

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE JOINT)
APPLICATION OF FALL RIVER RURAL) CASE NO. PAC-E-07-12
ELECTRIC COOPERATIVE, INC. AND)
ROCKY MOUNTAIN POWER FOR AN)
ORDER APPROVING THE SALE AND) ORDER NO. 30381
TRANSFER OF PROPERTY)**

On June 5, 2007, Fall River Rural Electric Cooperative, Inc. (Fall River) and Rocky Mountain Power (Rocky Mountain) filed a Joint Application requesting Commission approval of the sale and transfer of property from Rocky Mountain to Fall River. Rocky Mountain is a regulated electric utility that provides service to approximately 67,000 customers in southeastern Idaho. Approximately 150 of those customers reside in Teton County. The proposed transaction involves the transfer of 72 customers from Rocky Mountain to Fall River.

Fall River is a non-profit cooperative electric utility that provides service to approximately 13,000 customers in Idaho, Montana and Wyoming. Fall River serves approximately 5,400 customers in and around Driggs, Idaho. The proposed transfer would include facilities to serve the transferred customers and a portion of the certificated service area of Rocky Mountain to Fall River. On June 25, 2007, the Commission filed a Notice of Joint Application and Notice of Modified Procedure to process the Application.

Staff reviewed the Application and additional information provided by the companies pursuant to discovery requests, and filed written comments on June 16, 2007. Idaho statute requires the Commission when considering the sale or transfer of any public utility property to determine if (1) the transaction is consistent with the public interest, (2) the cost and rates for supplying service will not increase because of the transaction, and (3) the buyer of the electric utility's property has both the intent and financial ability to operate the property in the public service. See *Idaho Code* § 61-328. Staff also reviewed the Application to ensure that it complies with the requirements of the Idaho Electric Suppliers Stabilization Act (ESSA). The purpose of the ESSA is to discourage duplication of facilities, prohibit the pirating of customers, and stabilize service territories and consumers and promote harmony between electric suppliers. See *Idaho Code* § 61-322(4).

Staff in its comments reviewed the evidence provided by the companies and determined that the proposed transfer is consistent with *Idaho Code* § 61-328 and the ESSA. Based on additional information provided by Fall River, Staff believes service reliability will improve with the transfer to Fall River. Staff also determined the rates for customers will not increase as a result of the transfer. Fall River has agreed to leave the Rocky Mountain rates in place for the former customers for five years, and also agreed with Staff's recommendation that the 72 Rocky Mountain customers that are being transferred be allowed to choose between retaining their current rates or switching to Fall River rates. In addition, 22 of the transferred customers are billed under a time-of-day rate structure. Fall River has agreed to establish a similar time-of-day rate structure for those customers and to read and record the customers' meter readings by hand to provide the appropriate rate information to those customers.

Finally, Staff reviewed whether Fall River has the intent and financial ability to operate the property in the public service. Fall River has been in existence since 1938 and has been providing reliable service to its customers. We find Fall River has the ability and intent to operate the transferred property in the public interest.

Based upon the record in this case, the Commission approves the asset purchase agreement as filed by Rocky Mountain and Fall River, and directs that the transferred customers be allowed to remain under the Rocky Mountain rate structure for five years or to switch to Fall River's rates.

ORDER

IT IS HEREBY ORDERED that the Joint Application of Fall River Rural Electric and Rocky Mountain requesting approval for the sale and transfer of property from Rocky Mountain Power to Fall River is approved. We direct Fall River to allow the transferred customers to retain the Rocky Mountain rate structure or to switch to Fall River's rates any time within the next five years.

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 25th
day of July 2007.



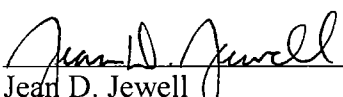
PAUL KJELLANDER, PRESIDENT

Commissioner Smith Out of the Office
MARSHA H. SMITH, COMMISSIONER



MACK A. REDFORD, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

bls/O:PAC-E-07-12_ws2