systems acquired during the year or any additions/deletions made to the service area during the year? No  
**If yes, attach a list with names, addresses & descriptions. Explain any services provided to the utility.**

14 Where are the Company's books and records kept?  
 Street Address 2626 Eldorado  
 City Boise  
 State Idaho  
 Zip 83704

NAME: Capitol Water Corporation

**COMPANY INFORMATION (Cont.)**

For the Year Ended December 31, 2016

15 Is the system operated or maintained under a service contract? No

16 **If yes:** With whom is the contract? \_\_\_\_\_  
When does the contract expire? \_\_\_\_\_  
What services and rates are included? \_\_\_\_\_

17 Is water purchased for resale through the system? No

18 **If yes:** Name of Organization \_\_\_\_\_  
Name of owner or operator \_\_\_\_\_  
Mailing Address \_\_\_\_\_  
City \_\_\_\_\_  
State \_\_\_\_\_  
Zip \_\_\_\_\_

Gallons/CCF      \$Amount

Water Purchased \_\_\_\_\_

19 Has any system(s) been disapproved by the Idaho Division of Environmental Quality? No

**If yes, attach full explanation**

20 Has the Idaho Division of Environmental Quality recommended any improvements? No

**If yes, attach full explanation**

21 Number of Complaints received during year concerning:  
Quality of Service 6  
High Bills 0  
Disconnection 1

22 Number of Customers involuntarily disconnected 12

23 Date customers last received a copy of the Summary of Rules required by IDAPA 31.21.01.701? 01-Sep-16

**Attach a copy of the Summary**

24 Did significant additions or retirements from the Plant Accounts occur during the year? No

**If yes, attach full explanation and an updated system map**

NAME: Capitol Water Corporation

**REVENUE & EXPENSE DETAIL**

For the Year Ended December 31, 2016

ACCT #	DESCRIPTION		
<b><u>400 REVENUES</u></b>			
1 460	Unmetered Water Revenue	\$ 570,243	
2 461.1	Metered Sales - Residential		
3 461.2	Metered Sales - Commercial, Industrial	136,002	
4 462	Fire Protection Revenue	-	
5 464	Other Water Sales Revenue	703	
6 465	Irrigation Sales Revenue		
7 466	Sales for Resale		
8 400	Total Revenue (Add Lines 1 - 7) (also enter result on Page 4, line 1)	\$ 706,948	
9	* DEQ Fees Billed separately to customers		Booked to Acct # _____
10	** Hookup or Connection Fees Collected		Booked to Acct # _____
11	***Commission Approved Surcharges Collected	-	Booked to Acct # 460.5
<b><u>401 OPERATING EXPENSES</u></b>			
12 601.1-6	Labor - Operation & Maintenance	70,190	
13 601.7	Labor - Customer Accounts	56,115	
14 601.8	Labor - Administrative & General	54,835	
15 603	Salaries, Officers & Directors	-	
16 604	Employee Pensions & Benefits	63,396	
17 610	Purchased Water		
18 615-16	Purchased Power & Fuel for Power	92,681	
19 618	Chemicals	20,551	
20 620.1-6	Materials & Supplies - Operation & Maint.	17,363	
21 620.7-8	Materials & Supplies - Administrative & General	22,791	
22 631-34	Contract Services - Professional	16,970	
23 635	Contract Services - Water Testing		
24 636	Contract Services - Other	2,243	
25 641-42	Rentals - Property & Equipment		
26 650	Transportation Expense	8,557	
27 656-59	Insurance	8,895	
28 660	Advertising		
29 666	Rate Case Expense (Amortization)		
30 667	Regulatory Comm. Exp. (Other except taxes)		
31 670	Bad Debt Expense	(1,638)	
32 675	Miscellaneous	14,921	
33	Total Operating Expenses (Add lines 12 - 32, also enter on Pg 4, line 2)	\$ 447,870	

Name: Capitol Water Corporation

**INCOME STATEMENT**

For Year Ended December 31, 2016

ACCT #	DESCRIPTION		
1	Revenue (From Page 3, line 8)		\$ 706,948
2	Operating Expenses (From Page 3, line 33)	\$ 447,870	
3	403 Depreciation Expense	89,166	
4	406 Amortization, Utility Plant Aquisition Adj.		
5	407 Amortization Exp. - Other		
6	408.10 Regulatory Fees (PUC)	1,331	
7	408.11 Property Taxes	28,368	
8	408.12 Payroll Taxes	14,120	
9A	408.13 Other Taxes (list) DEQ Fees		
9B	Vehicles	778	
9C			
9D			
10	409.10 Federal Income Taxes	3,511	
11	409.11 State Income Taxes	1,881	
12	410.10 Provision for Deferred Income Tax - Federal		
13	410.11 Provision for Deferred Income Tax - State		
14	411 Provision for Deferred Utility Income Tax Credits		
15	412 Investment Tax Credits - Utility		
16	Total Expenses from operations before interest (add lines 2-15)	587,025	
17	413 Income From Utility Plant Leased to Others		
18	414 Gains (Losses) From Disposition of Utility Plant	-	
19	Net Operating Income (Add lines 1, 17 & 18 less line 16)		119,923
20	415 Revenues, Merchandizing Jobbing and Contract Work		
21	416 Expenses, Merchandizing, Jobbing & Contracts		
22	419 Interest & Dividend Income	34	
23	420 Allowance for Funds used During Construction		
24	421 Miscellaneous Non-Utility Income		
25	426 Miscellaneous Non-Utility Expense		
26	408.20 Other Taxes, Non-Utility Operations		
27	409-20 Income Taxes, Non-Utility Operations		
28	Net Non-Utility Income (Add lines 20,22,23 & 24 less lines 21,25,26, & 27)		34
29	Gross Income (add lines 19 & 28)		119,957
30	427.3 Interest Exp. on Long-Term Debt		1,499
31	427.5 Other Interest Charges		
32	NET INCOME (Line 29 less lines 30 & 31) (Also Enter on Pg 9, Line 2)		\$ 118,458

Name: Capitol Water Corporation

**ACCOUNT 101 PLANT IN SERVICE DETAIL**  
 For Year Ended December 31, 2016

SUB ACCT #	DESCRIPTION	Balance Beginning of Year	Added During Year	Removed During Year	Balance End of Year
1 301	Organization	\$ 3,584			\$ 3,584
2 302	Franchises and Consents	\$ 40,969			\$ 40,969
3 303	Land & Land Rights	\$ 30,195			\$ 30,195
4 304	Structures and Improvements	\$ 144,846	\$ 636		\$ 145,482
5 305	Collecting & Impounding Reservoirs	\$ 2,452			\$ 2,452
6 306	Lake, River & Other Intakes				\$ -
7 307	Wells	\$ 307,406			\$ 307,406
8 308	Infiltration Galleries & Tunnels				\$ -
9 309	Supply Mains	\$ 1,207,070	\$ 19,240		\$ 1,226,310
10 310	Power Generation Equipment	\$ 3,277			\$ 3,277
11 311	Power Pumping Equipment	\$ 291,422			\$ 291,422
12 320	Purification Systems	\$ 23,731			\$ 23,731
13 330	Distribution Reservoirs & Standpipes	\$ 1,150	\$ 688		\$ 1,838
14 331	Trans. & Distrib. Mains & Accessories	\$ 26,805	\$ 875		\$ 27,680
15 333	Services	\$ 917,383	\$ 34,943		\$ 952,326
16 334	Meters and Meter Installations	\$ 119,295	\$ 608		\$ 119,903
17 335	Hydrants				\$ -
18 336	Backflow Prevention Devices				\$ -
19 339	Other Plant & Misc. Equipment				\$ -
20 340	Office Furniture and Equipment	\$ 28,818	\$ 817		\$ 29,635
21 341	Transportation Equipment	\$ 163,218	\$ 81,697		\$ 244,915
22 342	Stores Equipment				\$ -
23 343	Tools, Shop and Garage Equipment	\$ 26,174	\$ 363		\$ 26,537
24 344	Laboratory Equipment				\$ -
25 345	Power Operated Equipment				\$ -
26 346	Communications Equipment	\$ 928			\$ 928
27 347	Miscellaneous Equipment				\$ -
28 348	Other Tangible Property	\$ 107			\$ 107
29	<b>TOTAL PLANT IN SERVICE</b> (Add lines 1 - 28)	<b>\$ 3,338,830</b>	<b>\$ 139,867</b>	<b>\$ -</b>	<b>\$ 3,478,697</b>

Enter beginning & end of year totals on Pg 7, Line 1

Name: Capitol Water Corporation

**ACCUMULATED DEPRECIATION ACCOUNT 108.1 DETAIL**

For Year Ended December 31, 2016

SUB ACCT #	DESCRIPTION	Depreciation Rate %	Balance Beginning of Year	Balance End of Year	Increase or (Decrease)
1 304	Structures and Improvements		\$ 115,572	\$ 118,990	\$ 3,418
2 305	Collecting & Impounding Reservoirs		\$ 2,435	\$ 2,438	\$ 3
3 306	Lake, River & Other Intakes				\$ -
4 307	Wells		\$ 215,085	\$ 224,398	\$ 9,313
5 308	Infiltration Galleries & Tunnels				\$ -
6 309	Supply Mains		\$ 1,041,802	\$ 1,062,058	\$ 20,256
7 310	Power Generation Equipment		\$ 638	\$ 769	\$ 131
8 311	Power Pumping Equipment		\$ 174,471	\$ 183,505	\$ 9,034
9 320	Purification Systems		\$ 21,333	\$ 21,509	\$ 176
10 330	Distribution Reservoirs & Standpipes		\$ 769	\$ 831	\$ 62
11 331	Trans. & Distrib. Mains & Accessories		\$ 11,966	\$ 13,021	\$ 1,055
12 333	Services		\$ 573,623	\$ 604,077	\$ 30,454
13 334	Meters and Meter Installations		\$ 91,902	\$ 95,338	\$ 3,436
14 335	Hydrants				\$ -
15 336	Backflow Prevention Devices				\$ -
16 339	Other Plant & Misc. Equipment				\$ -
17 340	Office Furniture and Equipment		\$ 25,118	\$ 26,223	\$ 1,105
18 341	Transportation Equipment		\$ 162,978	\$ 172,679	\$ 9,701
19 342	Stores Equipment				\$ -
20 343	Tools, Shop and Garage Equipment		\$ 22,692	\$ 23,634	\$ 942
21 344	Laboratory Equipment				\$ -
22 345	Power Operated Equipment				\$ -
23 346	Communications Equipment		\$ 625	\$ 705	\$ 80
24 347	Miscellaneous Equipment				\$ -
25 348	Other Tangible Property		\$ 107	\$ 107	\$ -
26	TOTALS (Add Lines 1 - 25)		\$ 2,461,116	\$ 2,550,282	\$ 89,166

Enter beginning & end of year totals on Pg 7, Line 7

Name: Capitol Water Corporation

**BALANCE SHEET**

For Year Ended December 31, 2016

<b>ASSETS</b>		Balance	Balance	Increase
ACCT #	DESCRIPTION	Beginning of Year	End of Year	or (Decrease)
1 101	Utility Plant in Service (From Pg 5, Line 29)	\$ 3,338,830	3,478,697	\$ 139,867
2 102	Utility Plant Leased to Others			\$ -
3 103	Plant Held for Future Use			\$ -
4 105	Construction Work in Progress			\$ -
5 114	Utility Plant Aquisition Adjustment			\$ -
6	Subtotal (Add Lines 1 - 5)	\$ 3,338,830	\$ 3,478,697	\$ 139,867
7 108.1	Accumulated Depreciation (From Pg 6, Line 26)	\$ 2,461,116	\$ 2,550,282	\$ 89,166
8 108.2	Accum. Depr. - Utility Plant Lease to Others			\$ -
9 108.3	Accum. Depr. - Property Held for Future Use			\$ -
10 110.1	Accum. Amort. - Utility Plant in Service			\$ -
11 110.2	Accum. Amort. - Utility Plant Lease to Others			\$ -
12 115	Accumulated Amortization - Aquisition Adj.			\$ -
13	Net Utility Plant (Line 6 less lines 7 - 12)	\$ 877,714	\$ 928,415	\$ 50,701
14 123	Investment in Subsidiaries			\$ -
15 125	Other Investments	\$ 60,764	60,763	\$ (1)
16	Total Investments (Add lines 14 & 15)	\$ 60,764	\$ 60,763	\$ (1)
17 131	Cash	\$ 79,204	59,073	\$ (20,131)
18 135	Short Term Investments			\$ -
19 141	Accts/Notes Receivable - Customers	\$ 95,004	92,755	\$ (2,249)
20 142	Other Receivables			\$ -
21 145	Receivables from Associated Companies			\$ -
22 151	Materials & Supplies Inventory	\$ 6,143	5,928	\$ (215)
23 162	Prepaid Expenses	\$ 5,330	5,520	\$ 190
24 173	Unbilled (Accrued) Utility Revenue			\$ -
25 143	Provision for Uncollectable Accounts			\$ -
26	Total Current (Add lines 17 -24 less line 25)	\$ 185,681	\$ 163,276	\$ (22,405)
27 181	Unamortized Debt Discount & Expense			\$ -
28 183	Preliminary Survey & Investigation Charges			\$ -
29 184	Deferred Rate Case Expenses			\$ -
30 186	Other Deferred Charges			\$ -
31	<b>Total Assets (Add lines 13, 16 &amp; 26 - 30)</b>	<b>\$ 1,124,159</b>	<b>\$ 1,152,454</b>	<b>\$ 28,295</b>

Name: Capitol Water Corporation

**BALANCE SHEET**

For Year Ended December 31, 2016

<u>LIABILITIES &amp; CAPITAL</u>		Balance	Balance	Increase
ACCT #	DESCRIPTION	Beginning of Year	End of Year	or (Decrease)
1	201-3 Common Stock	\$ 10,000	10,000	\$ -
2	204-6 Preferred Stock			\$ -
3	207-13 Miscellaneous Capital Accounts	\$ 29,200	29,200	\$ -
4	214 Appropriated Retained Earnings			\$ -
5	215 Unappropriated Retained Earnings	\$ 872,570	899,138	\$ 26,568
6	216 Reacquired Capital Stock			\$ -
7	218 Proprietary Capital			\$ -
8	Total Equity Capital (Add Lines 1-5+7 less line 6)	\$ 911,770	\$ 938,338	\$ 26,568
9	221-2 Bonds	\$ 5,000	5,000	\$ -
10	223 Advances from Associated Companies			\$ -
11	224 Other Long - Term Debt			\$ -
12	231 Accounts Payable	\$ 1,785	4,179	\$ 2,394
13	232 Notes Payable	\$ -	\$ 40,000	\$ 40,000
14	233 Accounts Payable - Associated Companies			\$ -
15	235 Customer Deposits (Refundable)			\$ -
16	236.11 Accrued Other Taxes Payable	\$ 27,908	26,446	\$ (1,462)
17	236.12 Accrued Income Taxes Payable	\$ 11,280	(18,165)	\$ (29,445)
18	236.2 Accrued Taxes - Non-Utility			\$ -
19	237-40 Accrued Debt, Interest & Dividends Payable			\$ -
20	241 Misc. Current & Accrued Liabilities			\$ -
21	251 Unamortized Debt Premium			\$ -
22	252 Advances for Construction	\$ 149,106	139,346	\$ (9,760)
23	253 Other Deferred Liabilities			\$ -
24	255.1 Accumulated Investment Tax Credits - Utility			\$ -
25	255.2 Accum. Investment Tax Credits - Non-Utility			\$ -
26	261-5 Operating Reserves			\$ -
27	271 Contributions in Aid of Construction	\$ 160,882	160,882	\$ -
28	272 Accum. Amort. of Contrib. in Aid of Const. **	\$ (143,572)	(143,572)	\$ -
29	281-3 Accumulated Deferred Income Taxes			\$ -
30	Total Liabilities (Add lines 9 - 29)	\$ 212,389	\$ 214,116	\$ 1,727
31	<b>TOTAL LIAB &amp; CAPITAL ( Add lines 8 &amp; 30)</b>	<b>\$ 1,124,159</b>	<b>\$ 1,152,454</b>	<b>\$ 28,295</b>

**\*\* Only if Commission Approved**

Name: Capitol Water Corporation

**STATEMENT OF RETAINED EARNINGS**

For Year Ended December 31, 2016

1	Retained Earnings Balance @ Beginning of Year	\$	872,570
2	Amount Added from Current Year Income (From Pg 4, Line 32)		118,458
3	Other Credits to Account		
4	Dividends Paid or Appropriated		(84,584)
5	Other Distributions of Retained Earnings		(7,306)
6	Retained Earnings Balance @ End of Year	\$	<u>899,138</u>

**CAPITAL STOCK DETAIL**

7	Description (Class, Par Value etc.)	No. Shares Authorized	No. Shares Outstanding	Dividends Paid
	Common Stock	250	100	84,584.00

**DETAIL OF LONG-TERM DEBT**

8	Description	Interest Rate	Year-end Balance	Interest Paid	Interest Accrued
	Advances for Construction	N/A		None	
	Debentures	10%	5,000.00	500.00	
	Note- R. Price	9%	40,000.00	-	
	Note- Bayhill	7.87%	0.00	0.00	
	Note- B of A	7.25%	0.00	0.00	

Name: Capitol Water Corporation

**SYSTEM ENGINEERING DATA**

For Year Ended December 31, 2016

1 Provide an updated system map if significant changes have been made to the system during the year.

2 Water Supply:

Pump Designation or location	Rated Capacity (gpm)	Type of Treatment: (None, Chlorine Fluoride Filter etc.)	Annual Production (000's Gal.)	Water Supply Source (Well, Spring, Surface Wtr)
Well #1	350	Phosphate		Well
Well #2 - inoperative	450	None		Well
Well #3	350	Phosphate		Well
Well #4	2000	Phosphate		Well
Well #5 - redrilled in 2002	1500	None		Well
Well #6	1500	ASR		Well
Well #7	1500	Phosphate		Well

3 System Storage:

Storage Designation or Location	Total Capacity 000's Gal.	Usable Capacity 000's Gal.	Type of Reservoir (Elevated, Pressurized, Boosted)	Construction (Wood, Steel Concrete)
Well #1	1500		Pressurized Steel	
Well #2				
Well #3				
Well #4				
Well #5				
Well #6				
Well #7				

(Duplicate form and attach if necessary. Asterisk facilities added this year.)

Name: Capitol Water Corporation

**SYSTEM ENGINEERING DATA  
(continued)**

For Year Ended December 31, 2016

4 Pump information for ALL system pumps, including wells and boosters.

Designation or Location & Type of Pump**	Horse Power	Rated Capacity (gpm)	Discharge Pressure (psi)	Energy Used This Year
Well #1	30	350	70	
Well #2- inoperative	25			
Well #3	100	350	70	
Well #4	200	2000	60	
Well #5	150	1500	75	
Well #6	150	1500	70	
Well #7	150	1500	75	

**\*\* Submit pump curves unless previously provided or unavailable. Asterisk facilities added this year.  
Attach additional sheets if inadequate space is available on this page.**

- 5 If Wells are metered:
- |   |                    |
|---|--------------------|
| What was the total amount pumped this year?         | <u>731,463,000</u> |
| What was the total amount pumped during peak month? | <u>100,035,000</u> |
| What was the total amount pumped on the peak day?   | <u>4,631,000</u>   |
- 6 If customers are metered, what was the total amount sold in peak month? N/A
- 7 Was your system designed to supply fire flows? Yes  
**If Yes:** What is current system rating? Included
- 8 How many times were meters read this year? Daily  
 During which months? Jan to Dec
- 9 How many additional customers could be served with no system improvements except a service line and meter? Unknown  
 How many of those potential additions are vacant lots? Unknown
- 10 Are backbone plant additions anticipated during the coming year? No  
**If Yes, attach an explanation of projects and anticipated costs!**
- 11 In what year do you anticipate that the system capacity (supply, storage or distribution) will have to be expanded? Unknown

Name: Capitol Water Corporation

**SYSTEM ENGINEERING DATA  
(continued)**

For Year Ended December 31, 2016

**FEET OF MAINS**

1	Pipe Size	In Use Beginning Of Year	Installed During Year	Abandoned During Year	In Use End of Year
	10"	600			600
	2"	7,966			7,966
	4"	23,740			23,740
	6"	76,874			76,874
	8"	42,765			42,765
	12"	2,380			2,380
	3/4"	59,193			59,193
	1"	4,918			4,918
	1 1/2"	290			290

**CUSTOMER STATISTICS**

	Number of Customers		Thousands of Gallons Sold	
	This Year	Last Year	This Year	Last Year
2 Metered:				
2A Residential				
2B Commercial	261	261		
2C Industrial				
3 Flat Rate:				
3A Residential	2441	2438		
3B Commercial	0	0		
3C Industrial	0	0		
4 Private Fire Protection	21	21		
5 Public Fire Protection	174	174		
6 Street Sprinkling				
7 Municipal, Other				
8 Other Water Utilities				
TOTALS (Add lines 2 through 8)	2897	2894	0	0

