

## BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE JOINT	)	
APPLICATION OF IDAHO POWER	)	CASE NO. IPC-E-05-16
COMPANY AND SINCLAIR OIL	)	
CORPORATON FOR THE SALE AND	)	
TRANSFER OF CERTAIN UTILITY OWNED	)	ORDER NO. 29864
<u>FACILITIES</u>	)	

On May 2, 2005, Idaho Power Company and Sinclair Oil dba Sun Valley Company ("Sun Valley") filed a Joint Application requesting that the Commission approve the sale and transfer of certain distribution property to Sun Valley pursuant to *Idaho Code* § 61-328. The distribution facilities proposed to be transferred are located on the grounds of the Sun Valley Resort. On July 13, 2005, the Applicants amended their Application and requested that the Commission grant Idaho Power a waiver of the Company's master-metering tariff found in Section 4 of Rule E. Idaho Power's master-metering tariff is nearly identical to the Commission's Master-Metering Rule 103, IDAPA 31.26.01.103. Rule 103 prohibits utilities from removing individual service meters in shopping centers where the tenants control their own electric space heating, water heating or air-conditioning appliances.

On August 2, 2005, the Commission issued its Notice of Application and Notice of Modified Procedure requesting public comment. The only comment submitted was by the Commission Staff. As set out below, the Commission approves the transfer and grants the requested waiver.

### THE APPLICATION

Idaho Power and Sun Valley executed a Memorandum of Understanding (MOU) regarding the proposed sale and transfer of certain distribution facilities that serve portions of the Sun Valley Resort including the Lodge, the Inn, stores in the mall area, and the skating rinks. The parties assert that the transfer of the facilities will enable Sun Valley to more efficiently operate and manage its facilities within the resort complex. The parties have agreed that Sun Valley will pay the sum of \$135,533 to Idaho Power. This amount includes Idaho Power's cost of removing meters and reconfiguring the system (estimated at \$7,500). The parties have agreed to adjust the transaction price if the actual reconfiguration costs are different than the estimate.

The Application states that the transaction will be revenue neutral to Idaho Power and the rates of other customers will not be affected by the sale.

Sun Valley asserts it has advised all of its affected tenants of the proposed transaction. If the meters are removed and the service lines are reconfigured, electric service to the tenants will be provided under a master-meter arrangement between Idaho Power and Sun Valley. Sun Valley intends to recover the costs of electric service provided to tenants in the Sun Valley Mall by means of a "monthly charge included as part of the lease arrangement between Sun Valley and the individual tenants." Amended Application at 2-3.

*Idaho Code* § 61-328 prohibits Idaho Power from selling any distribution facilities without the written authorization of the Commission. Before authorizing such a transaction, the Commission must find that: (1) the transaction is consistent with the public interest; (2) the transaction will not cause the cost of or rates for supplying electricity to other ratepayers to increase; and (3) Sun Valley has the intent and financial ability to maintain the transferred facilities so its tenants will continue to receive electric service.

#### **WAIVER REQUEST**

Both Idaho Power's tariffs and the Commission's Master-Metering Rule 103 prohibit the conversion of individual tenant meters to a master-meter application. In particular, Rule 103 provides that no tenant unit contained within "commercial buildings and shopping centers shall be master-metered for electric service after July 1, 1980, if the [tenant unit] . . . contains an electric space heating, water heating or air-conditioning [appliance] that is not centrally controlled over which the unit's tenants individually control electric usage." IDAPA 31.26.01.103.

Given this prohibition against new master-metering arrangements, the parties request that the Commission grant a waiver of the Company's tariff and Rule 103. To comply with the spirit of the master-metering rule, Sun Valley asserts that within 60 days of the transfer, it will retrofit the individual thermostats for each tenant so that each thermostat will be centrally controlled by Sun Valley.

#### **STAFF COMMENTS**

Turning first to the sales transaction, the Staff did not object to the sale and transfer of the distribution facilities. Staff noted that the sale agreement provides for Sun Valley to compensate Idaho Power for the cost of removing its meters and reconfiguring the wiring. Staff calculated that Idaho Power will experience a net decrease in operating income of approximately

\$4,184 per month, or \$50,208 per year. This reduction in annual revenue is de minimus (approximately 0.0096% of its jurisdictional revenue). The sales price is revenue neutral from Idaho Power's standpoint, i.e., Idaho Power will realize neither a gain nor a loss on the sale. Consequently, ratepayers will not be harmed by the sale of the distribution facilities.

Staff also noted that the Joint Application stated that the transfer will allow Sun Valley to more efficiently operate and manage its facilities within the resort complex. Because Sun Valley is currently maintaining the electric system to serve its other tenants within the mall area, Staff believes that Sun Valley should be able to adequately maintain these facilities. In addition, Staff noted that Sinclair Oil Company "appears to have the financial resources to ensure continued services to its tenants." Staff Comments at 6.

Turning to the master-metering issue, Staff determined that Idaho Power serves 19 tenants in the Sun Valley Mall through 20 individually metered service points. However, only 4 of these 19 tenants receive bills directly from Idaho Power. Sun Valley is the customer of record for the remaining 15 locations. Staff mailed a copy of Commission Order No. 29837 to the tenants and advised them that they could file comments in this case. As noted above, only the Staff filed comments.

Staff did not oppose granting Idaho Power a waiver of the master-metering rule based on the facts of this particular case. As noted above, only 4 of the 19 tenants directly pay Idaho Power for their service. Sun Valley intends to allocate electric costs to its tenants by adjusting the lease amount. Although the 4 customers will no longer receive historic usage data on their monthly bills, all of the 19 tenants will have an indirect incentive to be conscious of their usage because the cost of electricity will affect lease rates.

In summary, Staff recommended that the Commission approve the Amended Joint Application. Staff also recommended that the Commission grant Idaho Power a waiver of the Commission's Master-Metering Rule 103 and Idaho Power's master meter tariff found in Section 4 of Rule E. Staff believes that the Applicants have satisfied the three-part test of *Idaho Code* § 61-328.

#### COMMISSION FINDINGS

Based upon our review of the Application and Staff's comments, we approve the sale and transfer of the identified distribution facilities. We find that this transaction meets the requirements of *Idaho Code* § 61-328. The sale of the distribution facilities to Sun Valley will

not cause any increase in rates and Sun Valley will be able to maintain the acquired distribution facilities necessary to serve its tenants. We find the improved operating efficiencies serve the public interest.

The Commission also grants Idaho Power a waiver of our Master-Metering Rule 103 and the Company's master-metering tariff found in Section 4 of Rule E. Given the measures that Sun Valley will take once the transaction is approved and the limited scope of the waiver, we find it reasonable to grant such a waiver. In particular, the Commission notes that only 4 of the 19 tenants in the mall currently receive monthly bills from Idaho Power.

### **ORDER**

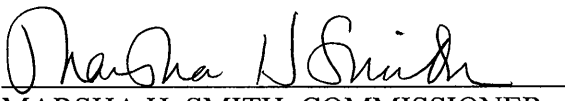
IT IS HEREBY ORDERED that the Joint Application to sell and transfer certain distribution facilities from Idaho Power to Sinclair Oil (i.e., Sun Valley) is approved.

IT IS FURTHER ORDERED that Idaho Power is granted a waiver of our Master-Metering Rule 103 (IDAPA 31.26.01.103) and its master-metering tariff found in Section 4 of Rule E. Once the proposed retrofits are made, Sun Valley shall certify to the Commission that the retrofits have been completed.

THIS IS A FINAL ORDER. Any person interested in this Order (or in issues finally decided by this Order) or in interlocutory Orders previously issued in this Case No. IPC-E-05-16 may petition for reconsideration within twenty-one (21) days of the service date of this Order with regard to any matter decided in this Order or in interlocutory Orders previously issued in this Case No. IPC-E-05-16. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* § 61-626.

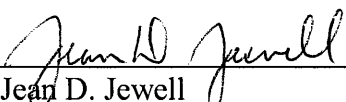
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 12<sup>th</sup>  
day of September 2005.

  
PAUL KJELLANDER, PRESIDENT

  
MARSHA H. SMITH, COMMISSIONER

  
DENNIS S. HANSEN, COMMISSIONER

ATTEST:

  
Jean D. Jewell  
Commission Secretary

bls/O:IPC-E-05-16\_dh