

**ATLANTA POWER COMPANY**

**11140 Chicken Dinner Road  
Caldwell, Idaho 83607  
(208) 459-7007**

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IDAHO PUBLIC  
UTILITIES COMMISSION

July 30, 2007

Idaho Public Utilities Commission  
Attn: Secretary  
P.O. Box 83720  
Boise, Idaho 83720-0074

Subject: Application for an Accounting Order

-E-  
Case No. ATL-07-01  
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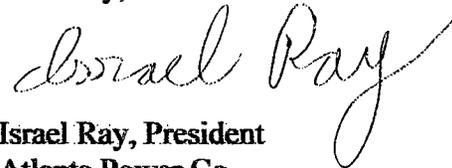
Dear Secretary:

Enclosed are an original and seven copies of an Application requesting an order from the Idaho Public Utilities Commission approving special accounting procedures.

Also enclosed is an extra copy of the Application. Please date stamp and return this extra copy to the Company for our records.

Thank you for your attention to this matter.

Sincerely,



Israel Ray, President  
Atlanta Power Co.

ISRAEL RAY  
PRESIDENT  
ATLANTA POSER COMPANY  
11140 Chicken Dinner Road  
Caldwell, Idaho 83607  
(208) 459-7007

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IDAHO PUBLIC  
UTILITIES COMMISSION

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE APPLICATION OF )  
ATLANTA POWER COMPANY INC. )  
FOR AN ACCOUNTING ORDER AUTHORIZING )  
THE DEFERAL OF EXTRAORDINARY )  
EXPENSES ASSOCIATED WITH THE FAILURE )  
OF APPLICANTS HYDRO-ELECTRIC TURBINE )** **CASE NO. ATL-E-07-01**  
**APPLICATION**

**COMES NOW** Atlanta Power Company (Applicant, Company) and pursuant to Idaho Code §61-524 requests an order from the Idaho Public Utilities Commission (Commission) authorizing the Company to defer on its financial accounting records certain expenses. The Company has incurred a significant increase in operating costs associated with the failure of its hydro-electric turbine. These expenses are extraordinary in nature and well beyond the Company's ability to pay from internally generated revenues. Owners of the Company are paying these costs from personal funds but cannot and should not be expected to absorb these costs personally.

**GENERAL**

Applicant is a public utility electric corporation within the meaning of the Idaho Public Utility Law, is duly organized and existing under the laws of the State of Idaho and is engaged in conducting a general electric utility service business in and around the Community of Atlanta in Elmore County, Idaho, having its principal office and place of business at 11140 Chicken Dinner Road, Caldwell, Idaho. A copy of Applicant's Articles of Incorporation together with all amendments to date is on file with the Commission. Applicant's current Certificate of Convenience and Necessity is Certificate No. 300. Currently the Company provides electric service to approximately 74 residential and commercial customers.

## **COMMUNICATIONS**

Correspondence regarding this Application should be addressed to:

Israel Ray  
President  
Atlanta Power Co.  
11140 Chicken Dinner Road  
Caldwell, Idaho 83607  
(208) 459-7007

Robert Smith  
Utility Consultant  
2209 N. Bryson Rd.  
Boise, Idaho 83713  
(208) 322-2944  
e-mail utilitygroup@yahoo.com

## **HYDRO TURBINE FAILURE**

In early June of 2007 the Company's turbine at the Kirby Dam on the Middle Fork of the Boise River failed. The Company, in order to provide continued service to customers, arranged for the rental of a diesel generator. The diesel generator was installed and has been providing service since June 16, 2007. Due to the excessive cost of providing service in this manner, the generator is currently only operating for twelve (12) hours per day. Six (6) hours each morning and six (6) hours each evening. Customers on the system would prefer continuous service but have been understanding regarding the excessive costs the Company is experiencing and have indicated they prefer the twelve (12) hour per day service rather than the alternative of no service.

The Company has taken the turbine to Yanke Machine Shop in Boise for repair. Yanke Machine Shop has estimated the cost to repair the turbine will be approximately \$60,000 and has informed the Company it cannot complete the repairs to the turbine before the last week in August of 2007. Therefore, the Company will continue to experience the extraordinary expenses associated with operation of the diesel generator.

## **EXTRAORDINARY COSTS**

As of July 26, 2007 the Company has experienced the following extraordinary costs associated with the operation of the diesel generator.

Rent 400 Hours @ \$12.50 / Hr	\$5,000.00
Diesel Fuel (2,200 gallons)	6,180.00
Electric Panel (connect to grid)	741.00
Gen Set repair (water pump)	168.00
Battery, Oil & Coolant	168.00
Total To Date	<u>\$12,257.00</u>

\ The Company currently has on hand an inventory of approximately 700 gallons of diesel fuel. Therefore, the average hourly fuel consumption appears to be approximately 3.75 gallons per hour (2,200 gallons - 700 gallons = 1,500 gallons / 400 Hrs = 3.75 gallons per Hr). With at least forty (40) days of additional diesel generation expected before the hydro turbine can resume operation, the Company anticipates additional fuel cost to exceed \$3,080.00 (40 days x 12 hrs = 480 hours X 3.75 gallons = 1,800 gallons less 700 gallon inventory = 1,100 gallons @ \$2.80 per gallon = \$3,080.00). Additional Rent Expense is expected to be in excess of \$6,000 (\$12.50 X 480 Hrs) The exact costs will be unknown until such time as the hydro turbine is restored to service. The

Company does expect on occasion to exceed the twelve (12) hours per day of operation to meet the needs of the Atlanta community for special occasions.

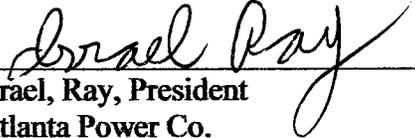
**ORDER AUTHORIZING DEFERRAL OF EXPENSES**

Applicant is not seeking any recovery of its costs at this time. Applicant is requesting an Order from the Commission authorizing the Company to establish a deferred expense account on its books of financial record. The Company proposes to record all of its extraordinary costs associated with the operation of the diesel generator in this deferred account. The Company will make application to the Commission in the future and propose a method of recovery of these costs, once they are known, together with the final costs to repair of the hydro turbine. Deferred accounting treatment for regulatory purposes is an appropriate just and reasonable means of providing the Company an opportunity to seek recovery of the extraordinary costs it is experiencing due to the unexpected failure of the Company's hydro turbine.

**WHEREFORE**, Atlanta Power Co. respectfully requests that the Commission consider this matter under Modified Procedure pursuant to IPUCRP 201-204 and enter its Order authorizing the deferral of the Company's extraordinary costs,

DATED this 30th day of July 2007

Respectfully Submitted,

  
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Israel, Ray, President  
Atlanta Power Co.