

DECISION MEMORANDUM

TO: COMMISSIONER KJELLANDER
COMMISSIONER SMITH
COMMISSIONER HANSEN
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL

FROM: KIRA DALE PFISTERER

DATE: AUGUST 8, 2005

RE: APPLICATION OF KOOTENAI ELECTRIC COOPERATIVE, INC. TO APPROVE A CUSTOMER EXCHANGE AGREEMENT BETWEEN KOOTENAI ELECTRIC AND THE CITY OF PLUMMER, CASE NO. CO7-E-05-1.

On June 24, 2005, Kootenai Electric Cooperative, Inc. (KEC) filed an Application seeking the Commission's approval of a contract between KEC and the City of Plummer to exchange an existing customer (Agreement). The Agreement, dated April 6, 2005, is submitted for the Commission's review pursuant to the provisions of the Electric Suppliers Stabilization Act (ESSA). *Idaho Code* § 61-332 *et seq.* On July 15, 2005, the Commission issued a Notice of Application and Modified Procedure. *See* Order No. 29823. No comments were received other than those submitted by Commission Staff.

THE AGREEMENT

The Agreement allows the City to extend its lines to provide new three-phase electric service to a customer, Kurt R. Morris, who would otherwise be KEC's customer. Mr. Morris is currently a KEC customer for single-phase electric service and applied to KEC for three-phase service. To provide three-phase service to this 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 less cost by making a line extension of approximately one-quarter (1/4) mile. Plummer is willing to extend its three-phase service to Mr. Morris, and KEC is willing to release Mr. Morris as a customer of three-phase electric service. In addition, the parties agree that the Mr. Morris will remain a KEC customer for all current and future single-phase electric service.

STAFF COMMENTS

Staff reviewed the Agreement and found it was consistent with the purposes of the ESSA. The ESSA prohibits an electric supplier from serving a customer already served by another supplier, except as provided in the Act. *Idaho Code* § 61-332B. The Act allows electric suppliers to contract with one another for the purpose of exchanging customers provided that the Commission approves the contract. *Idaho Code* § 61-333. The Commission approves such contracts only upon finding that the transfer 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).

According to Staff, the Agreement is consistent with the ESSA, because it 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. Staff also noted that the Agreement provides the least cost solution to the customer’s request for service. Therefore, Staff recommended approval of the Agreement.

COMMISSION DECISION

Does the Commission wish to grant the Application of Kootenai Electric Cooperative Inc. and approve the contract between Kootenai Electric and the City of Plummer to exchange an existing customer?


Kira Dale Pfisterer

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