ATLANTA POWER COMPANY INC.
11140 CHICKEN DINNER ROAD\
CALDWELL, IDAHO 83406

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IDAHO PUBLIC
UTILITIES COMMISSION

May 1, 2008

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

ATL-E-08-02

ATTENTION COMMISSION SECRETARY AND HEAD LEGAL SECRETARY

Enclosed is an original and seven (7) copies of an application requesting a general rate increase in Atlanta Power Company's basic tariff rates for electric service together with a request for an emergency surcharge. Also enclosed is a computer disk containing the Application, exhibits and work papers in electronic format.

Atlanta Power Company requests that the Commission process this Application under the Commission's Rules of Modified Procedure.

Sincerely,

Israel Ray

Israel Ray
President

Israel Ray
Atlanta Power Company, Inc.
11140 Chicken Dinner Rd.
Caldwell, ID 83406
Tel. (208) 459-7007
Fax (208) 459-7014
Representative for Atlanta Power Company, Inc.

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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 AN ORDER AUTHORIZING INCREASES IN)
THE COMPANY'S RATES AND CHARGES FOR)
ELECTRIC ~~WATER~~ SERVICE IN THE STATE OF IDAHO)**

CASE NO. ATL-E-08-2

APPLICATION

COMES NOW Atlanta Power Company Inc., ("Atlanta Power", "Applicant" or "Company") and hereby makes application to the Idaho Public Utilities Commission (Commission) for an Order approving revisions to Applicant's schedules of rates and charges for electric service in the State of Idaho to become effective with service provided on and after June 1, 2008. Applicant is requesting the Commissions authorization to increase the electric rates it charges its customers by approximately 60.62%. In addition, Applicant is requesting authorization to implement, on June 1, 2008, a temporary emergency surcharge of 54.2%. The surcharge is necessary to amortize debt the Company incurred to pay extraordinary costs the Company 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 service business in and about the community of Atlanta, 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. 236. Currently the Company provides electric service to approximately 75 residential and commercial customers.

EMERGENCY SURCHARGE

By Order No. 30417 dated August 29, 2007 in Case No. ATL-E-07-1, the Idaho Public Utilities authorized the Company to defer on its accounting records the extraordinary costs incurred in the year 2007 associated with the failure of Atlanta's hydroelectric turbine. That order recognized that the Company would be filing additional applications seeking recovery of the deferred extraordinary costs. Applicant requests that the Commission take official notice of that case and incorporate by reference the record of that case in this case.

By Order No. 30511 dated March 3, 2008 in Case No. ATL-E-08-1, the Idaho Public Utilities Commission authorized the Company to incur debt in the amount of $110,000. The order recognized the need for the Company to acquire cash to pay the extraordinary costs deferred pursuant to Order No. 30417. Applicant requests that the Commission take official notice of that case and incorporate by reference the record of that case in this case. As noted in Order No. 30511 at page 3, the Staff of the Idaho Public Utilities Commission (Staff) pointed out to the Commission that the Company does not have sufficient cash flow to meet its payment obligations associated with the two notes approved by the order.

Applicant has determined that its loan repayment obligations including loans from the Company's owners, require monthly payments of $3,088.66 per month for the first twelve (12) months and $2,206.01 per month for an additional seventy-two (72) months. To fully recover these repayment obligations over the term of the notes requires a surcharge on current rates of 54.2% for the first year and 38.71% for the remaining six (6) years or a surcharge of 33.74% for the first year and 24.1% for the remaining six (6) years at the tariff rates proposed in this Application. Exhibit No. 7 included with this application presents a summary of the effects on rates proposed in this application. Exhibit No. 8 included with this application is the proposed surcharge tariff.

Applicant believes it has demonstrated a financial emergency and therefore, requests that the Commission declare an emergency and approve a surcharge on existing rates of 54.2% effective June 1, 2008.

GENERAL RATE CASE

Applicant is requesting an increase in its electric rate schedules to increase revenues by 60.62%. The Company's current rates were approved by Commission Order No.24925 effective June 15, 1993. Nearly fifteen (15) years have elapsed since those rates were established. Escalating those rates to produce the rates proposed in this application produces an annual growth rate of only 3.2%.

The Company is proposing to increase its Schedule1 permanent residential base rate from $81.00 to $83.00 (2.4%) per month, its commodity rate from $0.05 to $0.10 (100%) per kilowatt hour and eliminate the 500 KWh allowance currently included in the base rate. The Company proposes to increase the Schedule 2 permanent commercial base rate from $144.00 to $165.00 (14.6%) per month, the commodity rate from $0.18 to $0.20 (11.1%) per kilowatt hour and eliminate the 500 KWh allowance currently included in the base rate. The Company proposes to eliminate the Schedule 3 seasonal tariff and bill these customers as Schedule 1 or Schedule 2 customers. The Company must maintain and operate its system year round in order to provide the service customers expect during the system peak periods. Most of the Company's normal operating costs are fixed and do not vary with increased energy demand on the system. Eliminating the seasonal rate schedule makes all similarly situated customers subject to the same tariff and equalizes their rates. The effect is to increase the seasonal residential base rate from $35.00 to $83.00 (135%) and reduce the commodity charge by 52.4% from $0.21 to $0.10 per kilowatt hour. There currently is no commodity allowance in the Schedule 3 base rate. Seasonal commercial customers would realize an increase in the base rate from $65.00 per month to $165.00 per month (153.8%) and a decrease in the commodity rate of $0.01 from $0.21 to $0.20 (4.3%). It should be noted that there are no commercial customers being served under this schedule at this time. There currently is no commodity allowance in the S3C base rate.

The Company proposes to modify the language in its rule 12(B) to clarify that the $10.00 per month charge approved by the Commission and included in the Company's Rule 12B is only for temporary connections of recreational types of vehicles (campers, motor homes and trailers) connected to the service of a regular customer's electrical connection. All such piggy-back connections served through another customers meter for a period of greater than 30 days annually will be treated as an additional residential or commercial service. The effect of this clarification in language is to increase the charge for such a connection from $10.00 to $82.00 (820%) per month if connected to a residential service and to $165.00 (1,650%) if connected to a commercial service. Exhibit No. 5, page 5 is a marked-up copy of the Company's current tariff sheet showing the proposed changes.

Applicant is proposing to change its reconnection charges for residential customers who voluntarily or involuntarily disconnect from the system for a period of more than thirty (30) days from $200.00 to $335.00 (approximately four (4) times the monthly base rate). Similarly, the Company proposes to change the reconnection charge for commercial customers who voluntarily or involuntarily disconnect from the system for a period of more than thirty (30) days from $200.00 to $660.00 (approximately four (4) times the monthly base rate). These changes are necessary to discourage customers from seasonally disconnecting from the system causing a loss of revenue to the Company resulting in upward pressure on rates to keep the Company viable.

Applicant is proposing to add new fees that are not currently approved by the Commission. The Company requests that the Commission approve a new $20.00 fee to reprocess and collect for checks returned by any bank for any reason. The Company also requests that the Commission authorize Applicant to charge late fees of 12% per annum (1% per month) on past due accounts.

Exhibit No. 5 page 4 is a marked-up copy of the Company's current Schedule 4 showing the changes proposed for connection, reconnection, returned check and late fees.

Applicant is requesting this Application be processed under the Commissions Rules of Modified Procedure. Applicant further requests an Order of the Commission authorizing the new rates be effective June 1, 2008.

Enclosed, with this Application, are Exhibit Numbers 1 through 9 in support of the increase in basic electric revenue requested. Applicant is proposing the year 2006 as the test year in this case adjusted to normalize the test year for known and measurable changes that have occurred. The Company is proposing this test year as more indicative of the Company's normal operations than the more recent 2007 year in which the Company experienced extraordinary cost.

RATE BASE

Exhibit No. 1 presents the Company's calculation of rate base. Column (A) presents the balances of the Company's accounts at December 31, 2006. In Column (B) on lines 1 and 5 additions to the Company's plant in service accounts have been added to recognize the additions to these accounts during the year 2007. On lines 8 in Column (B) additional accumulated depreciation has been recognized for the year 2007 including the depreciation on new plant placed in service during the year. On line 9 an addition to the Company's contributions in aid of construction account to recognize the recovery of a majority of the new investment through the surcharge discussed above. On line 10, Column (B), amortization of the contributions has been adjusted consistent with the depreciation adjustment. On line 13, Column (B), the Company's working capital has been increased to recognize increased operation and maintenance that will be explained later in the discussion of the Company's results of operations, Exhibit No. 2. As shown on line 14 of Column (B) of this exhibit, the Company's rate base has decreased by $3,634.00 since the end of 2006. The rate base shown in Column (C) on line 14 of $143,921.00 is used by the Company in this application to determine its revenue requirement.

RESULTS OF OPERATIONS

Exhibit No. 2 presents the Company's Results of Operations adjusted for known and measurable changes. Column (A) of the exhibit presents the actual recorded results on the Company's books for the year 2006. These actual results are adjusted in Columns (B) through (E) to develop the adjusted results shown in Column (F) that is used to determine the Company's revenue requirement on Exhibit No. 4.

The adjustment shown in Column (B) of Exhibit No. 2 adjusts labor costs to normalized levels. Line 4 of Column (B) adjusts General Officers salary to $2,400.00 per month. Due to cash flow constraints only $7,200.00 was actually paid during the test year. Line 5 of Column (B) recognizes the $350.00 per month the Company pays for customer accounting, billing, collection and banking service. During the test year, these costs were included in Power Generating Labor but, due to timing differences, were not fully recorded. These adjustments decrease the Company's test year income by $25,800 shown on line 18.

Column (C) of this exhibit adjusts the Company's Depreciation and Amortization expense by $2,813.00 to recognize the level of expense in the year 2007 due to additions to plant in service and contributions in aid of construction.

Column (D) of Exhibit No. 2 does not affect the Company's Net Operating Income but is presented here for the Commissions information. The adjustment recognizes corrections to the Company's interest expense for the test year. During the years 2004 through 2006, the Company made no payments on several loans and did not accrue interest payable. On other loans the Company recorded the entire loan payment as interest expense. These errors have been corrected in this Application. The detail of the corrections is available for the Staff's review in the electronic work papers supplied with this Application. The corrections also affect the Company's capital structure and have been recognized on Exhibit No. 3 to calculate the Company's required return on rate base.

Exhibit No. 2 Column (E) adjusts the Company's revenues to the level of customers served in the year 2007.

Column (F) of Exhibit No. 2 presents the Company's proforma operating results for use in this case. The loss of $16,463.00 shown on line 19 is used to determine the revenue deficiency calculated on Exhibit No. 4.

COST OF CAPITAL

Exhibit No. 3 presents the Company's capital structure and calculation of the weighted cost of capital at December 31, 2006. Column (A) presents the capital structure as reported to the Commission in the Company's 2006 Annual Report. In Column (B), corrections to the capital structure have been made to correct the loan errors discussed earlier. Column (C) presents the Company's corrected capital structure. The weight of each component of capitol is shown in Column (D) and when multiplied by the cost of each component shown in Column (E) produces the weighted cost of each component shown in Column (F).

The Company is requesting a return on the equity component of its capital structure of 12%. This equity return is equal to the return the Commission has allowed for other small utility companies under its jurisdiction and recognizes risk associated with a small utility company.

The overall rate of return on the Company's rate base of 12.2% is shown in Column (F) at line 8. This return is used on Exhibit No. 4 to calculate the Company's revenue requirement.

REVENUE REQUIREMENT

Exhibit No. 4 presents the calculation of the Company's revenue requirement. Line 1 is the $143,921.00 rate base from Exhibit No. 1. The rate base is multiplied by the 12.2% rate of return from Exhibit No. 3 to produce the net operating income requirement of $17,552.00 shown on line 3. Line 4 shows the test year net operating loss developed on Exhibit No. 2. When this loss is added to the net operating income requirement, a net operating income deficiency of $34,015.00 results as shown on line 5.

The deficiency must be grossed up to recognize the effect of income taxes and revenue sensitive fees. The realized loss portion of the deficiency however is not subject to the effect of taxes. Therefore this income deficiency translates dollar for dollar to a revenue deficiency of $16,463 as shown on line 6.

The remainder of the income deficiency ($17,552.00) is tax sensitive and must be grossed-up to recognize the effect of taxes on incremental revenues. The tax gross-up factor of 1.2785 is calculated on lines 20 through 28 of this exhibit and is shown on line 8. Applying this factor to the $17,552.00 portion of the operating income deficiency produces an additional revenue requirement of $22,441.00 as shown on line 9. The taxable and non-taxable revenue requirements when added together produce a total revenue deficiency of $38,904.00 as shown on line 10.

The Applicant estimates it will incur rate case expenses associated with the filing of this case of about $6,000.00. These actual costs will be provided to the Commission when they are known. The Company proposes to amortize these costs over a three year period. Lines 11 through 15 show the effect on the Company's revenue requirement is an additional $2,557.00 bringing the total incremental revenue requirement to $41,461.00 shown on line 16. When compared to the normalized revenue of $68,389.00 this represents an increase in required revenues of 60.62% as shown on line 19.

TARRIFS

Exhibit No. 5, a five (5) page exhibit, is a marked-up copy of the Company's current tariffs showing the proposed changes in rates and charges.

Exhibit No. 6, a five (5) page exhibit is composed of the Company's new proposed tariff sheets.

NOTICE TO CUSTOMERS
The Company's customers are being notified of this Application through an insert in their May, 2008 utility billing. Simultaneous with the filing of this case, a news release is being sent to the Idaho Statesman, the Idaho Business Review, the Mountain Home News and the Idaho World newspapers. The Content of the customer notice and the news release are identical. A copy of the customer notice is included with this Application as Exhibit No. 9.

CONTACT INFORMATION
Questions regarding this application should be addressed to:

Israel Ray
Atlanta Power Co.
11140 Chicken Dinner Rd.
Caldwell, Idaho 83406
Ph: (208) 459-7007

Robert E. Smith
2209 N. Bryson Rd.
Boise, Idaho 83713
Ph. (208) 761-9501
e-mail utilitygroup@yahoo.com

Please provide copies of all correspondence, notices and orders to the above individuals.

Respectfully submitted,

Israel Ray

Israel Ray
President

Atlanta Power Company
Rate Base

	(A) Per PUC Report At 12/31/2006	(B) 2007 Additions	(C) Proforma
1 Electric Plant in Service	310,683	83,653	394,337
2 Land	8,145		8,145
3 FERC License	55,153		55,153
4 Vehicles	25,547		25,547
5 Tools and Shop Equipment	3,663	457	4,119
6 Office Equipment	1,187		1,187
7 Total Plant in Service	404,377	84,110	488,487
8 Accumulated Depreciation	(254,970)	(20,888)	(275,858)
9 Contributions in Aid of Construction	(14,127)	(74,188)	(88,314)
10 Amortization of Contributions	471	4,106	4,577
11 Net Plant and Equipment	135,751	(6,859)	128,892
12 Materials and Supplies Inventory	7,000		7,000
13 Cash Working Capital	4,804	3,225	8,029
14 Total Rate Base	147,556	(3,634)	143,921

Atlanta Power Company
Results of Operations

		(A) Per PUC Report At 12/31/2006	(B) Normalize Labor Costs	(C) 2007 Depr & Amort	(D) Correct Interest Expense	(E) Revenue at 2007 Customer Level	(F) Pro Forma 2006
1	Revenues	$ 67,937				$ 452	$ 68,389
	Operating Expenses:						
2	Power Generation - Labor	9,990					9,990
3	Power Generation - Materials & Supplies	4,462					4,462
4	General Officers Salaries	7,200	21,600				28,800
5	General Office Labor		4,200				4,200
6	General Office Supplies & Expense	485					485
7	Rental Expenses	4,150					4,150
8	Fuel Expenses	3,111					3,111
9	Licenses, dues and fees	211					211
10	Insurance	2,278					2,278
11	Professional Fees	4,319					4,319
12	Bank Charges	70					70
13	Travel & Lodging	2,158					2,158
14	Total Operating Expenses	$ 38,434	$ 25,800	$ -	$ -	$ -	$ 64,234
15	Depreciation Expense (net CIAC of Amort)	13,969		2,813			16,782
16	Property Taxes	3,836					3,836
17	Total Expenses	$ 56,239	$ 25,800	$ 2,813	$ -	$ -	$ 84,852
18	Net Operating Income	$ 11,698	$ (25,800)	$ (2,813)	$ -	$ 452	$ (16,463)
19	Interest Expense	9,012			2,224		11,236
20	Net Income	$ 2,686	$ (25,800)	$ (2,813)	$ (2,224)	$ 452	$ (27,699)

Exhibit No. 2
ATL-E-08-02

ATLANTA POWER COMPANY
Weighted Cost of Capital
AT 12/31/2006

		(A) Per PUC 2006 Report	(B) Corrected Loans	(C) Total at 12/31/06	(D) Weight	(E) Rate	(F) Wtd Cost
1	Common Stock	144,171					
2	Retained Earnings	(91,704)					
3	Additional Paid-In Capital	22,323					
4	Net Owners Equity	74,790	(7,047)	67,743	42.12%	12%	5.05%
	Notes Payable - Others						
5	Alberdi 2004 loan	57,000	(2,572)	54,428	33.84%	14%	4.74%
6	Zimmerman loan	14,598	4,358	18,956	11.78%	10%	1.18%
7	Israel Ray loans	15,189	4,534	19,723	12.26%	10%	1.23%
8	Total Capital			160,850	100.00%		12.20%

Exhibit No. 3
ATL-E-08-02

Atlanta Power Company
Revenue Requirement

1	Rate Base	$ 143,921	
2	Rate of Return	12.20%	
3	Net Operating Income Required	$ 17,552	
4	Net Operating Income Realized	(16,463)	
5	Net Operating Income Deficiency	$ 34,015	
6	Deficiency not Subject to Tax Gross-up Factor		$ 16,463
7	Deficiency Subject to Tax Gross-up Factor	$ 17,552	
8	Gross-up Factor	1.2785	
9	Grossed-up Deficiency		22,441
10	Total Revenue Deficiency		$ 38,904
11	Rate Case Expense Amortization		
12	Total Expense	6000	
13	Three Year Amnortization	2000	
14	Tax Gross-up Factor	1.278496	
15	Gross Revenue Required		2,557
16	Total Gross Revenue Deficiency		$ 41,461
17	Test Year Revenues at current rates		68,389
18	**Total Gross Revenue Requirement**		**109,849**
19	**Percent Increase**		**60.62%**

Gross-up Factor Calculation

20	Gross Income	100.00%
21	PUC Fees	0.25%
22	Bad Debts	0.00%
23	State Taxable	99.75%
24	State Tax @ 8%	7.98%
25	Federal Taxable	92.02%
26	Federal Tax @ 15%Rate	13.80%
27	Net After Tax	78.22%
28	Net to Gross Multiplier	1.278496