

BRANDON KARPEN
DEPUTY ATTORNEY GENERAL
IDAHO PUBLIC UTILITIES COMMISSION
PO BOX 83720
BOISE, IDAHO 83720-0074
(208) 334-0357
IDAHO BAR NO. 7956

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UTILITIES COMMISSION

Street Address for Express Mail:
472 W. WASHINGTON
BOISE, IDAHO 83702-5918

Attorney for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE INVESTIGATION) CASE NO. ATL-E-18-01
OF ATLANTA POWER COMPANY)
SERVICE AND CUSTOMER RELATIONS) STAFF REPORT
)
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)
)

The Staff of the Idaho Public Utilities Commission submits this report on issues related to the Atlanta Power Company.

PROCEDURAL BACKGROUND

In the spring of 2017, Staff received a number of complaints from residents of Atlanta, Idaho, concerning electric service being provided by Atlanta Power Company. The customers stated that the Company's hydroelectric turbine was no longer working and the Company was using a diesel generator to provide electric service. It was reported that the generator was regularly running out of fuel and electric service outages were occurring frequently for significant periods of time. On January 2, 2018, Atlanta Power customer Mary Drake filed a Formal Complaint against Atlanta Power Company claiming the Company is violating Commission Order No. 31086 and Idaho Code 61-302 by failing to maintain adequate service.

On January 22, 2018, Staff requested that the Commission direct the Company to respond to the Formal Complaint of Mary Drake, and to open a formal Staff investigation into the Company to respond to issues raised in informal complaints. Staff recommended that the

investigation focus on service reliability, maintenance and operation of the Company's facilities, and customer service. As part of its investigation, Staff was directed to review the Company's compliance with past orders, inspect generation and distribution facilities, and confer with customers.

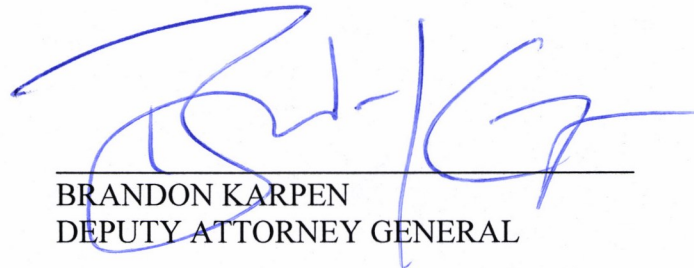
On May 10, 2018, Staff submitted a preliminary report on the condition of the Company, including the status of a reported downed service line. On July 31, 2018, the Commission requested Staff to prepare a more detailed analysis of the issues related to the Company before the end of the year. The Commission said it would consider further action as needed.

Staff now submits its Report discussing its findings.

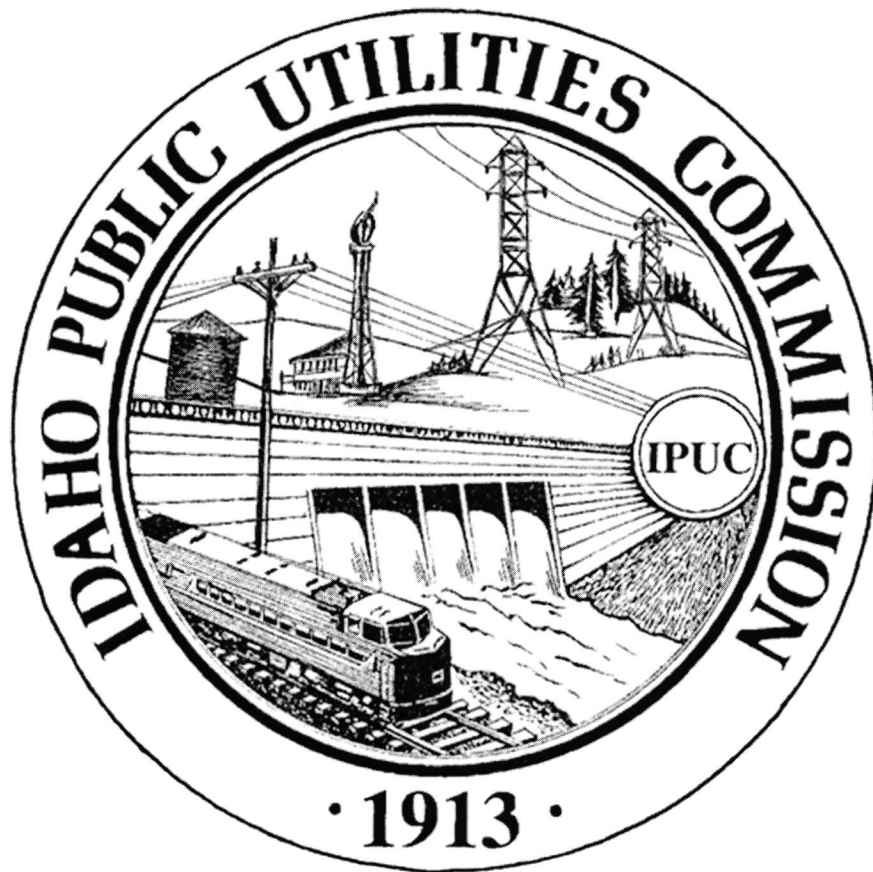
STAFF REPORT

Staff's substantive findings and recommendations are attached as Attachment A.

Respectfully submitted this 28th day of December 2018.



BRANDON KARPEN
DEPUTY ATTORNEY GENERAL



STAFF REPORT

Case No. ATL-E-18-01

December 28, 2018

Michael Eldred
Johnathan Farley
Brad Iverson-Long
Richard Keller
Kevin Keyt



BACKGROUND

On September 11, 2000, the Commission received a petition from residents of Atlanta, Idaho. The petition explained that Atlanta Power customers were concerned about issues including: 1) inconsistent service and power quality; 2) extended outages and untimely response times to system issues; 3) poor communication between the Company and its customers; 4) the lack of qualified personnel to troubleshoot problems and make repairs; and 5) the lack of an operational back-up generator.

In October of 2000, Staff felt it premature for the Commission to formally investigate Atlanta Power. Staff thus recommended an informal investigation. Staff proposed to perform a financial audit, compile outage information, identify potential system improvements, and survey customers to gauge their willingness to pay the higher rates associated with upgrading the system. Staff's informal investigation lasted about two years.

On March 6, 2003, Staff presented its findings to the Commission in a Decision Memorandum. Staff reported it had worked with the Company and customers to identify and address three problems areas: 1) the lack of an onsite back-up generator; 2) the lack of back-up personnel; and 3) poor communications between the Company and its customers about outages. Because of Staff's investigation, the Company hired Randy Nye, another Atlanta resident, to back up the system operator, Dave Gill, and procured a telephone messaging system to notify customers of planned outages and provide progress reports on system repairs. As a result of the customer survey performed by Staff, purchasing and installing a back-up generator was not recommended. Customers surveyed did not want to pay for the additional expense through rates.

On April 10, 2003, the Commission opened Case No. ATL-E-03-01 and issued a Notice of Proposed Order on April 10, 2003. Summaries of Staff's report and copies of the Notice of Proposed Order were sent to all customers.

On June 28, 2003, Commission Staff conducted a public workshop in Atlanta, Idaho. The Company's overdue annual reports were a major concern at the workshop. Without the annual reports, customers were concerned that the Commission would not have the requisite information to properly regulate and set rates for the Company. The Company agreed to prepare and file all overdue annual reports.

On September 3, 2003, Atlanta Power's president, Lynn Stevenson, was murdered. Israel Ray was elected president by the principal shareholders.

In 2005, the Commission issued its final order and closed Case No. ATL-E-03-01. By then, Mr. Ray had become the majority shareholder and president of Atlanta Power and had improved the Company's operating procedures and physical plant in service. In the Commission's final order, Order No. 29706, the Commission found that the Company had made several physical system improvements including:

1. A hole in the bladder that operates the spillway gates that control water flow to the turbine has been repaired.
2. Four of the wicket gates that control water flow through the turbine have been repaired.
3. Broken or badly warped cross arms have been replaced.
4. A transformer support structure has been replaced.
5. One or more new transformers have been installed to better regulate system voltage.
6. The engine in the Company's old line truck has been replaced.
7. A new line truck has been purchased that can be operated by a single person from the bucket.
8. The Company's inventory of poles and other supplies has been increased.

The Commission concluded Atlanta Power had improved the physical plant, system reliability, regulatory accounting practices, and customer relations. The Commission attributed the improvements to the change in ownership and Company management. In its closing remarks, the Commission directed Staff to continue working informally with the Company and its customers to address customer concerns and work toward the continued betterment of electric service in Atlanta.

In April of 2009, Allen Lake filed a complaint against Atlanta Power Company. Mr. Lake asserted that he was receiving an inadequate power supply to run a dishwasher he had installed as part of a home remodeling project.

On August 28, 2009, two Idaho Power Company engineers analyzed power quality in Atlanta. The engineers found that the system frequency varied +/- 10 cycles per second (CPS) from an ideal 60 CPS. As a solution, a tensioner was built to tighten the chain on the governor that controlled the wicket gates in the turbine. By tightening the chain on the governor, Atlanta Power planned to reduce the governor's response time to frequency changes and stabilize the system frequency. Atlanta Power designed and installed the tensioner but the system frequency problems persisted. Atlanta Power suggested conditioning the powerhouse in order to avoid

lubricants thickening in colder weather and offsetting the gains in response time that the tensioner provided.

In November 2009, Mr. Lake filed a formal complaint against Atlanta Power, and the Commission opened Case No. ATL-E-09-01. In that case, Commission Staff identified two solutions to address the system frequency issues Mr. Lake was experiencing. The first solution was for Atlanta Power to buy and install a double conversion uninterruptible power supply (UPC) in Mr. Lake's home. The UPC would convert Atlanta Power's AC power to DC and store it in batteries, then convert the DC power back into AC at 60 cps using an inverter. Staff believed that installing a UPC would eliminate Mr. Lake's problem for about \$2,000 but would only address the problem on a single circuit in Mr. Lake's home. Staff knew that other customers served by Atlanta Power were experiencing the same frequency issues as Mr. Lake, and identified a second solution that would address the whole system.

Staff's second solution was to replace Atlanta Power's turbine-generator control systems. Staff asserted that a more accurate control system would stabilize the power line frequency by detecting when the system frequency began to change and then quickly adjusting the wicket gates. Staff concluded that upgrading the turbine-generator control system was the most cost-effective solution to the power line frequency problem. However, Staff was concerned that the \$15,000 to \$25,000 investment would increase rates, cause customers to leave the system, and ultimately jeopardize Atlanta Power's financial viability. Staff thus recommended the Company continue to pursue low-cost system improvements, and that Staff evaluate the Company's financial position after November 2011, when the Company had satisfied a \$1,460-a-month loan.

On May 13, 2010, the Commission issued Order No. 31086 in Case No. ATL-E-09-01. The Commission accepted Staff's recommendations for pursuing low-cost system improvements and evaluating the Company's financial position after the Company satisfied its loan in November 2011. The Commission ordered Commission Staff and Atlanta Power to "continue to monitor the power quality concerns. If the power quality issues are not satisfactorily mitigated by November 1, 2011, then Staff and the Company will advise the Commission on an appropriate course of action."

In November 2011, Staff evaluated the Company's financial position using the financial records available at the end of the Company's loan term. Staff determined that rates did not need

to be reduced based on investments made by the Company. Staff continued to work with Atlanta Power on an informal basis to address ongoing systems issues.

On January 2, 2018, Mary Drake formally complained that the Company was violating Commission Order No. 31086 and Idaho Code § 61-302 by not maintaining adequate service. *See* Attachment B. Ms. Drake addressed frequent power outages, public safety, lack of qualified personnel to operate and maintain Company facilities, and the Company's inaccessibility and failure to respond to customer complaints.

On February 20, 2018, the Commission opened Case No. ATL-E-18-01. The Commission ordered the Company to respond to Mary Drake's formal complaint, and Staff to conduct a formal investigation. Staff's investigation focused on service reliability, maintenance and operations, and customer service. *See* Order No. 33988.

SERVICE RELIABILITY

The Distribution System

On March 14, 2018, Atlanta Power customers reported a service line had detached from a support and was on the ground. The customers were concerned the downed service line could endanger people and animals that contacted it.

On March 29, 2018, Commission Staff travelled to Atlanta to investigate the situation. Staff saw the service line had fallen and was partially buried in snow, but the wire connections were still intact. Staff surmised the low-hanging service line detached from a support pole when a large amount of snow slid off a nearby roof and snagged the line. Due to weather and road conditions, Staff could not investigate the entire distribution system.

On May 15, 2018, Staff returned to Atlanta to continue its investigation. Staff found the overhead distribution system consisted of poles, attachments, and transformers that exhibited a range of conditions. Some equipment appeared to have been recently upgraded while some equipment was derelict or broken. Staff noted several low-hanging lines and many poles that were rotted at the base or leaning. Instead of replacing these poles, the Company used thru-bolts or straps to join the old pole to a shorter anchor pole.

Staff also found transformers ranging in age and condition from near new to antiquated. Some transformers showed signs of damage and possible leakage. Staff also identified

questionable Company practices, such as using pine trees as utility poles and service drops to meters supported by a piece of wood above the customers' rooflines.

Power Generation

The Company has two sources of power generation, a run of river hydroelectric turbine and a diesel electric back-up generator. The hydro plant has failed several times in recent years and most recently in the spring of 2017. Issues with the electronic load governor put the turbine out of service for approximately three months.

On March 29, 2018, when Staff inspected the dam site and powerhouse Staff was informed that concerns remained about the electronic load governor. Several spillway gates that control the flow of water into the reservoir were inoperable. The Atlanta Fire Chief, Gene Haught, was concerned that the reservoir's water level would damage the electronic load governor. He was also concerned that the reservoir water level could get too high and potentially damage the dam.

During Staff's May 15 site inspection, Staff saw the fuel storage tank for the diesel electric generator in the Company's equipment yard was on wooden blocks without secondary containment. Staff noted that secondary containment would help mitigate fire hazards from leaks and spills and prevent environmental contamination. Staff was also concerned with the generator's exposure to the elements. Though the generator is enclosed, both doorways at opposite ends of the building are open to the elements.

Service Outages

In December 2016, an outage occurred when equipment malfunctioned in the powerhouse. The Company lacked adequate insulation for the equipment in the system control room, and the equipment failed because of excessive cold. When the Company switched to auxiliary power (a diesel generator), the generator ran out of fuel due to the reserve not being filled completely. The Company has a reserve capacity of 1,500 gallons of diesel but the Company's fuel supplier has a minimum delivery requirement of 3,000 gallons.

On March 12, 2017, the hydroelectric turbine went down and the Company had to use the diesel electric back-up generator to serve customers. The Company had attempted to service the turbine but could not restart the system after completing the repairs. On March 27, 2017, the

diesel electric generator ran out of fuel and service was out for all customers. The Company had to borrow fuel from the local highway district and the local mine to operate the generator.

The generator ran out of fuel again on April 26, and the Company could not have fuel delivered until May 2. Outages continued to plague the system throughout the year, culminating in a 13-hour long outage on January 1, 2018.

Safety Concerns

On March 29, 2018, Staff identified a potential safety hazard posed by exposed drive pulleys and belts on the turbine-generator. Although a makeshift railing separated building access from the turbine-generator drive, Staff believes the barrier inadequately protects personnel who enter the powerhouse.

Though the Company had repaired the downed service line reported to the Commission in March 2018, Staff identified several other issues during its May 2018 inspection. Staff found damaged transformers, leaning or rotted poles, low hanging lines, and questionable methods used for routing and securing lines. In its May 2018 report to the Commission, Staff expressed concern that the system may not satisfy the National Electric Safety Code, and that further investigation may be warranted.

OPERATIONS & MAINTENANCE

Personnel

Currently, the Company has three employees, a bookkeeper (Linda Churches), a maintenance person (Gene Haught), and a meter reader. The bookkeeper does not live in Atlanta and works remotely. The maintenance person and meter reader live in Atlanta, Idaho.

Linda Churches produces and mails billings/notices, collects and deposits payments, and reconciles customer usage with billing. Though she makes monthly cash deposits, she cannot access the Company's financial records and she lacks check-writing authority.

The Company hired the Atlanta Fire Chief, Gene Haught, as the maintenance person in May 2018. He performs general maintenance like greasing the turbine fittings, cleaning debris from the spillway and syphon tube gates, etc. He can stop and reboot the turbine-generator and program the electric governor, but he is not responsible for troubleshooting the generation or distribution systems, making repairs, or performing any duties comparable to those of a lineman

or electrician. Much like the bookkeeper, Mr. Haught lacks check-writing authority and account access. He relies on the owner to provide the materials he needs to complete his daily functions.

The Company employs a meter reader whose sole function is to report each customer's use to the bookkeeper on a monthly basis. The Company has employed several people as the meter reader in 2018. No matter who serves as the meter reader, the Company has required the person filling that position live in Atlanta.

System Operator

The Company has not employed a system operator since December 2016. The system operator troubleshoots the distribution and generation facilities, repairs and services equipment, connects and disconnects services, and restores service outages. The previous system operator, Dave Gill, was a longtime Atlanta resident who served in that position for over ten years. In 2016, Dave Gill moved to Panama. The Company has struggled to hire a capable replacement. Throughout 2017, the Company had several prolonged outages and technical mishaps that may have impacted customers less if the Company had a system operator.

In January 2018, customers reported to the Commission that Atlanta Power no longer had a presence in Atlanta and customers were maintaining the generation and distribution systems.

Accounting and Financial Records

The Company has several known financial accounting and financial issues, and its lack of regulatory compliance prevents Staff from knowing if it has further issues. The Company has not filed an Annual Report with the Commission since 2007, and has not filed other necessary documents, including an Inventory of Physical Properties and copies of maps and records in compliance with Idaho Code §§ 61-402, 61-404, and 61-605. Additionally, the Company has not responded to all of the Production Requests issued by Commission Staff in ATL-E-18-01, has not complied with past Commission orders, nor has it paid its annual Commission fees.

Staff has had only minimal access to any current financial information for the Company, making it difficult to tell if the Company is financially viable. In response to a request from Staff, the Company did report that it had 65 customers (57 residential, 8 commercial) as of April 2018.

Previously, employees, contractors and other persons, including customers, were performing work for Atlanta Power but not getting paid for that work. Some customers who performed work for the Company received credit on their electric bills in lieu of payment. Recently, Staff was informed that all employees and contractors are getting paid for their work.

CUSTOMER SERVICE

Availability

In January 2018, Staff received reports that the Company was becoming increasingly hard to contact. Previously, all calls for service were routed to the owner, Israel Ray. If customers questioned billings and notices, they would contact the bookkeeper. Customers could call the owner and bookkeeper directly or they could call a 1-800 number that would route calls to the owner.

Staff found the Company's 1-800 number was disconnected, and the owner was no longer answering calls or returning messages from Staff or customers.

In March 2018, Israel Ray's brother, Ronald Ray, explained to Staff that his brother had a medical condition that made it difficult for Israel to make rational decisions. Ronald Ray claimed Israel needed continuous care, and that he would be travelling with Ronald to Alaska. Staff has had no direct contact with Israel Ray since June 2017, and believes he still resides in Alaska.

Responsiveness and Dispute Resolution

On February 20, 2018, the Commission ordered the Company to respond to Mary Drake's formal complaint. *See* Order No. 33988, Case No. ATL-E-18-01. The Company has not responded to the complaint as of December 18, 2018. Additionally, the Commission has issued four summons, and Staff has served two production requests since the case was opened. All have gone unanswered.

Staff has tried to contact Israel Ray but has only reached his brother, Ronald Ray. As noted above, on several occasions, Ronald has stated that Israel cannot make rational decisions, and Ronald is uncertain if or when Israel will be able to do so. Staff has asked Ronald if he would pursue a power of attorney for Israel. Ronald unequivocally replied that he would not and is unwilling to take control of Atlanta Power.

SUMMARY

The lack of response to Staff's requests for information (both formal and informal) has impeded Staff's investigation in this case. Another major impediment to investigating and attempting to resolve this case is that Israel Ray, the only person authorized to do business on behalf of Atlanta Power, has been unavailable, and is apparently unable to perform his duties.

While it appears that some issues, such as hiring or contracting with people to maintain, operate, and, if necessary, repair the system have been addressed, Staff remains concerned about a number of issues, including how the system is being maintained, the condition of lines, poles and other equipment, maintaining an adequate supply of diesel fuel for the back-up generator as well as unresolved safety issues. With the arrival of winter, Staff is concerned that service reliability will continue to be an issue.

STAFF RECOMMENDATION

Due to the Company's failure to respond to Staff's Production Requests and the uncertain status of Israel Ray, Staff recommends that, as a next step, an Order to Show Cause be issued to compel compliance with the Commission's Orders as well as statutory and regulatory requirements.

JAN 02 2018

Boise, Idaho

From: flute.md@gmail.com [mailto:flute.md@gmail.com]
Sent: Tuesday, January 2, 2018 1:47 PM
To: Front <front@puc.idaho.gov>; Beverly Barker <Beverly.Barker@puc.idaho.gov>
Subject: Consumer Assistance Form: Mary Drake

Name: Mary Drake
Email: flute.md@gmail.com
Telephone: 2088642171
Address: 72 E PINE ST
ATLANTA ID, 83716

Name of Utility Company: Atlanta Power Company Contacted Utility: Yes

Complaint: Mary E. Drake
72 E. Pine
Atlanta, Idaho 83716

Idaho Public Utilities Commission
472 W. Washington
Boise, Idaho 83702

Dear Commissioners:

Please consider this a formal complaint against Atlanta Power Company for failing to fulfill their lawful duty of providing and maintaining adequate services of electricity to the town of Atlanta, Idaho, per Idaho Statute 61-301. The Statute reads: "DUTIES OF PUBLIC UTILITIES 61-302. MAINTENANCE OF ADEQUATE SERVICE. Every public utility shall furnish, provide and maintain such service, instrumentalities, equipment and facilities as shall promote the safety, health, comfort and convenience of its patrons, employees and the public, and as shall be in all respects adequate, efficient, just and reasonable."

I have been a resident of Atlanta, Idaho for 20 years. I have experienced the change of ownership of the Atlanta Power Company. I am also aware of previous complaints about the services provided by the company, and the ensuing Final Order of May 13, 2010. There is plenty of historical evidence that shows there has been a problem with Atlanta Power Company outages for many years.

This complaint, today, is to inform you that Atlanta Power Company is NOT DOING WHAT they agreed to do per the Final Order dated May 13, 2010 (Order # 31086) in which it states: "It is further ordered that Atlanta Power Company continue to monitor the power concerns. If the power concerns are not mitigated, then the staff and company will advise the commission on appropriate course of action." It has been 7 years since this order, and the power outages still occur. Many people have complained to the PUC, yet no action is taken. This complaint poses the question: Why is the Atlanta Power Company not being held accountable to uphold its duties as a utility provider by the PUC? Please, we need help!

Also, after an investigation into Atlanta Power Company by PUC in February, 2005, Order #29706, it states that "It appears Dave Gill's availability has changed. He is available in Atlanta for immediate system repairs most of the time." This is NO LONGER TRUE. Dave Gill no longer lives in Atlanta, Idaho. Hence, this formal complaint, filed here, now is:

ATTACHMENT B

1. There continues to be frequent power outages in Atlanta, Idaho.
2. Power outages HARM the safety of Atlanta residents, due to needing access to electronics for emergencies, drinking water (for those with electronic water pumps), and access to healthy food (refrigerators go out and food spoils during outages).
3. There is no one in town who knows how to fix the system when the owner of Atlanta Power Company (Israel Ray) is out of town.
4. Israel Ray does not hire anybody to be available to diagnose problems and fix problems during outages.
5. Although there is a generator up here, in Atlanta, it does not function in cold weather, due to diesel fuel.
6. Israel Ray, as owner of Atlanta Power Company is not fulfilling his lawful duty as a utility company per statute 61-302 which states: DUTIES OF PUBLIC UTILITIES: 61-302. MAINTENANCE OF ADEQUATE SERVICE. Every public utility shall furnish, provide and maintain such service, instrumentalities, equipment and facilities as shall promote the safety, health, comfort and convenience of its patrons, employees and the public, and as shall be in all respects adequate, efficient, just and reasonable." Evidence that demonstrates Failure to comply with this statute includes, but not limited to:
 - a. There is no telephone number to call for assistance when the power goes out in Atlanta, Idaho. The number to call is Israel's, and the message inbox is ALWAYS FULL. No other number to call, or way to contact him or anybody who knows how to help during a power outage. This is blatant disregard for us, consumers, customers, residents of Atlanta, who pay our bills to Atlanta Power Company every month for services we EXPECT to receive in exchange!
 - b. Israel Ray leaves town and nobody has any way to contact him. He leaves town and is nowhere to be found during a power outage, nor has he trained anybody to help during his absence. This is simply irresponsible, and a blatant disregard for Statute 61-302.
7. After many, many years of problems with the power in Atlanta, Idaho, there seems to be no resolution. If something gets fixed, it's momentary. Granted, there is a generator up here now, but it doesn't start in the winter, and in the summer, it runs out of gas and we need to wait days before we get diesel gas up here. Therefore, the Time is NOW to fix the problem!! When will this be resolved??

Please, please give attention to this formal complaint. The situation in Atlanta needs ATTENTION now! Israel Ray and The Atlanta Power Company need to be held accountable for their LACK of ACTIONS in adhering to the law for public utilities. For, I, myself am a paying customer, as are many others in this town and we simply WANT TO NOT HAVE TO DEAL WITH THE CONSTANT POWER OUTAGES and TOTAL LACK OF CUSTOMER CONSIDERATION, and the lack of ACCOUNTABILITY demonstrated by Israel Ray and the Atlanta Power Company.

Thank you for your action in this matter.

Sincerely,
s/ Mary E. Drake

Mary E. Drake

Unique Identifier: 216.182.111.139

CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 28TH DAY OF DECEMBER 2018, SERVED THE FOREGOING **STAFF REPORT OF THE COMMISSION STAFF**, IN CASE NO. ATL-E-18-01, BY E-MAILING AND MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

ISRAEL RAY
ATLANTA POWER COMPANY
11140 CHICKEN DINNER RD
CALDWELL ID 83607

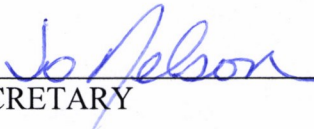
STEVEN J MEADE
ATLANTA WATER ASSOC INC
PO BOX 1097
BOISE ID 83701
E-MAIL: smeade@idalaw.com

ELECTRONIC SERVICE ONLY
ATLANTA WATER ASSOC INC
theamyobrien@gmail.com
dvance.awa@gmail.com
rickandevyjenkins@gmail.com
jpdeb@rtci.net

STEVEN J MEADE
ATLANTA LANDOWNER'S ASSOC
PO BOX 1097
BOISE ID 83701
E-MAIL: smeade@idalaw.com

ELECTRONIC SERVICE ONLY
ATLANTA LANDOWNER'S ASSOC
bygreylock@wildblue.net
andy.epperson@gmail.com
matt@boiseinfill.com
jgilles@cableone.net

ELECTRONIC SERVICE ONLY
ATLANTA LAND OWNER
steve@pumpkincreekranch.com



SECRETARY