

ATLANTA POWER CO.
11140 Chicken Dinner Road
Caldwell, Idaho 83607

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IDAHO PUBLIC
UTILITIES COMMISSION

January 22, 2008

Idaho Public Utilities Commission
O. Box 82720
Boise, Idaho 83720-0074

ATL-E-08-01

ATTENTION COMMISSION SECRETARY AND HEAD LEGAL SECRETARY

Atlanta Power Company requests that the Commission issue an Order approving issuance of these securities on or before February 15, 2008.

Enclosed with this cover letter is the Company's Application for approval to incur debt of \$110,000.00 through two private loans to the Company by individuals.

Also enclosed is our check to the Commission in the amount of \$102.50 for payment of the filing fees.

Sincerely,



Israel Ray
President

Israel Ray
Atlanta Power Co. Inc.
1140 Chicken Dinner Road
Caldwell, Idaho 83607
(208) 459-7007
President

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IDAHO PUBLIC
UTILITIES COMMISSION

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF ATLANTA POWER COMPANY FOR)
AUTHORIZATION TO BORROW FUNDS TO PAY) **CASE NO. ATL-E-08-1**
EXTRAORDINARY COSTS INCURRED DUE TO)
THE FAILURE OF APPLICANTS HYDRO-)
ELECTRIC TURBINE)
_____)

APPLICATION

COMES NOW ATLANTA POWER COMPANY, hereinafter referred to as "Applicant" or "Company" and holder of Certificate of Public Convenience and Necessity No. 300 from the Idaho Public Utilities Commission hereby applies to the Commission for authorization to borrow \$110,000.00 to pay extraordinary costs experienced in the year 2007 due to the failure of its hydroelectric turbine.

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. Currently the Company provides electric service to approximately 84 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

BACKGROUND

In early June of 2007 the Company's hydroelectric 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 temporary rental of a diesel generator and then purchased and installed a permanent back-up diesel generator. The diesel generators provided electric service to customers while the hydro turbine was removed and repaired. The turbine has been repaired and returned to service. The Company has incurred extraordinary costs of \$119,922.49 for the repairs to the turbine and the acquisition and operation of the diesel generators while the turbine was out of service. These costs have been paid through temporary loans from the owners and deferred salaries and wages. Attached to this Application as Exhibit No. 1, is a detailed schedule of the extraordinary costs incurred.

The Commission by Order Number 30417 dated August 28, 2007 (Case No. ATL-E-07-01) authorized the Company to defer its extraordinary cost resulting from the turbine failure. The Commission in that order acknowledged that it was aware the Company would be filing an additional application proposing a method to recover those extraordinary costs. Applicant is currently working on a recovery proposal and will file another application in the near future for that purpose.

Attached as Exhibit No. 2 is a copy of a legal notice that will be published in the Idaho Statesman Newspaper. The legal notice is being submitted to the newspaper coincident with the filing of this Application with the Commission. Exhibit No. 3 attached is a copy of the Company's 2006 Income Statement and Balance Sheet.

AUTHORIZATION TO INCUR DEBT

Applicant requests the Commissions authorization to incur \$110,000.00 in debt to pay some of the extraordinary costs discussed above. The Owners of the Company have diverted funds from other business activities to pay these extraordinary costs and cannot continue to carry the burden without jeopardizing the viability of their other business activities. The Company has arranged for two loans as follows: 1) a \$100,000.00 loan from Mr. Eric Alberdi for a term of seven (7) years at a rate of 14% per annum; 2) a \$10,000.00 loan from Mr. Alva Greene for a term of one (1) year at a rate of 10.75%. Mr. Greene is a commercial customer of Atlanta Power and the loan repayment will be serviced through credits of \$882.65 per month on the electric bill of this customer. Mr. Alberdi's loan will require monthly payments in the amount of \$1,874.00. The owners of Atlanta Power Company will treat the extraordinary costs in excess of these loan amounts (\$9,922.49) as a temporary loan to the Company at an interest rate of 12% annually. Interest will accrue on the temporary loan until such time as the cash flow of the Company will allow the Company to repay the loan to owners.

Atlanta Power Company requests that the application be considered by the Commission under the rules of Modified Procedure.

Applicant respectfully request expeditious and favorable consideration of this application.

Dated this 22nd day of January 2008.

Respectfully submitted
Atlanta Power Company



Israel Ray, President

ATLANTA POWER COMPANY
Extraordinary Deferred Costs
2007 Turbine Failure

| Date | Amount | Payable | Payee | Purpose |
|-------------|-----------|----------|-------------------------------|---------------------------------|
| 8/31/2007 | 2,113.64 | | Western States Equipment | Parts & Labor Gen-Set |
| 8/31/2007 | 383.83 | | Western States Equipment | Parts & Labor Gen-Set |
| 6/25/2007 | 3,028.00 | | GNI Waterman | Water Gates |
| 8/31/2007 | | 501.25 | Jones, France et al | CPA Fees |
| 8/17/2007 | 301.61 | | United Muffler & Brake | Muffler & Parts for Gen-Set |
| 8/28/2007 | 5,293.38 | | Western Construction | July Gen Rent |
| 9/20/2007 | 7,950.00 | | Western States Cat | Purch Gen Set |
| 8/17/2007 | 625.40 | | Boise Rigging | Parts for OH Crane |
| 7/11/2007 | 2,000.00 | | Double "C" | Parts & Labor for Gates |
| 7/20/2007 | 300.00 | | Double "C" | Parts & Labor for Gates |
| 9/20/2007 | | 140.00 | Double "C" | Parts & Labor for Gates |
| 8/15/2007 | 2,000.00 | | Double "C" | Turbine, Crane & Gen Set |
| 9/20/2007 | | 5,017.19 | Double "C" | Turbine, Crane & Gen Set |
| 7/3/2007 | 350.00 | | Bob Stern | Labor, Remove Turbine |
| 7/5/2007 | 211.89 | | Gary Mallett | Computer Parts |
| 6/29/2007 | 456.83 | | D&B Supply | Compressor for Bladder Gates |
| 7/13/2007 | 1,860.00 | | Double "C" | OH Crane Steel |
| 6/29/2007 | 58.30 | | North American Recycling | Crane Steel |
| 7/20/2007 | 53.00 | | North American Recycling | Crane Steel |
| 7/11/2007 | 2,800.00 | | Tom's Service Idaho City | Get-Set Fuel |
| 6/15/2007 | 3,779.97 | | Baird Oil | Get-Set Fuel |
| 6/29/2007 | 42.10 | | Pacific Steel | OH Crane Steel |
| 8/13/2007 | 73.08 | | Root Rents | Lift to unload gen-set |
| 8/13/2007 | 296.69 | | Pioneer Diesel | Batteries for Gen_set |
| 7/16/2007 | 537.01 | | Beaver Lodge | Lodging while bldg OH Crane |
| 8/17/2007 | 101.71 | | Harvey's Auto Parts | Gen-set Battery |
| 8/9/2007 | 221.60 | | Baird Oil | Gen-Set Fuel |
| 8/9/2007 | 4,128.30 | | Baird Oil | Gen-Set Fuel |
| 10/5/2007 | 357.35 | | Baird Oil | Gen-Set Fuel |
| 10/5/2007 | 3,237.24 | | Baird Oil | Gen-Set Fuel |
| 10/3/2007 | | 4,611.00 | Western Const | Gen-Set Rent |
| 10/12/2007 | 43,000.00 | | Yanke Machine | Turbine Repair |
| 10/12/2007 | 10,000.00 | | Yanke Machine | Turbine Repair |
| 10/12/2007 | 301.15 | | Home Depot | cement Gen-Set Bldg |
| 10/12/2007 | 47.54 | | Home Depot | cement Gen-Set Bldg |
| 10/12/2007 | 71.38 | | Idaho Concrete | cement Gen-Set Bldg |
| 8/25/2007 | 850.00 | | John Inama | Labor & Equip - Pull Turbine |
| 10/12/2007 | 600.00 | | Raymond Robison | Labor & Equip - Replace Turbine |
| 8/20/2007 | | 450.00 | Hydraulic Turbine Consultants | Consulting re turbine repair |
| 10/12/2007 | | 1,500.00 | Ray Bros Seed | Transport & Install Turbine |
| To 11/30/07 | 4,500.00 | 775.79 | Robert Smith, Consultant | Prepare Financial data & Appl. |

TOTAL DEFERRED \$101,931.00 \$ 12,995.23 \$ 114,926.23

Interest owed Israel Ray - Deferred Wages 1,188.00

Interest owed Ray Bros Seed to 12/31 3,808.26

Total Extraordinary Costs \$ 119,922.49

LEGAL NOTICE

Atlanta Power Company filed an Application with the Idaho Public Utilities Commission (PUC) on January 22, 2008 for authorization to incur Debt. During 2007, the Company's hydroelectric turbine failed. Short term extraordinary expenses incurred to maintain service to the community of Atlanta, Idaho while the turbine was out of service together with repair costs to the turbine totaled approximately \$120,000. Interim short term advances from the Company's owners paid these extraordinary costs. The Company has applied to the PUC for authorization to borrow \$110,000 from two individuals to repay most of the short term advances.

A copy of the Application is available for inspection at the Idaho Public Utilities Commission, 472 W. Washington St., Boise, Idaho and is also available on-line at the PUC website www.puc.idaho.gov. A copy may be reviewed in Atlanta by calling (208) 864-2137 to make arrangements.

Comments regarding this application should be mailed to the Company and to the PUC at P. O. Box 83720, Boise, Idaho 83720-0074. Comments can also be submitted on the PUC website.

**ANNUAL REPORT FOR SMALL ELECTRIC UTILITIES
YEAR ENDED December 31, 2006**

BALANCE SHEET

| | | Balance Beginning of Year | Balance at End of Year | Increase or (Decrease) |
|---------------|--------------------------------------|--|---------------------------------------|---------------------------------------|
| ASSETS | | | | |
| 100 | Utility Plant | 369,239 | 404,378 | 35,139 |
| 107 | Construction Work in Progress | | | - |
| 114 | Acquisition Adjustment | | | - |
| | Subtotal | 369,239 | 404,378 | 35,139 |
| 108 | Less: Accumulated Depreciation | (240,530) | (254,970) | (14,440) |
| | Net Utility Plant | 128,709 | 149,408 | 20,699 |
| 123 | Investment in Subsidiaries | | | - |
| 124 | Other Investments | | | - |
| | Total Investments | - | - | - |
| 131 | Cash | 22,889 | 18,841 | (4,047) |
| 136 | Short-Term Investments | | | - |
| 142 | Accts./Notes Receivable - Customers | 6,012 | 5,520 | (492) |
| 143 | Other Receivables | | | - |
| 144 | Less: Provision for Doubtful Accts. | | | - |
| 146 | Receivables from Assoc. Companies | | | - |
| 150 | Materials and Supplies | 7,000 | 7,000 | - |
| 166 | Prepaid Expenses | | | - |
| 173 | Unbilled Utility Revenue | | | - |
| | Total Current Assets | 35,900 | 31,361 | (4,539) |
| 181 | Unamortized Debt Discount & Expense | | | - |
| 183 | Prelim. Survey & Investigation Chgs. | | | - |
| 184 | Rate Case Expenses | | | - |
| 186 | Other Deferred Charges | | | - |
| | Total Deferred Charges | | | - |
| | TOTAL ASSETS | 164,609 | 180,770 | 16,160 |
| | | | 180,789 | |

**ANNUAL REPORT FOR SMALL ELECTRIC UTILITIES
YEAR ENDED December 31, 2006**

BALANCE SHEET

| | Balance Beginning of Year | Balance at End of Year | Increase or (Decrease) |
|--|--|---------------------------------------|---------------------------------------|
| LIABILITIES AND CAPITAL | | | |
| 201 | 144,171 | 144,171 | - |
| 204 | | | - |
| 211 | 22,323 | 22,323 | 0 |
| 216 | (94,389) | (91,704) | 2,686 |
| | Total | 74,791 | 2,686 |
| 221 | | | |
| 231 | | | |
| 231.1 | 86,787 | 86,787 | |
| 232 | 5,717 | 5,535 | (182) |
| 232.1 | | | |
| 235 | | | |
| 235.1 | | | |
| 236 | | | |
| 236.1 | | | |
| 237 | | | |
| 238 | | | |
| 241 | | | |
| 242 | | | |
| 252 | | | |
| 255 | | | |
| 262 | | | |
| 265 | | | |
| 271 | | 13,656 * | |
| | Total | 105,978 | (182) |
| TOTAL LIABILITIES & CAPITAL | 164,609 | 180,770 | 2,505 |

* Contributions of \$14,126.70 Net of Amortization \$470.89

**ANNUAL REPORT FOR SMALL ELECTRIC UTILITIES
YEAR ENDED December 31, 2005**

STATEMENT OF INCOME

| | Current Year | Increase (Decrease) Prior Year | Last Yr |
|--|-------------------------|---|----------------------|
| Operating Revenues | <u>67,937</u> | <u>(8,009)</u> | <u>75,946</u> |
| Operating Revenue Deductions: | | | |
| Operating Expense | <u>42,270</u> | <u>6,911</u> | <u>35,359</u> |
| Depreciation | <u>13,969</u> | <u>1,853</u> | <u>12,115</u> |
| Other Taxes | | <u>(90)</u> | <u>90</u> |
| Federal Taxes on Income | | | |
| Total Revenue Deductions | <u>56,239</u> | <u>8,675</u> | <u>47,564</u> |
| Net Operating Revenues | <u>11,698</u> | <u>(16,684)</u> | <u>28,382</u> |
| Income from Merchandising Jobbing & Contract | | | |
| Income from Non-Utility Operations | | | |
| Gross Income | <u>11,698</u> | <u>(16,684)</u> | <u>28,382</u> |
| Interest on Long-Term Debt | <u>9,012</u> | <u>(168)</u> | <u>9,180</u> |
| Other Interest Charges | | | |
| Net Income | <u><u>2,686</u></u> | <u><u>(16,516)</u></u> | <u><u>19,202</u></u> |

DETAIL OF OPERATING REVENUES

| | | |
|-------------------------------|--|--|
| Flat Rate Sales | | |
| Metered Sales Residential | | |
| Metered Sales Commercial | | |
| Other Electricity Sales | | |
| Sales to Irrigation Customers | | |
| Total Operating Revenue | | |

* Hook-up or connection fees collected \$ _____ . To what account were they booked?
