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Attorney for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER)	
COMPANY'S APPLICATION FOR AN)	CASE NO. IPC-E-23-07
ORDER APPROVING THE TRANSFER OF)	
CERTAIN ASSETS ASSOCIATED WITH)	COMMENTS OF THE
RITTER ISLAND)	COMMISSION STAFF
)	

STAFF OF the Idaho Public Utilities Commission, by and through its Attorney of record, Michael Duval, Deputy Attorney General, submits the following comments.

BACKGROUND

On March 2, 2023, Idaho Power Company ("Company") applied to the Commission for approval of an Asset Transfer Agreement between the Company and the Idaho Department of Parks and Recreation ("IDPR") ("Application"). As proposed, the Company would transfer approximately 1.09 acres of land on Ritter Island ("Ritter Island") to the IDPR.

Ritter Island is located south of Hagerman, Idaho "near the Thousand Springs area of the Snake River." Application at 2. The Company acquired approximately 1.09 acres of land on Ritter Island in 1989 "as part of a Federal Energy Regulatory Commission ('FERC') required mitigation package" with the Company. *Id.* At the time, the property owned by the Company was part of a portion of land referred to collectively as the Thousand Springs Project ("TSP"); the TSP was owned by The Nature Conservancy ("TNC"). The Company cooperated with TNC

in TNC's purchase of the TSP. Accordingly, TNC conveyed two homesites and certain conservation easements to the Company. TNC later sold the TSP property to IDPR. The Company retained its easements and homesites. "In exchange for supporting Idaho Power's [plan to buy lands around the mid-Snake hydro facilities to meet the FERC's aquatic habitat migration requirements], IDPR asked Idaho Power to relinquish the two homesites it owns on Ritter Island to IDPR, resulting in a win-win situation for Idaho Power and IDPR." *Id.* at 3. The Company would still be able to utilize the conservation easement while addressing its aquatic habitat mitigation efforts. The Company states that the proposed conveyance was part of negotiations that led to the relicensing of the Company's mid-Snake hydro facilities.

The Company submitted its Application for approval under the Idaho Electric Supplier Stabilization Act, *Idaho Code* §§ 61-332 *et. seq.*, and the electric utility asset transfer statute, *Idaho Code* § 61-328.¹

STAFF ANALYSIS

Staff believes the Company's conveyance of 1.09 acres to IDPR is reasonable and should be approved by the Commission. The Company must obtain approval from the Commission before it sells or transfers ownership of any property that is located in Idaho and used in the generation, transmission, or distribution of electricity in Idaho. *Idaho Code* § 61-328.

Under *Idaho Code* § 61-328, the transfer or sale of assets must meet the following criteria:

1. The transaction must be consistent with the public interest;
2. The cost and rates for supplying service must not be increased because of the transaction; and
3. The Applicant for such acquisition or transfer has the bona fide intent and financial ability to operate and maintain said property in the public service.

Staff believes the proposed transaction is compliant with the three prongs of *Idaho Code* § 61-328(3) regarding asset transfers.

¹ The Company requested that its Application be processed under Modified Procedure, Rule 201 *et seq.* See IDAPA 31.01.01.201 through .204. Typically, the use of Modified Procedure contemplates written submissions without a live public hearing. However, *Idaho Code* § 61-328 states the Commission "shall issue a public notice and shall conduct a public hearing upon the application (emphasis added)."

Public Interest

The transfer of Ritter Island is in the public interest because the Company would otherwise need to engage in costlier alternatives to obtain its mid-Snake hydro facility licenses. Idaho Power will retain the ability to utilize the existing conservation easements to satisfy increasing aquatic habitat mitigation requirements. Additionally, IDPR would become the sole owner of Ritter Island allowing the agency to obtain additional funding to expand its efforts on the island.

Rates to Provide Service Will Not Increase due to the Transaction

The Company will remove the original cost of the land from Plant-In-Service with an offsetting entry in the Donations account. The land will be removed from rate base and customer rates will not be increased.

Bona Fide Intent

The IDPR is a governmental entity that will have the bona fide intent and financial ability to operate and maintain the property for the public service. IDPR is currently maintaining all land on Ritter Island except for the parcels currently owned by the Company.

Staff has reviewed the proposed transaction and believes that it supports the intent of the electric utility asset transfer statutes.

Asset Valuation and Accounting Treatment

The IDPR would receive this conveyance at zero cost. The original cost of the 1.09 acres of land was \$504,985.48. To record the conveyance of the land, the original cost would be removed from FERC Account 101, Electric Plant-in-Service, with an offset to FERC Account 426.1, Donations. The Company's proposed accounting treatment of the transfer removes the book value of the land from the Company's books.

Staff questioned the Company about the costs for the potential extended litigation for new licenses or acquiring other mitigation property, should this deal not be approved. The Company explained that they researched purchasing other properties in order to satisfy the mitigation requirements, and it would have cost at least \$2 million to acquire other land. The Company also explained that if no settlement can be reached, the other option besides purchasing

more land would be to implement run-of-river operations at the Mid-Snake hydro facilities, as opposed to their current load following program. Operating the facilities using run-of-river operations will cost the Company \$8.4 million more annually.

Public Comments and Public Hearing

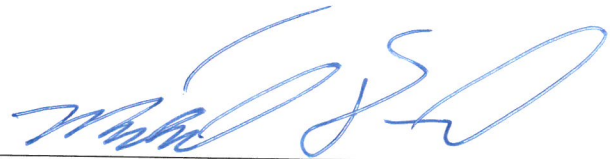
As of April 18, 2023, one customer comment has been submitted to the Commission. The customer was concerned about an increase in rates due to the transfer.

A telephonic Public Hearing will be held on May 11, 2023 at 11:00 AM.

STAFF RECOMMENDATION

Staff believes that the proposed transfer of Ritter Island meets all the requirements of Idaho Code § 61-328. Staff recommends that the Commission approve the Company's Application and proposed accounting treatment for the transfer of Ritter Island from Idaho Power to IDPR as proposed.

Respectfully submitted this 3rd day of May 2023.



Michael Duval
Deputy Attorney General

Technical Staff: Kevin Keyt
Laura Conilogue


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CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 3rd DAY OF MAY 2023,
SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN
CASE NO. IPC-E-23-07, BY E-MAILING A COPY THEREOF, TO THE
FOLLOWING:

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