

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE APPLICATION )  
OF KOOTENAI ELECTRIC COOPERATIVE, )  
INC. FOR APPROVAL OF AN AGREEMENT )  
TO RELEASE A CUSTOMER TO THE CITY )  
OF PLUMMER )**

**CASE NO. CO7-E-05-1**

**ORDER NO. 29847**

On June 24, 2005, Kootenai Electric Cooperative, Inc. (KEC) filed an Application seeking the Commission's approval of a contract between KEC and the City of Plummer to exchange an existing customer (Agreement). The Agreement between the parties, dated April 6, 2005, is submitted for the Commission's review pursuant to the provisions of the Electric Suppliers Stabilization Act (ESSA). *Idaho Code* § 61-332 *et seq.* In this Order, the Commission grants the Application and approves the Agreement.

**BACKGROUND**

Pursuant to the ESSA, the Commission has authority to approve or reject a contract between a municipality and a cooperative. However, the Commission has jurisdiction only over the cooperative in such a proceeding. *Idaho Code* §§ 61-333, 61-334B(1).

The ESSA generally prohibits an electric supplier from serving a customer already served by another supplier, except as provided in the Act. *Idaho Code* § 61-332B. The Act further provides that electric suppliers may contract with one another for the purpose of exchanging customers provided that the Commission approves the contract. *Idaho Code* § 61-333. The Commission approves such contracts only upon finding that the transfer is consistent with the purposes of the ESSA. *Idaho Code* § 61-334(B)(1). The purposes of the ESSA are: (1) to promote harmony among and between electric suppliers; (2) prohibit the "pirating" of consumers; (3) discourage the duplication of electric facilities; (4) actively supervise the conduct of electric suppliers; and (5) stabilize the territories and consumers served with electricity by such electric suppliers. *Idaho Code* § 61-332(2).

**THE AGREEMENT**

The Agreement allows the City to extend its lines to provide new three-phase electric service to a customer, Kurt R. Morris, who would otherwise be KEC's customer. Mr. Morris is currently a KEC customer for single-phase electric service and applied to KEC for three-phase

service. To provide three-phase service to this location, KEC would be required to extend its facilities approximately three (3) miles at substantial cost to Mr. Morris. The City can provide three-phase service to Mr. Morris at substantially less cost by making a line extension of approximately one-quarter (1/4) mile. Plummer is willing to extend its three-phase service to Mr. Morris, and KEC is willing to release Mr. Morris as a customer of three-phase electric service. In addition, the parties agree that Mr. Morris will remain a KEC customer for all current and future single-phase electric service.

#### **STAFF COMMENTS**

Staff reviewed the Agreement and found it was consistent with the purposes of the ESSA. Staff determined the Agreement is consistent with the ESSA because it promotes harmony between the electric suppliers who have jointly agreed to exchange the right to serve the new customer; does not involve the pirating of customers; does not involve the duplication of services; requires Commission approval; and does not pose a threat to or affect the stability of either of the electric suppliers involved. Staff also noted that the Agreement provides the least cost solution to the customer's request for service. Therefore, Staff recommended approval of the Agreement.

#### **COMMISSION FINDINGS**


Based on our review of the Application and Staff recommendation, we find that the Application for approval of a Customer Exchange Agreement should be granted. The Agreement is consistent with the purposes of the ESSA, and, as Staff describes, is the least-cost solution to the customer. Therefore, it is appropriate for the Commission to issue this Order approving the Application and the Agreement.

#### **ORDER**

IT IS HEREBY ORDERED that the Customer Exchange Agreement dated April 6, 2005, between Kootenai Electric Cooperative, Inc. and the City of Plummer is approved. In addition, the Commission also grants KEC's Application.

THIS IS A FINAL ORDER. Any person interested in this Order (or in issues finally decided by this Order) may petition for reconsideration within twenty-one (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, 63-3029I(4).

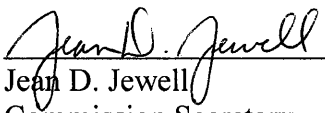
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 23<sup>rd</sup>  
day of August 2005.

  
PAUL KJELLANDER, PRESIDENT

  
MARSHA H. SMITH, COMMISSIONER

  
DENNIS S. HANSEN, COMMISSIONER

ATTEST:

  
Jean D. Jewell  
Commission Secretary

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