

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE APPLICATION )**  
**OF ATLANTA POWER COMPANY, INC. )** **CASE NO. ATL-E-07-01**  
**FOR AN ACCOUNTING ORDER )**  
**AUTHORIZING THE DEFERRAL OF )** **NOTICE OF APPLICATION**  
**EXTRAORDINARY EXPENSES )**  
**ASSOCIATED WITH THE FAILURE OF )** **NOTICE OF**  
**APPLICANT'S HYDROELECTRIC )** **MODIFIED PROCEDURE**  
**TURBINE )**  
**)** **NOTICE OF**  
**)** **COMMENT/PROTEST DEADLINE**  
**)**

---

YOU ARE HEREBY NOTIFIED that on August 1, 2007, Atlanta Power Company (Atlanta Power; Company) filed an Application with the Idaho Public Utilities Commission (Commission) requesting an Order authorizing the Company to defer on its financial accounting records increased operating costs associated with the failure of its hydroelectric turbine. The Company contends that the expenses are extraordinary in nature and well beyond its ability to pay from internally generated revenues. These expenses are presently being paid from personal funds of the owners of the Company.

**Hydro Turbine Failure**

In early June 2007 the Company reports that its 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 12 hours per day – six hours in the morning and six hours in the evening.

The Company reports that it 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 2007. Therefore, the Company will continue to experience the extraordinary expenses associated with operation of the diesel generator.

NOTICE OF APPLICATION  
NOTICE OF NOTICE OF MODIFIED PROCEDURE  
NOTICE OF COMMENT/PROTEST DEADLINE

### **Extraordinary Costs**

As of July 26, 2007, the Company states that it 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	<u>168.00</u>
Total to Date	\$12,257.00

The Company states that it currently has on hand an inventory of approximately 700 gallons of diesel fuel. Therefore, the Company calculates the average hourly fuel consumption to be approximately 3.75 gallons per hour (2,200 gallons minus 700 gallons = 1,500 gallons/\$400 = 3.75 gallons per hour). With at least 40 days of additional diesel generation expected before the hydro turbine can resume operation, the Company anticipates additional fuel costs to exceed \$3,080 (40 days x 12 hours = 480 hours x 3.75 gallons = 1,800 gallons less 700 gallon inventory = 1,100 gallons @ \$2.80 per gallon = \$3,080). Additional Rent Expense is expected to be in excess of \$6,000 (\$12.50 x 480 hours). The exact costs will be unknown until such time as the hydro turbine is restored to service. The Company expects on occasion to exceed the 12 hours per day of operation to meet the needs of the Atlanta community for special occasions.

### **Order Authorizing Deferral of Expenses**

Atlanta Power is not seeking any recovery of its costs at this time. The Company 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 deferral 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 on repair of the hydro turbine. The Company contends that 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.

Atlanta Power requests that the Commission consider the matter under Modified Procedure and enter its Order authorizing the deferral of the Company's extraordinary costs.

YOU ARE FURTHER NOTIFIED that the Commission has reviewed and considered Atlanta Power's Application in Case No. ATL-E-07-01 and has preliminarily found that the public interest regarding the Company's request for an accounting Order may not require a hearing to consider the issues presented and that the Application may be processed under **Modified Procedure**, i.e., by written submission rather than by hearing. Reference Commission Rules of Procedure, IDAPA 31.01.01.201-204.

YOU ARE FURTHER NOTIFIED that the **deadline for filing written comments or protests** with respect to Atlanta Power's Application in Case No. ATL-E-07-01 and the Commission's use of Modified Procedure is **Friday, August 24, 2007**. Persons desiring a hearing must specifically request a hearing in their written protests or comments.

YOU ARE FURTHER NOTIFIED that the Commission will not hold a hearing in this proceeding unless it receives written protests or comments opposing the use of Modified Procedure and stating why Modified Procedure should not be used. Reference IDAPA 31.01.01.203.

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the deadline, the Commission may consider the matter on its merits and may enter its Order without a formal hearing. If comments or protests are filed within the deadline, the Commission will consider them and in its discretion may set the matter for hearing or may decide the matter and issue its Order based on the written positions before it. Reference IDAPA 31.01.01.204.

YOU ARE FURTHER NOTIFIED that the Application in Case No. ATL-E-07-01 may be viewed at the Commission's website, [www.puc.idaho.gov](http://www.puc.idaho.gov) by clicking on "File Room" and "Electric Cases," or by contacting Atlanta Power Company at its business address, 11140 Chicken Dinner Road, Caldwell, Idaho, 83607; (208) 459-7007.

YOU ARE FURTHER NOTIFIED that written comments concerning Atlanta Power's Application in Case No. ATL-E-07-01 should be mailed to the Commission and the Company at the addresses reflected below.

Commission Secretary  
Idaho Public Utilities Commission  
PO Box 83720  
Boise, ID 83720-0074

Israel Ray, President  
Atlanta Power Company  
11140 Chicken Dinner Road  
Caldwell, ID 83607

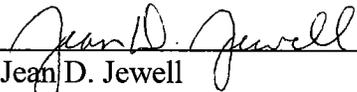
Street Address for Express Mail:

472 W. Washington Street  
Boise, ID 83702-5983

Robert Smith  
Utility Consultant  
2209 N. Bryson Rd.  
Boise, ID 83713  
E-Mail: [utilitygroup@yahoo.com](mailto:utilitygroup@yahoo.com)

All comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's home page located at [www.puc.idaho.gov](http://www.puc.idaho.gov). Click the "Comments and Questions" icon, and complete the comment form, using the case number as it appears on the front of this document.

DATED at Boise, Idaho this 10<sup>th</sup> day of August 2007

  
\_\_\_\_\_  
Jean D. Jewell  
Commission Secretary

N:ATL-E-07-01\_sw