

## DECISION MEMORANDUM

**TO:** COMMISSIONER KJELLANDER  
COMMISSIONER SMITH  
COMMISSIONER HANSEN  
COMMISSION SECRETARY  
COMMISSION STAFF  
LEGAL

**FROM:** KIRA DALE PFISTERER

**DATE:** JULY 7, 2005

**RE:** APPLICATION OF KOOTENAI ELECTRIC COOPERATIVE, INC. TO APPROVE A CUSTOMER EXCHANGE AGREEMENT BETWEEN KOOTENAI ELECTRIC AND THE CITY OF PLUMMER, CASE NO. CO7-E-05-01.

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. The exchange agreement between the parties is submitted for the Commission's review pursuant to the provisions of the Electric Suppliers Stabilization Act (ESSA). *Idaho Code* § 61-332 *et seq.* The exchange agreement is dated April 6, 2005.

### THE AGREEMENT

The parties propose to exchange one existing customer solely for the purpose of supplying three-phase electric service. More specifically, KEC will allow Plummer to provide new three-phase electric service to KEC customer Kurt R. Morris of Benewah County. The parties agree that Mr. Morris will remain a KEC customer for all current and future single-phase electric service.

Mr. Morris is currently a KEC customer with single-phase electric service, and he applied to KEC for three-phase electric 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.

## THE ESSA

The ESSA 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 allows electric suppliers to contract with one another for the purpose of exchanging customers; however, such a contract must be filed with the Commission for approval. *Idaho Code* § 61-333. The Commission shall approve 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). 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).

## STAFF RECOMMENDATION

Staff recommends that the Application be processed under Modified Procedure.

## COMMISSION DECISION

Does the Commission wish to process Kootenai Electric’s Application under Modified Procedure?



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Kira Dale Pfisterer

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