

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE INVESTIGATION)
OF ATLANTA POWER COMPANY'S RATES) CASE NO. ATL-E-03-1
AND CUSTOMER SERVICE.)
)
) ORDER NO. 29706
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Customer Petitions – Informal Review

On September 11, 2000, the Idaho Public Utilities Commission (Commission) received petitions from residents of Atlanta, Idaho, enumerating their concerns about the electric service provided by Atlanta Power Company. The petitions were signed by six customers of record and many of their family and friends. The petitions requested “a formal investigation into the reliability of electrical service for the Atlanta townsite.” In a Decision Memorandum dated October 4, 2000, Commission Staff proposed to “audit the Company, compile outage information, identify potential improvements and associated costs, and survey customers concerning their desire to improve service reliability and the amount they are willing to pay to do so.” The Commission accepted Staff’s proposal to begin processing the complaints on an informal basis and to proceed with the review as outlined above.

Staff worked with the Company and its customers during a two-year informal review period that culminated in several improvements and a Staff Report (2003 Report) attached to a Decision Memorandum dated March 6, 2003. The 2003 Report presented the results of Staff’s review and made further recommendations to the Commission. Staff’s audit showed that based on a 1999 test year, the Company over-earned by approximately \$3,000 or 5.6%. No allowance for purchase or rental of a backup generator or related fuel costs to run a backup generator were included in this calculation. Staff’s audit also revealed that Company record keeping needed to be improved, that the Company was five years delinquent in filing Commission required annual reports and that the Company was also behind in making payments on several of its financial obligations. Staff recommended that these problems be corrected.

The 2003 Report also discussed the results of a questionnaire that Staff sent to all Atlanta Power customers. Fifty of sixty customers of record responded. The questionnaire queried customers concerning the three main problem areas that Staff identified from the

petitions. The problem areas were identified as: (1) the lack of an on-site backup generator, (2) the lack of a local person to back up Dave Gill, the in-town maintenance person, in the event of an unplanned outage and (3) poor communications between the Company and its customers concerning outages. The majority of survey respondents agreed that they would like to see improvement in these areas.

Staff worked with the Company regarding the issues identified by customers. As a result, another person who lives in Atlanta was identified to assist with system maintenance, and a telephone messaging system was installed to notify customers of planned outages and to inform customers of the progress of system repairs. With regard to the backup generator, customers responding to the questionnaire agreed that having one would be beneficial but they were not interested in paying higher rates to have it. Atlanta Power's residential rate of \$81 per month plus 5¢ per usage for all kWh over 500 kWh per month is one of the nation's highest. Staff recommended that the Company not invest in an on-site backup generator, but that it lease one and bring it to Atlanta once an extended outage has been identified.

Formal Investigation

Following Staff's March 6, 2003 Decision Memorandum, the Commission opened Case No. ATL-E-03-1 and on April 10, 2003, issued a Notice of Proposed Order and Notice of Comment Deadline. The Proposed Order was based on recommendations contained in the 2003 Decision Memorandum and Report. The Proposed Order found that it was not appropriate for Atlanta Power Company to purchase a backup generator and increase customer rates to pay for it based on customers' responses. The Order also found that substantial progress had been made in obtaining an adequate backup maintenance person and in communicating outage information to customers.

The Proposed Order and a summary of Staff's 2003 Report were mailed to all Atlanta Power customers. Customers responded with more questions and concerns than raised by the original petitioners. Along with these new concerns, customers pointed out that they still did not have an on-site backup generator, that the additional person identified to help with outages had not received any training and that the telephone messaging system was working poorly.

Staff Workshop – June 28, 2003

In a Decision Memorandum dated May 19, 2003, Staff summarized the most recent comments and proposed to the Commission that Staff be allowed to respond to new questions

and concerns in writing followed by a Staff workshop in Atlanta designed to address any remaining questions. The Commission accepted Staff's recommendations and issued Order No. 29257 establishing June 28, 2003 as the date for the public workshop and providing an extended date for written comments. The workshop was attended by Company representatives, customers, Senator Fred Kennedy and Commission Staff. One of the customers' major concerns discussed during the workshop was the overdue annual reports. The concern was that without the annual reports the Commission did not have the information necessary to properly regulate and set rates for the Company. Following the workshop the Company agreed to prepare and file all overdue annual reports. Another idea discussed at the workshop was the possibility of Atlanta Power, or the community of Atlanta, obtaining grant money to purchase a backup generator.

Change in Ownership/Management

On September 3, 2003, Lynn Stevenson, the president of Atlanta Power Company, passed away. Before his death he accomplished the following:

1. Submitted all overdue Annual Reports to the Commission on August 8, 2003;
2. Entered into financing (Case No. ATL-E-03-2) that paid past due dam licensing legal fees in full; and
3. In September and October of 2002 paid two loans that were in arrears.

After Lynn Stevenson's death, Israel Ray, a principal shareholder in the Company, was elected President. Because many of the problems identified in this case still existed, the Commission decided not to close the case, but asked the Staff to work with the new president for a period of time to see if outstanding issues could be resolved.

Commission Findings

The Commission has reviewed and considered the filings of record in Case No. ATL-E-03-1. We have also been provided an update and status report by Commission Staff.

Resolution of Issues/Present Condition

More than a year has passed under the new management. The Commission is informed that Israel Ray purchased Lynn Stevenson's interest in Atlanta Power Company from his heirs. Israel Ray is the majority stockholder and remains president of the Company. Under his leadership we find that good progress has been made in many of the remaining areas of concern. In the accounting and financial areas:

1. The 2003 annual report has been filed.
2. As a condition of the stock acquisition agreement between the estate of Lynn Stevenson and Israel Ray regarding the Company, the estate released the obligation due Lynn Stevenson from the Company. This obligation was approximately \$60,000.

There have also been improvements, we find, in the physical system.

1. A hole in the bladder that operates the spillway gates that control water flow to the turbine has been repaired.
2. Four of the wicket gates that control water flow through the turbine have been repaired.
3. Broken or badly warped cross arms have been replaced.
4. A transformer support structure has been replaced.
5. One or more new transformers have been installed to better regulate system voltage.
6. The engine in the Company's old line truck has been replaced.
7. A new line truck has been purchased that can be operated by a single person from the bucket.
8. The Company's inventory of poles and other supplies has been increased.

It appears also that Dave Gill's availability has changed. He is available in Atlanta for immediate system repairs most of the time. Customer relations, we find, have also improved and, at the suggestion of some customers, outage information is being passed on through telephone calls or through notice provided to the two eating and social establishments in town.

Based on the progress that has been made in physical plant and improvements made in reliability and regulatory accounting and based further on the considerable progress that has been made in customer relations and the change that has occurred in Company ownership and management, we find it reasonable to close this investigative docket. We find that the actions taken have addressed the principal areas of customer complaints. That being said, we acknowledge that the improvements have not completely satisfied all customers. Thus, we direct Staff to continue to work informally with the Company and its customers to address concerns and work toward the continued betterment of electric service provided in Atlanta.

CONCLUSIONS OF LAW

The Idaho Public Utilities Commission has jurisdiction over Atlanta Power Company, an electric utility, and the issues presented in Case No. ATL-E-03-1 pursuant to the power granted the Commission in Title 61 of the Idaho Code and Commission Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

ORDER

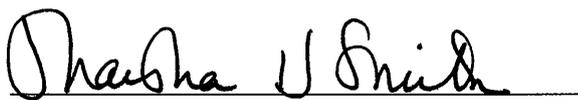
In consideration of the foregoing, IT IS HEREBY ORDERED that all proceedings in Case No. ATL-E-03-1 be terminated and that the case docket be closed.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of 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.

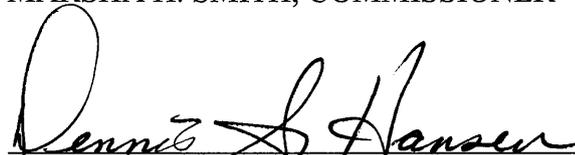
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 11th day of February 2005.



PAUL KJELLANDER, PRESIDENT

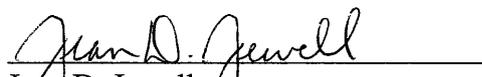


MARSHA H. SMITH, COMMISSIONER



DENNIS S. HANSEN, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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