

ERICK SHANER
DEPUTY ATTORNEY GENERAL
IDAHO PUBLIC UTILITIES COMMISSION
PO BOX 83720
BOISE, IDAHO 83720-0074
(208) 334-0314
IDAHO BAR NO. 5214

RECEIVED
2021 SEP 14 PM 1:38
IDAHO PUBLIC
UTILITIES COMMISSION

Street Address for Express Mail:
11331 W CHINDEN BLVD, BLDG 8, SUITE 201-A
BOISE, ID 83714

Attorney for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF ROCKY MOUNTAIN)
POWER’S APPLICATION FOR APPROVAL) CASE NO. PAC-E-21-17
OF THE ASSET TRANSFER AGREEMENT)
BETWEEN ROCKY MOUNTAIN POWER)
AND THE CITY OF IDAHO FALLS – 733) COMMENTS OF THE
CUSTOMERS) COMMISSION STAFF
)

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

BACKGROUND

On July 20, 2021, Rocky Mountain Power (“Company”), a division of PacifiCorp, asked the Commission to approve its asset transfer agreement (“Agreement”) with the City of Idaho Falls (“City”). Under the Agreement, the City will buy Company-owned electric facilities that the City needs to provide electric service to 733 customers in Idaho Falls (“Customers”).

The Company filed its Application under the Idaho Electric Supplier Stabilization Act (“ESSA”) and the electric utility asset transfer statute, *Idaho Code* § 61-328. The Company requested that its Application be processed under Modified Procedure, Rule 201 *et seq.* See IDAPA 31.01.01.201 through .204. Typically, Modified Procedure contemplates a case would be processed through written submissions without a live hearing. However, the electric utility

asset transfer statute, *Idaho Code* § 61-328, requires the Commission to “conduct a public hearing upon the application.”

The Company is a public utility in the state of Idaho under *Idaho Code* § 61-129. The City owns and operates an electric power system and indicates that it has a bona-fide intent and financial ability to provide services to the Customers.

The Company and the City entered into 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, Order No. 33943.

Over time, the City has annexed multiple areas where the Company provided electric service. Subsequent to these annexations, the Commission has approved numerous transfers of facilities and customers pursuant to the Agreement. These transfers have proven to be administratively burdensome and the City requested that the Company provide an inventory of all customers and assets within the City’s municipal boundaries. *Application* at 4. Upon completion of an inventory, the Company and the City negotiated a transfer agreement.

STAFF ANALYSIS

Staff reviewed the proposed transaction and believes that it supports the intent of the ESSA and is consistent with prior Commission orders.

In its Application, the Company provided explanations of how this particular transaction complies with *Idaho Code* §61-328(3) by: (a) promoting the public interest and harmony between electric suppliers consistent with *Idaho Code* §61-332(2); (b) fairly compensating the Company for its transferred assets and investment without financial impact to existing customers; and (c) ensuring that the transferred customers will continue to receive electric service from the City. Staff believes the proposed transaction meets the statutory requirements and complies with the Commission’s previous Orders.

Sale Price and Accounting Treatment

Under the Agreement, the City would provide electric service to 733 customers currently being supplied electric service by the Company. The City would purchase electric facilities from the Company to serve these customers. The City also would compensate the Company for the lost revenues arising from the customers’ departure. The 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 twelve-month period.” *Id.* at 3. The total sale price for the transaction would be \$4,152,351 as shown in Table No. 1. Staff verified that the sale price listed in the Agreement includes the fair market value of the existing assets, the separation/estimator costs, the lost customer revenue, and the legal/transaction costs. The method used to generate the values are consistent with the methodology incorporated in the 2017 Service Allocation Agreement. Staff believes that the Company’s accounting treatment of the proceeds received from the sale of these assets assure other Company customers will not be harmed by this transaction.

Table No. 1: Calculation of Transaction Price

Sale Components	Totals
Asset Valuation	\$1,148,200
Separation Costs	\$90,156
Lost Customer Revenue	\$2,617,996
Legal /Transaction Costs	\$16,000
Estimator/Inventory/Engineer/Admin. Costs	\$280,000
Sale Price	\$4,152,351

The price of the existing assets was calculated by using the replacement value of each asset being sold less depreciation. Depreciation was determined using straight-line methodology, consistent with prior Commission Orders. The replacement value was determined using the Company’s Retail Construction Management System. The separation/estimator costs are expenses incurred during the physical separation of the assets being sold from the Company’s distribution system. The lost revenue was calculated using billing activity supplied by the Company. Staff verified that the lost revenue calculation complies with the Service Allocation Agreement between the Company and the City. Legal/transaction costs include the costs of accounting, finance, regulation, and legal expenses related to the sale.

CUSTOMER NOTICE AND PUBLIC COMMENTS

The Company's customer notice was included with its Application. Staff reviewed the document and determined that it meets the requirements of Rule 125 of the Commission's Rules of Procedure (IDAPA 31.01.01). The notice was mailed to the relevant customers on August 3, 2021, providing a reasonable opportunity to file timely comments with the Commission by the September 14, 2021, comment deadline. As of September 13, 2021, the Commission has received no comments from customers.

STAFF RECOMMENDATION

Staff recommends the Commission approve the Asset Transfer Agreement and authorize the transfer of electric service for 733 customers between Rocky Mountain Power and the City of Idaho Falls.

Respectfully submitted this 14th day of September 2021.



Erick Shaner
Deputy Attorney General

Technical Staff: Kevin Keyt
Michael Eldred
Kathy Stockton
Curtis Thaden

i:umisc:comments/pace21.17eskkmekls comments

CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 14TH DAY OF SEPTEMBER 2021, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. PAC-E-21-17, BY E-MAILING A COPY THEREOF, TO THE FOLLOWING:

TED WESTON
EMILY WEGENER
ROCKY MOUNTAIN POWER
1407 WEST NORTH TEMPLE STE 330
SALT LAKE CITY UT 84116
E-MAIL: ted.weston@pacificorp.com
emily.wegener@pacificorp.com

IDAHO FALLS CITY POWER
BEAR PRAIRIE
140 S CAPITAL AVE
BOIX 50220
IDAHO FALLS ID 83405

DATA REQUEST RESPONSE CENTER
E-MAIL ONLY:
datarequest@pacificorp.com



SECRETARY