

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE APPLICATION)
OF IDAHO POWER COMPANY FOR) CASE NO. IPC-E-09-32
AUTHORITY TO SELL TO PACIFICORP)
THE GOSHEN SERIES CAPACITOR) ORDER NO. 31007
BANK.)
_____)**

On November 13, 2009, Idaho Power Company filed an Application requesting authority to sell to PacifiCorp the Goshen Series Capacitor Bank. The Goshen Series Capacitor Bank (“the Bank”) is a 345 kV, 3-phase, 60 Hz, 2 equal segment, outdoor series capacitor bank.¹ The Bank is part of the larger Jim Bridger transmission system that is owned jointly by Idaho Power and PacifiCorp. The Company requested that its Application be processed by Modified Procedure.

On January 5, 2010, the Commission issued a Notice of Application and Notice of Modified Procedure. A comment deadline of January 21, 2010, was established and a public hearing was set for January 26, 2010. Staff was the only party to file comments. No person or party testified at the public hearing. After reviewing the Application and Staff’s comments, we approve Idaho Power’s request to sell PacifiCorp the Goshen Series Capacitor Bank.

THE APPLICATION

On July 31, 2009, Idaho Power and PacifiCorp entered into an Asset Purchase Agreement for the sale of the Goshen Capacitor Bank from Idaho Power to PacifiCorp. Idaho Power requests Commission approval of the sale pursuant to the requirements of *Idaho Code* § 61-328.

Idaho Power asserts that the requested transaction meets the requirements of *Idaho Code* § 61-328. Idaho Power further maintains that the sale is in the public interest because it allows the Company to receive value for an asset that is no longer required by the Company and facilitates an upgrade to PacifiCorp’s transmission system, which is interconnected with Idaho Power’s transmission system. Idaho Power further asserts that customers’ rates will not increase

¹ It includes the control cabinets in a control building, a battery bank, three platforms that house the Series Capacitors, metal oxide varistors, optical current transducers, and reactors. It also includes two independent pole bypass circuit breakers, two combination air brake/grounding switches and one bypass switch.

as a result of this transaction. The sales price for the Bank is \$6,698,610. Idaho Power states that the purchase price is equal to the net book value of the asset, resulting in no after-tax gain or loss to either Idaho Power or PacifiCorp.

STAFF COMMENTS

The Goshen Series Capacitor Bank that Idaho Power proposes to sell to PacifiCorp has an estimated book value of \$6,698,610. Staff reviewed the valuation information provided by the Company and found the valuation to be reasonable. Staff recommended review and verification of the final sales price once the transaction is complete and closing documents are available.

Pursuant to *Idaho Code* § 61-328, the Idaho Public Utilities Commission is charged with the responsibility to review the sale of electric public utility property to ensure that (1) the transaction is consistent with the public interest, (2) the cost of electricity and service rates will not be increased because of the transaction, and (3) the buyer of the electric utility's property has both the intent and the financial ability to operate the property in the public service.

Staff believes that the current proposed sale of the Goshen Series Capacitor Bank is consistent with the public interest for two primary reasons. First, the sale allows Idaho Power to receive revenues equal to the book value for an asset that is no longer used in Idaho Power's system. It removes the asset from Idaho Power's rate base without a write-off or loss. Second, the Goshen Series Capacitor Bank will be used as part of an upgrade to PacifiCorp's transmission system that will purportedly improve regional transmission as a whole, extend the life of the existing transmission network and improve grid power flow. Idaho Power is interconnected to the PacifiCorp transmission network. Staff believes use of these facilities as part of the upgrade is more economical than what otherwise would have occurred and will benefit both Idaho Power and PacifiCorp customers.

The Company states in its Application that customers' rates will not increase as a result of this transaction. Staff agrees that there will be no major direct impact to customer rates that occurs as a result of this transaction; the purchase price is equal to the net book value of the asset, resulting in no after-tax gain or loss to either Idaho Power or PacifiCorp. However, Staff believes that the small reduction in rate base and reduction in the overall cost of maintenance and repair that results from the transfer of this asset to PacifiCorp may result in a minor reduction in Idaho Power customers' rates.

Lastly, PacifiCorp is a regulated utility under the jurisdiction of six state commissions, including Idaho. As part of this regulatory oversight, Staff affirms that PacifiCorp has the bona fide intent and financial ability to operate and maintain the property in the public service.

Based on the foregoing, Staff recommended that the Commission approve the sale of the Goshen Series Capacitor Bank from Idaho Power to PacifiCorp. Staff further recommended that Idaho Power file with the Commission (1) the anticipated related accounting entries no later than seven days prior to the closing date of the transaction and (2) the actual closing documents and related accounting entries no later than seven days after the closing date of the transaction.

FINDINGS AND CONCLUSIONS

The Commission has reviewed the filings of record in Case No. IPC-E-09-32, including the Application and comments. Before authorizing such a transaction, the Commission must find that: (1) the transaction is consistent with the public interest; (2) the cost of and rates for supplying service will not be increased by reason of such transaction; and (3) PacifiCorp has the bona fide intent and financial ability to operate and maintain the property in the public service. *Idaho Code* § 61-328.

We conclude that the sale of the Goshen Series Capacitor Bank by Idaho Power to PacifiCorp meets the standards set out in *Idaho Code* § 61-328. We further find the terms and conditions of the parties' Agreement enabling the sale of the capacitor bank to be just, reasonable and in the public interest. Consequently, we approve the sale of the identified facilities. We direct Idaho Power to file with the Commission the anticipated related accounting entries no later than seven days prior to the closing date of the transaction and the actual closing documents and related accounting entries no later than seven days after the closing date of the transaction.

ORDER

IT IS HEREBY ORDERED that the Application of Idaho Power requesting authority to sell to PacifiCorp the Goshen Series Capacitor Bank is approved.

IT IS FURTHER ORDERED that Idaho Power file with the Commission the anticipated related accounting entries no later than seven days prior to the closing date of the transaction and the actual closing documents and related accounting entries no later than seven days after the closing date of the transaction.

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 17th day of February 2010.


JIM D. KEMPTON, PRESIDENT


MARSHA H. SMITH, COMMISSIONER


MACK A. REDFORD, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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