

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF ROCKY MOUNTAIN) CASE NO. PAC-E-20-12
POWER’S APPLICATION FOR APPROVAL)
OF THE BISH’S RV ASSET TRANSFER)
AGREEMENT BETWEEN ROCKY) ORDER NO. 34855
MOUNTAIN POWER AND THE CITY OF)
IDAHO FALLS)

On September 23, 2020, Rocky Mountain Power (“Company”), a division of PacifiCorp, asked the Commission to approve its Asset Transfer Agreement with the City of Idaho Falls (“City”). Under the Asset Transfer Agreement, the City would buy Company-owned electric facilities the City needs to provide electric service to Bish’s RV in Idaho Falls (“customer” or “Bish’s RV”). The Company submitted its Application under the Electric Supplier Stabilization Act (“ESSA”), *Idaho Code* § 61-332, *et seq.*, and the electric utility transfer statute, *Idaho Code* § 61-328. The latter statute states that the Commission “shall issue a public notice and *shall conduct a public hearing* upon the application (emphasis added).”

On October 16, 2020, the Commission issued a Notice of Application, Notice of Modified Procedure, and Notice of Telephonic Hearing. Order No. 34815. The Commission held a telephonic hearing on October 27, 2020. No members of the public testified. Staff filed comments supporting the Application. No other comments were received. The Company did not file a reply.

Based on our review of the record, the Commission now issues this final Order approving the Company’s Application as noted below.

BACKGROUND

Public utilities are statutorily prohibited from transferring any property “used in the generation, transmission, distribution, or supply of electric power” without first being authorized to do so by the Commission. *Idaho Code* § 61-328(1). Before the Commission can approve such a transaction, it must first find: (a) the transaction is consistent with the public interest; (b) the cost of and rates for supplying service will not be increased by reason of such transaction; and (c) that 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. *Idaho Code* § 61-328(3).

The purpose of the ESSA is to: (1) promote harmony between electric suppliers; (2) prohibit the “pirating” of customers; (3) discourage duplication of electric facilities; (4) actively

supervise the conduct of electric suppliers; and (5) stabilize service territories and customers. *Idaho Code* § 61-332(2). The ESSA prohibits an electric supplier (e.g. utility, municipality, or cooperative) from serving another electric supplier’s current or former customers. *Idaho Code* § 61-332(B). However, an exception to the general rule exists within the ESSA framework allowing electric suppliers to contract for the purpose of “allocating territories, consumers, and future consumers . . . and designating which territories and consumers are to be served by which contracting electric supplier.” *Idaho Code* § 61-333(1). Allocation agreements must be submitted to the Commission for approval and will be approved only upon a finding that they conform to the provisions and purposes of the ESSA. *Id.*

THE APPLICATION

The Company and the City signed a Service Allocation Agreement in 2017 to reduce duplication of service and promote stability in their respective service areas. The Commission approved the Service Allocation Agreement in Case No. PAC-E-17-12. *See* Order No. 33943.

Under the Asset Purchase Agreement, the City will buy electric facilities from the Company to serve a former customer of the Company, Bish’s RV. The City will also compensate the Company for the lost revenues arising from the customer’s departure. The Asset Transfer Agreement defines “just compensation for lost revenues” as “the amount equal to 167% of the total of the respective customers’ electric bills from the prior 12-month period.”

Besides compensating the Company for lost revenues, the City will pay the Company for the value of the transferred assets, tax gross-up, separation costs, and legal/transactional costs. The total sale price for the transaction is \$78,268.

THE COMMENTS

Staff filed the only comments and recommended that the Commission approve the Company’s Application. Staff determined that the Application complied with the ESSA, the Idaho electric utility asset transfer statute, and previous Commission orders. Staff also determined that the funds from the transfer represent the fair market value of the assets being transferred and calculations were made using the appropriate method agreed to in the Service Allocation Agreement. Staff stated the transaction would not harm customers.

Staff noted that the legal/transactional cost applied in this case were inconsistent with the Company’s existing pricing guidelines. Staff stated that including updated legal/transactional cost guidelines in the next update to the Service Allocation Agreement would be beneficial.

COMMISSION FINDINGS AND DISCUSSION

The Commission has jurisdiction over this matter under Idaho Code §§ 61-328, 61-333. The Commission has reviewed the record, including the Asset Transfer Agreement and comments of Commission Staff. We find the Asset Transfer Agreement satisfies the ESSA, *Idaho Code* § 61-332 *et seq.*, the electric utility transfer statute, *Idaho Code* § 61-328, the 2017 Service Allocation Agreement, and this Commission's prior orders. Accordingly, we find it reasonable to approve the Application and the Agreement.

This Commission declines to direct the Company to submit legal/transactional cost guidelines. We recognize that different transactions may incur differing costs. That said, providing justification for deviations from the Company's standard legal/transactional costs would help to streamline the Commission's review process and ensure asset transfer matters are processed expeditiously.


ORDER

IT IS HEREBY ORDERED that the Company's Application is approved. The sale of electric facilities and transfer of service territory as contemplated in the Company's Asset Transfer Agreement with the City is approved.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within 21-days of the service date of this Order with regard to any matter decided in 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 this 3rd
day of December 2020.



PAUL KJELLEANDER, PRESIDENT

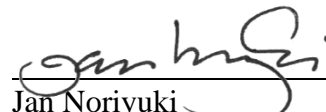


KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Jan Noriyuki
Commission Secretary

I:\Legal\ELECTRIC\PAC-E-20-12\orders\PACE2012_final_dh.docx