

## DECISION MEMORANDUM

**TO:** COMMISSIONER KJELLANDER  
COMMISSIONER SMITH  
COMMISSIONER RAPER  
COMMISSION SECRETARY  
COMMISSION STAFF

**FROM:** DAPHNE HUANG  
DEPUTY ATTORNEY GENERAL

**DATE:** DECEMBER 10, 2015

**SUBJECT:** IDAHO POWER'S APPLICATION TO APPROVE THE TRANSFER AND SALE OF CERTAIN ASSETS TO THE UNITED STATES DEPARTMENT OF JUSTICE FEDERAL BUREAU OF INVESTIGATION, CASE NO. IPC-E-15-26

On November 25, 2015, Idaho Power Company filed an Application with the Commission for an Order approving the transfer and sale of certain assets to the United States Department of Justice Federal Bureau of Investigation (FBI). The assets at issue are currently owned and operated by the Company, and provided to the FBI for a monthly facilities charge. If the Application is approved, Idaho Power would transfer and convey the assets to the FBI, and the FBI would assume ownership, operation, maintenance, and all liabilities associated with the assets. Idaho Power asked that the Application be processed under Modified Procedure, and also requested that the Commission's Order be issued on or before February 25, 2016.

### BACKGROUND

Idaho Power provides electric service to an FBI facility in the Company's service territory pursuant to Idaho Power's Schedule 19 concerning large power service. Application at 2. Idaho Power owns and operates transformers and other facilities (hereafter, the "Assets") beyond the Point of Delivery (POD),<sup>1</sup> to meet the FBI's service requirements under Idaho Power's Rule M concerning facilities charge service. *Id.* The FBI pays a monthly facilities charge to Idaho Power for this optional service. *Id.*

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<sup>1</sup> The Point of Delivery or POD is the point at which the customer's power-usage is measured.

## **THE AGREEMENT**

At the FBI's request, Idaho Power entered into an Asset Sale Agreement,<sup>2</sup> to transfer and convey the Assets to the FBI for a purchase price of \$79,373. *Id.*; Agreement (Redacted) at 3. Under the Agreement, the FBI agrees to obtain title to and assume ownership, operation, maintenance, and all liabilities associated with the Assets. Application at 2. Also, "the FBI will own all facilities installed beyond the POD upon sale and transfer of the Assets." *Id.*

## **THE APPLICATION**

Idaho Power's Application seeks approval of its proposed Asset Sale Agreement with the FBI. The Commission has authority to approve or reject the proposed Agreement under *Idaho Code* § 61-328. That provision requires the Company to show that the proposed transaction is consistent with the public interest, that the cost and rates for supplying service will not be increased because of the transaction, and that the FBI has the bona fide intent and financial ability to operate and maintain the Assets in the public service. *Idaho Code* § 61-328(3). Also, under Rule M, Section 3, governing the sale of Company-owned facilities beyond the POD, the FBI must: purchase all facilities listed on the Distribution Facilities Investment Report for that POD; provide operation and maintenance of all facilities beyond the POD after the sale is complete; and prepay engineering costs for sales determinations taking more than 16 estimated hours of preparation. Application at 3-4. Rule M, Section 3 further provides that sales determinations equal to or less than 16 estimated hours of preparation will be billed to the FBI as part of the sales agreement, or after the engineering is completed in instances where the sale is not finalized. *Id.*

In its Application, Idaho Power asserts that it satisfies all the statutory and regulatory requirements. *Id.* In support, the Company outlines its current facility charge arrangement with the FBI, as well as its methodology for determining the sale price for Company-owned facilities beyond the POD under Rule M, Section 3. According to Idaho Power, this methodology "ensures that the Company and its other customers are not negatively impacted by the transaction." *Id.* at 4-6.

## **STAFF RECOMMENDATION**

Staff believes it is appropriate to process the matter under Modified Procedure, and recommends a 21-day comment period.

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<sup>2</sup> Idaho Power has submitted a redacted copy of the Agreement as an attachment to its Application.

**COMMISSION DECISION**

Does the Commission wish to issue a Notice of Petition and Notice of Modified Procedure with a 21-day comment period?

*/s/ Daphne Huang*  
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Daphne Huang  
Deputy Attorney General

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