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VIA OVERNIGHT DELIVERY

IDAHO PUBLIC
UTILITIES COMMISSION

Jean D. Jewell
Commission Secretary
Idaho Public Utilities Commission
472 W. Washington
Boise, ID 83702

**Re: CASE NO. PAC-E-12-15
IN THE MATTER OF THE APPLICATION FOR APPROVAL OF A SERVICE
AREA EXCEPTION AGREEMENT BETWEEN ROCKY MOUNTAIN POWER AND
FALL RIVER ELECTRIC COOPERATIVE TO PROVIDE ELECTRIC SERVICE**

Dear Ms. Jewell:

Enclosed for filing in the above mentioned matter are an original and seven (7) copies of Rocky Mountain Power's Application for approval of a Service Area Exception Agreement. The Agreement is provided hereto as Confidential Attachment No. 1.

Very truly yours,

Jeffrey K. Larsen
Vice President, Regulation & Government Affairs

Enclosures

Daniel E. Solander (ISB# 8931)
Rocky Mountain Power
201 South Main Street, Suite 2300
Salt Lake City, Utah 84111
Telephone: (801) 220-4014
Email: daniel.solander@pacificorp.com

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IDAHO PUBLIC
UTILITIES COMMISSION

Attorney for Rocky Mountain Power

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE)
APPLICATION FOR APPROVAL OF) CASE NO. PAC-E-12-15
THE SERVICE AREA EXCEPTION)
AGREEMENT BETWEEN ROCKY) APPLICATION OF
MOUNTAIN POWER AND FALL) ROCKY MOUNTAIN POWER
RIVER ELECTRIC COOPERATIVE)
TO PROVIDE ELECTRIC SERVICE)**

Rocky Mountain Power, a division of PacifiCorp (“Rocky Mountain Power” or the “Company”), pursuant to provisions of the Electric Stabilization Act, I.C. § 61-333, hereby makes application to the Idaho Public Utilities Commission (“Commission”) for approval of the Service Area Exception Agreement (“Agreement”) between Rocky Mountain Power and Fall River Rural Electric Cooperative Inc., (“Fall River”), which provides for Fall River to supply electric service to a residential customer located in the certificated service area of the Company. In support of this Application, Rocky Mountain Power states as follows:

1. Rocky Mountain Power, a division of PacifiCorp, an Oregon Corporation, whose address is 201 South Main Street, Suite 2300 Salt Lake City, Utah 84111, is authorized to do and is doing business in the state of Idaho. The Company provides retail electric service to approximately 72,400 customers in the state and is subject to the jurisdiction of the Commission. The Company’s retail certificated service territory encompasses portions of Fremont, Madison, Teton, Clark, Jefferson, Lemhi, Oneida,

Bannock, Franklin, Caribou, Butte, Bingham, Bear Lake and Bonneville counties. Rocky Mountain Power is a public utility in the state pursuant to Idaho Code § 61-129.

2. Fall River is a non-profit rural electric cooperative that operates a retail electric system for the convenience of its customers in Southeast Idaho. Fall River's principal offices are situated at 1150 North, 3400 East, Ashton, Idaho 83402.

3. Communications regarding this Application should be addressed to:

If to Rocky Mountain Power:

Ted Weston
Daniel E. Solander
201 South Main, Suite 2300
Salt Lake City, Utah 84111
Telephone: (801) 220-2963
Fax: (801) 220-2798
Email: daniel.solander@pacificorp.com

If to Fall River Rural Cooperative, Inc.:

Fall River Rural Electric Cooperative, Inc.
Bryan Case, General Manager
1150 North 3400 East
Ashton, Idaho 83402
Telephone: (208) 652-7431
Fax: (208) 652-7825
Email: bryan.case@fallriverelectric.com

In addition, the Company respectfully requests that all data requests regarding this matter be addressed to one or more of the following:

By e-mail (preferred)	datarequest@pacificorp.com
By regular mail	Data Request Response Center PacifiCorp 825 NE Multnomah, Suite 2000 Portland, OR 97232

I. BACKGROUND

4. On June 15, 2012, the Company's electric service to a residential customer was interrupted. In order to restore service expeditiously without destroying a significant portion of the customer's planted crop, the Company, in consultation with Fall River and the customer, agreed to connect the customer's residential load temporarily to the adjacent electric distribution facilities owned by Fall River.

5. The customer's residence, located in Tetonia, Idaho, is within Rocky Mountain Power's service territory. The service to this residence is provided by an underground distribution feeder running through the customer's agricultural field. Fall River's service territory is adjacent to the Company's in this area. Fall River serves this same customer's potato cellar from a three-phase pad mount transformer that is in close proximity to his residence.

6. To avoid the incurrence of a more expensive alternative and unnecessary destruction of the customer's field, which would be required to restore the underground service from the Company's electrical system, Rocky Mountain Power and Fall River entered into the Agreement whereby the parties agreed that the Company shall permit Fall River to permanently serve the residential load in the Company's certificated service territory, within the limitations identified in the Agreement. The Agreement is provided hereto as Confidential Attachment No. 1.

II. REQUEST FOR SERVICE AREA EXEMPTION

7. The companies hereby jointly petition the Commission for approval of the Agreement, wherein Fall River agrees to continue to serve the customer's residential load, in

the certificated service area of the Company, and the Company agrees to allow Fall River to serve the residential load.

III. MODIFIED PROCEDURE

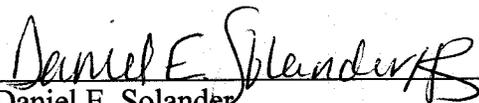
8. The Company believes that a hearing is not necessary to consider the issues presented herein and respectfully requests that this Application be processed under Modified Procedure; i.e., by written submissions rather than by hearing. RP 201 *et seq.* If, however, the Commission determines that a technical hearing is required, the Company stands ready for immediate consideration of its Application and will present its testimony to support the Application in such hearing.

IV. CONCLUSION

WHEREFORE, Rocky Mountain Power respectfully requests that the Commission:
1) Process this Application under Modified Procedure; 2) Issue a final order approving the Service Area Exception Agreement between Rocky Mountain Power and Fall River Rural Electric Cooperative Inc.

DATED this 13th day of December, 2012.

Respectfully submitted,

By 
Daniel E. Solander

Attorney for Rocky Mountain Power

SERVICE AREA EXCEPTION AGREEMENT

This Service Area Exception Agreement ("Agreement") is entered into by and between Fall River Rural Electric Cooperative, Inc., an Idaho non-profit corporation ("Fall River"), whose address is 1150 North 3400 East, Ashton, Idaho 83420; and Rocky Mountain Power, a division of PacifiCorp, an Oregon corporation whose address is 201 South Main Street, Suite 2400, Salt Lake City, Utah 84111. (Fall River and Rocky Mountain Power are collectively referred to herein as the "Parties" and individually as a "Party.") This Agreement shall be effective upon the date the last of the Parties executes this Agreement.

RECITALS AND BACKGROUND

- A. Rocky Mountain Power is a provider of wholesale and retail electric service in the state of Idaho. Rocky Mountain Power's retail certificated service territory encompasses portions of the state of Idaho, including portions of Fremont, Madison, Teton, Clark, Jefferson, Oneida, Bannock, Franklin, Caribou, Butte, Bingham and Bear Lake Counties.
- B. Fall River is a non-profit rural electric cooperative that operates a retail electric system for the convenience of its customers in southeast Idaho.
- C. Rocky Mountain Power serves the residence ("Residence Load") of Mr. [REDACTED] ("Customer") located within Rocky Mountain Power's service territory at [REDACTED] North, Tetonia, Idaho 83425. Rocky Mountain Power's service to the Residence Load is provided by an underground distribution feeder placed in an agricultural field owned by the Customer. On June 15, 2012, Rocky Mountain Power's electric service to the Residence Load was interrupted. In order to restore service to the Residence Load as expeditiously as possible without the necessity of destroying a significant portion of the Customer's planted crop, Rocky Mountain Power, in consultation with Fall River and the Customer, determined to allow the Residence Load to be connected on a temporary basis to adjacent electrical distribution facilities owned by Fall River.
- D. In accordance with the terms and conditions of this Agreement and as authorized by the Electric Service Stabilization Act, I.C. § 61-333, the Parties are willing to enter into this Agreement under which Fall River agrees to continue electric service to the Residence Load, in the certificated service area of Rocky Mountain Power, and Rocky Mountain Power agrees to allow Fall River to serve the Residence Load.

WHEREAS, the Parties, in consideration of the covenants and conditions in this Agreement, agree as follows:

ARTICLE 1. AGREEMENT ON SERVICE TO RESIDENCE LOAD

1.1 In consideration of the proximity of Fall River electrical facilities to the Residence Load, and the desire of the Parties to avoid unnecessary destruction of the planted crop field of the

Customer, which would be required to restore service from the electric system of Rocky Mountain Power, Rocky Mountain Power consents to Fall River continuing to provide service to the Residence Load, subject to the other terms and conditions of this Agreement. The Parties acknowledge and agree that such service provided by Fall River shall be provided subject to the terms of service established by the Board of Directors of Fall River, provided however that should such Customer return as a customer to Rocky Mountain Power such Customer will be subject to Rocky Mountain Power's then existing tariffs and terms of service.

ARTICLE 2. LIMITATIONS

2.1 The Parties agree that except as noted in this Article, this Agreement applies only to the Residence Load.

2.2 The Parties agree that the certificated service territory of Rocky Mountain Power and Fall River shall remain unchanged and that certificated territory is neither given up nor acquired by either utility as a result of this Agreement. Rocky Mountain Power and Fall River will each at all times retain all legal and regulatory rights to serve loads in the geographic location identified in its respective certificate of public convenience and necessity. Further, the Parties agree that no certificated territory shall become dually certificated to Rocky Mountain Power and Fall River as a result of this Agreement, and the Parties acknowledge that any such change would require the explicit approval of the Commission, which is not sought through implementation of this Agreement.

2.3 In the event the Customer, or any subsequent owner of the Residence Load expands further into the Rocky Mountain Power service territory in either a contiguous or non-contiguous fashion, Rocky Mountain Power will retain legal and regulatory rights to serve the Residence Load in its service territory as identified in its certificate of public convenience and necessity, and Fall River will not seek authority to serve in a permanent or temporary capacity the Residence Load through dual certification or expansion of its certificate to serve without the consent of Rocky Mountain Power.

2.4 The Parties agree that regardless of the size of the Residence Load, Fall River's service to the Residence Load within the Rocky Mountain Power service territory may be temporary and is subject to termination of this Agreement as further provided for in Article 4.

ARTICLE 3. IMPLEMENTATION

3.1 The Parties agree that Fall River may continue service to the Residence Load in the Rocky Mountain Power service territory in accordance with this Agreement immediately coincident with the Commission Order approving this Agreement.

ARTICLE 4. TERMINATION

4.1 This Agreement shall terminate upon the occurrence of any of the following:

4.1.1 Rocky Mountain Power provides Fall River six-months written notice of Rocky Mountain Power's intent to terminate this Agreement and to begin serving the Residence Load.

4.1.2 Fall River provides Rocky Mountain Power six-months written notice of Fall River's intent to terminate this Agreement and to cease serving the Residence Load.

4.2 In the event of termination under Article 4.1.1, and where Rocky Mountain Power agrees to assume service to the Residence Load, Rocky Mountain Power may purchase from Fall River any of the functioning and in-service electric distribution facilities owned by Fall River and used solely to serve the Residence Load, whether in the service territory of Rocky Mountain Power or Fall River only if such facilities are useful to Rocky Mountain Power in serving the Residence Load. Any purchase of in-service electric distribution facilities by Rocky Mountain Power shall be at Fall River's depreciated book value.

**ARTICLE 5.
NOTICE**

5.1 Any notice required to be given hereunder shall be deemed to have been given when it is sent, with postage prepaid, by registered or certified mail, return receipt requested, to the Party at its respective address as follows:

To Fall River Rural Electric Cooperative, Inc.:

Fall River Rural Electric Cooperative, Inc.
Bryan Case, General Manager
1150 North 3400 East
Ashton, Idaho 83420

To Rocky Mountain Power:

Rocky Mountain Power
Attn: Manager, Service Area
201 South Main Street, Suite 2300
Salt Lake City, Utah 84111

With a copy to:

Rocky Mountain Power
Attn: Senior Vice President and General Counsel
201 South Main Street, Suite 2400
Salt Lake City, Utah 84111

5.2 Either Party may at any time change the address to which notice is to be sent to the Party by providing notice to the other Party of the change.

**ARTICLE 6.
COVENANTS, REPRESENTATIONS, AND CONDITIONS**

6.1 The Parties agree that this Agreement reflects unique circumstances relevant to the Residence Load and, therefore, should not be considered by the Commission in any pending or future deliberation, decision, or order regarding which utility should provide service to the Customer and that no Party shall request such consideration.

6.2 The above-stated recitals are incorporated into this Agreement and made a part of it by this reference to the same extent as if the recitals were set forth in full at this point.

6.3 The Parties agree that this Agreement represents a compromise in the positions of all Parties. As such, evidence of conduct or statements made in the negotiations and discussions held in connection with this Agreement shall not be admissible as evidence in any proceeding before the Commission or a court of competent jurisdiction.

6.4 This Agreement is conditioned upon Commission review and approval. In the event that the Commission rejects or materially modifies this Agreement, or otherwise refuses to endorse and approve the provisions of this Agreement, or, should this Agreement or any of its provisions be disapproved by any court of competent jurisdiction, then no Party shall be bound by the terms of this Agreement. Rather, in that event, each of the Parties shall be entitled to present in pleadings, applications, testimony, and exhibits, the positions that they determine best represent their individual interests.

6.5 The Parties agree that the Agreement is in the public interest and that the terms and conditions set forth herein are reasonable and just, and the Parties agree to advocate in good faith, subject to any conditions set forth herein, that the Commission approve this Agreement in its entirety.

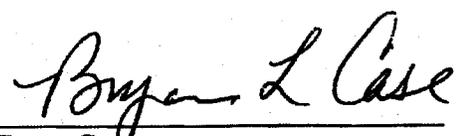
6.6 All negotiations relating to this Agreement are privileged and confidential.

6.7 To the fullest extent permitted by law, each of the parties hereto waives any right it may have to a trial by jury in respect of litigation directly or indirectly arising out of, under or in connection with this agreement. Each party further waives any right to consolidate any action in which a jury trial has been waived with any other action in which a jury trial cannot be

6.8 Execution of this Agreement shall not be deemed to constitute an acknowledgment by any of the Parties of the validity, or invalidity of any particular method, theory or principle of regulation. This Agreement shall not be admissible as evidence in any other proceeding and no Party shall be deemed to have agreed that any principle, method or theory of regulation employed in arriving at this Agreement is appropriate for resolving any issue in any other proceeding.

IN WITNESS WHEREOF, the parties have duly executed this Agreement on the dates below.

FALL RIVER RURAL ELECTRIC
COOPERATIVE, INC.



Bryan Case
General Manager

Dated this 24 day of Oct 2012

ROCKY MOUNTAIN POWER



Mark C. Moench
Senior Vice President and General Counsel

Dated this 31ST day of Oct 2012