

NEIL PRICE
DEPUTY ATTORNEY GENERAL
IDAHO PUBLIC UTILITIES COMMISSION
PO BOX 83720
BOISE, IDAHO 83720-0074
(208) 334-0314
IDAHO BAR NO. 6864

RECEIVED
2010 JAN -6 AM 9:40
IDAHO PUBLIC
UTILITIES COMMISSION

Street Address for Express Mail:
472 W. WASHINGTON
BOISE, IDAHO 83702-5983

Attorney for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)	
IDAHO POWER COMPANY FOR AUTHORITY)	CASE NO. IPC-E-09-31
TO SELL TO RAFT RIVER RURAL ELECTRIC)	
COOPERATIVE, INC. CERTAIN ELECTRIC)	
DISTRIBUTION FACILITIES CURRENTLY)	COMMENTS OF THE
OWNED BY IDAHO POWER.)	COMMISSION STAFF
)	
)	

COMES NOW the Staff of the Idaho Public Utilities Commission, by and through its Attorney of record, Neil Price, Deputy Attorney General, and in response to the Notice of Application and Notice of Modified Procedure in Order No. 30963 issued on December 16, 2009, submits the following comments.

BACKGROUND

On November 10, 2009, Idaho Power Company ("Idaho Power" or "Company") filed an Application with the Commission for authority, pursuant to *Idaho Code* § 61-328 and RP 52, to sell to Raft River Electric Cooperative, Inc. ("Raft River") certain electric distribution facilities and appurtenant rights-of-way owned by Idaho Power in southern Twin Falls County, Idaho. On December 21, 2009, the Company filed an Amended Application with the

Commission adjusting the sales price to Raft River; no other portions of the Application were changed.

Raft River is a non-profit cooperative electrical corporation, incorporated under the laws of the State of Idaho, providing retail electric service to its members in the States of Idaho, Utah, and Nevada. Raft River is headquartered in Malta, Cassia County, Idaho. Raft River is not subject to regulation by the Commission.

Idaho Power has agreed to sell to Raft River the portion of the Border 011 Feeder Line ("Feeder Line") located in the State of Idaho. The Feeder Line is used solely to serve Raft River and is classified as a dedicated distribution primary facility.

The wholesale transportation of energy across the Feeder Line to Raft River's facilities is subject to FERC jurisdiction. The charges assigned to Raft River in the FERC jurisdiction significantly exceeds the costs associated with this dedicated feeder. To help restore a reasonable cost causation balance for Raft River, Idaho Power has agreed to sell the remaining 1.5 miles of the Feeder Line.

Idaho Power's method of valuation for the Feeder Line, including appurtenant right-of-way permits, will be the net book cost as valued on Idaho Power's books and records immediately prior to the closing date adjusted. Idaho Power estimates that the sale price will be approximately \$44,000.

Idaho Power does not use the Feeder Line to serve any of its retail customers.

STAFF ANALYSIS

On November 14, 2000, Idaho Power Company and Raft River Rural Electric Cooperative filed a Joint Application requesting Commission approval of the sale to Raft River of certain Idaho Power electrical distribution facilities in southern Owyhee County, Idaho (Case No. IPC-E-00-17). In that Application, Idaho Power "determined it would be desirable to sell and transfer its Nevada retail distribution operations to [Raft River]." Under an Asset Purchase Agreement executed by the parties, Idaho Power proposed to sell the distribution facilities, pertinent rights-of-way and personal property used to serve approximately 1,250 Idaho Power customers in Nevada and approximately 90 customers in Idaho. Idaho Power's distribution line that served its northern Nevada customers was also the only distribution line serving the small number of customers in Idaho. On February 1, 2001, the Commission issued Order No. 28631

approving the Application. At the time, Idaho Power sold all the facilities serving the Raft River territory except the Border 011 Feeder Line which is the subject of this case.

The Idaho portion of the Feeder Line that is the subject of this case consists of approximately 30 poles and 1.45 miles of distribution line. This Feeder Line runs parallel to US Highway 93 from Border Substation to the Idaho-Nevada border just north of Jackpot, Nevada. In addition to the line immediately adjacent to US Highway 93, a small line section extending from the Border Substation to the Feeder Line is included in the sale. In this small line section, Idaho Power will sell the conductor to Raft River but retain ownership of approximately four poles. A pole attachment agreement between Idaho Power and Raft River has not been made but the Company stated it plans to negotiate this agreement in the near future.

The Border 011 Feeder Line that the Company wants to sell to Raft River has an estimated book value of \$43,277. Staff reviewed the valuation information provided by the Company and found the valuation to be reasonable. Staff will review and verify the final book value/sales price once the transaction is complete and closing documents are available.

Pursuant to *Idaho Code* § 61-328, the Idaho Public Utilities Commission is charged with the responsibility to review the sale of electric public utility property to ensure that (1) the transaction is consistent with the public interest, (2) the cost of electricity and service rates will not be increased because of the transaction, and (3) the buyer of the electric utility's property has both the intent and the financial ability to operate the property in the public service. Staff has reviewed the information provided in this Application and with Staff's audit and investigation has found nothing inconsistent with the findings in Order No. 28631 (IPC-E-00-17). The testimony and exhibits presented in Case No. IPC-E-00-17 supported the findings necessary for the Commission to approve the original sale of associated property. The current proposed sale of the Border 011 Feeder Line is also in the public interest as it better assigns the responsibility to maintain the line to Raft River and its customers served by the line. Idaho Power does not have retail customers served by this line. The sale will reduce future costs to Raft River customers. The dollar amount is immaterial to Idaho Power's operations and will have very little impact on Idaho Power customers. As in Case No. IPC-E-00-17, Order No. 28631 Raft River continues to have the both the intent and the financial ability to operate the property in the public service. Therefore, Staff believes it is reasonable for Idaho Power to sell to Raft River this portion of the Border 011 Feeder Line located in the State of Idaho.

STAFF RECOMMENDATION

Upon review of the Company's Application, the related Case No. IPC-E-00-17, Order No. 28631, and Staff's investigation, Staff recommends that the Commission approve Idaho Power Company's Application to sell the Border 011 Feeder Line to Raft River.

Staff also recommends that Idaho Power file the following documents with the Commission: (1) the anticipated related accounting entries no later than seven days prior to the closing date of the transaction, (2) the actual closing documents and related accounting entries no later than seven days after the closing date, and (3) the pole attachment agreement for Raft River's use of Idaho Power's poles no later than seven days after the closing date.

Respectfully submitted this 6th day of January 2010.



Neil Price
Deputy Attorney General

Technical Staff: Cecily Vaughn
TJ Golo

i:/umisc/comments/ipce09.31npcvtj comments.doc

CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 6TH DAY OF JANUARY 2010, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. IPC-E-09-31, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

BARTON L KLINE
IDAHO POWER COMPANY
PO BOX 70
BOISE ID 83707-0070
E-MAIL: bkline@idahopower.com

JOHN R GALE
VP REGULATORY AFFAIRS
IDAHO POWER COMPANY
PO BOX 70
BOISE ID 83707-0070
E-MAIL: rgale@idahopower.com



SECRETARY

CERTIFICATE OF SERVICE