

## DECISION MEMORANDUM

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

**FROM: WELDON STUTZMAN**

**DATE: JULY 17, 2007**

**SUBJECT: CASE NO. PAC-E-07-12  
JOINT APPLICATION OF FALL RIVER RURAL ELECTRIC  
COOPERATIVE AND ROCKY MOUNTAIN POWER FOR AN ORDER  
APPROVING THE SALE AND 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 that 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 customer's 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. Staff believes Fall River has the ability and intent to operate the transferred property in the public interest.

Staff recommends the Commission approve the asset purchase agreement as filed by Rocky Mountain and Fall River, and specify 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.

#### **COMMISSION DECISION**

Should the Joint Application of Rocky Mountain and Fall River for approval of the sale and transfer of property from Rocky Mountain to Fall River be approved?

  
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Weldon Stutzman

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