

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF ROCKY MOUNTAIN) CASE NO. PAC-E-22-11
POWER’S APPLICATION FOR APPROVAL)
OF THE ASSET TRANSFER AGREEMENT)
BETWEEN ROCKY MOUNTAIN POWER) ORDER NO. 35567
AND THE CITY OF IDAHO FALLS FOR)
REED’S DAIRY)

On August 8, 2022, 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 would buy Company-owned electric facilities the City needs to provide electric service to Reed’s Dairy in Idaho Falls (“customer” or “Reed’s Dairy”). 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.

On September 2, 2022, the Commission issued a Notice of Application, Notice of Modified Procedure, and Notice of Telephonic Hearing. Order No. 35522. The Commission held a telephonic hearing on September 26, 2022. 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 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

THE APPLICATION

Under the Agreement, the City would buy electric facilities from the Company used to serve Reed’s Dairy. The City would also compensate the Company for the lost revenues arising from the customer’s departure. Concerning compensation, the application states:

The Company and the City agreed that just compensation for lost revenues would be an amount equal to 167 percent of the total of the respective customer’s electric bills from the prior twelve-month period of service. In addition, the [City] would purchase the poles, wires, cross arms, insulators, guys, and other facilities no longer needed or required by the [Company] to serve that customer.

Application at 3.

Besides compensating the Company for lost revenues and necessary facilities, the City would 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 \$85,594.

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 2017 Service Allocation Agreement. 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.

COMMISSION FINDINGS AND DISCUSSION

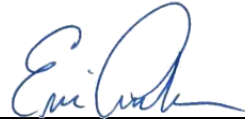
The Commission has jurisdiction over this matter under *Idaho Code* §§ 61-328 and 61-333. The Commission has reviewed the record, including the Agreement and comments of Commission Staff. We find the Agreement satisfies the ESSA, *Idaho Code* § 61-332 *et seq.*, the electric utility transfer statute, *Idaho Code* § 61-328, the 2017 Service Allocation Agreement, and this Commission's prior orders. Based on the record, the Commission finds the Agreement conforms to the ESSA's provisions and purposes because it will avoid facility duplication and promote harmony between the suppliers. Accordingly, we find it reasonable to approve the Application and the Agreement.

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 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 18th day of October 2022.



ERIC ANDERSON, PRESIDENT

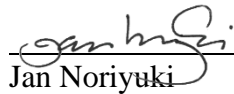


JOHN CHATBURN, COMMISSIONER



JOHN R. HAMMOND JR., COMMISSIONER

ATTEST:



Jan Noriyuki
Commission Secretary

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