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Attorney for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)
KOOTENAI ELECTRIC COOPERATIVE, INC.) CASE NO. CO7-E-05-1
FOR APPROVAL OF AN AGREEMENT TO)
RELEASE A CUSTOMER TO THE CITY OF)
PLUMMER.) COMMENTS OF THE
) COMMISSION STAFF
)

COMES NOW the Staff of the Idaho Public Utilities Commission, by and through its Attorney of record, Kira Dale Pfisterer, Deputy Attorney General, and submits the following comments in response to Order No. 29823, the Notice of Application and Notice of Modified Procedure issued on July 15, 2005.

BACKGROUND

On June 24, 2005, Kootenai Electric Cooperative, Inc. (“KEC”) filed an Application seeking the Commission’s approval of an Agreement between KEC and the City of Plummer (“City”). The Agreement allows the City to provide new three-phase service to a customer who would otherwise be KEC’s customer. The agreement is dated April 6, 2005 and is to become effective on the date of Commission approval. The agreement has been submitted for the

Commission's review pursuant to the provisions of the Electric Supplier Stabilization Act (ESSA). *Idaho Code* § 61-332 *et seq.*

THE AGREEMENT

The Agreement allows the City to extend its lines and provide three-phase electric service to a customer who already receives single-phase electric service from KEC. More specifically, KEC will allow the City to provide new three-phase electric service to KEC customer Kurt R. Morris of Benewah County. The parties agree that Mr. Morris will remain a KEC customer for all current and future single-phase electric service.

Mr. Morris applied to KEC for three-phase electric service. However, to provide three-phase service to his location, KEC would be required to extend its facilities approximately three (3) miles at substantial cost to Mr. Morris. The City can provide three-phase service to Mr. Morris at substantially lower cost by making a line extension of approximately one-quarter (1/4) mile. The City is willing to extend its three-phase service to Mr. Morris, and KEC is willing to release its right to serve Mr. Morris's three-phase electric requirements.

STAFF REVIEW

Mr. Morris is building a new facility on his property that requires a new service entrance. In determining which electric supplier will provide electric service for a new service entrance, the ESSA typically allocates the new customer to the utility whose distribution lines are closest to the new customer if either utility's lines are within 1320 feet. *Idaho Code* § 61-332C. However, the Act also allows electric suppliers to contract with one another for the purpose of exchanging service rights provided that the Commission approves the contract. *Idaho Code* § 61-333.

While the Commission has authority to approve or reject a contract between a municipality and a cooperative under the ESSA, the Commission has jurisdiction only over the cooperative in such a proceeding. *Idaho Code* §§ 61-333, 61-334B(1). Further, the Commission shall approve such contracts only upon finding that the Agreement is consistent with the purposes of the ESSA. *Idaho Code* § 61-334(B)(1). The purposes of the ESSA are: (1) to promote harmony among and between electric suppliers; (2) prohibit the "pirating" of consumers; (3) discourage the duplication of electric facilities; (4) actively supervise the conduct

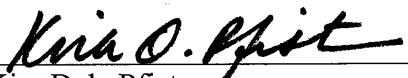
of electric suppliers; and (5) stabilize the territories and consumers served with electricity by such electric suppliers. *Idaho Code* § 61-332(2).

In reviewing the Agreement in light of the purposes of the ESSA, Staff believes the Agreement is reasonable. The Agreement promotes harmony between the electric suppliers who have jointly agreed to exchange the right to serve the new customer; does not involve the pirating of customers; does not involve the duplication of services; requires Commission approval; and does not pose a threat to or affect the stability of either of the electric suppliers involved. Further, the Agreement provides the least cost solution to the customer's request for new service. Therefore, Staff believes the Agreement is reasonable and consistent with the purposes of the ESSA.

STAFF RECOMMENDATION

Staff recommends that the Commission approve the Agreement as requested in KEC's Application.

Respectfully submitted this 5th day of August 2005.



Kira Dale Pfister
Deputy Attorney General

Technical Staff: Keith Hessing

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 5TH DAY OF AUGUST 2005, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. CO7-E-05-01, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

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