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April 9, 2013

IDAHO PUBLIC  
UTILITIES COMMISSION

**VIA OVERNIGHT DELIVERY**

Jean D. Jewell  
Commission Secretary  
Idaho Public Utilities Commission  
472 W. Washington  
Boise, ID 83702

**Re: CASE NO. PAC-E-13-06  
IN THE MATTER OF THE APPLICATION OF ROCKY MOUNTAIN POWER  
FOR AUTHORITY TO SELL THE ST. ANTHONY HYDROELECTRIC  
GENERATION PLANT LOCATED IN FREEMONT COUNTY, IDAHO**

Dear Ms. Jewell:

Enclosed for filing in the above mentioned matter are seven (7) copies of Rocky Mountain Power's application for approval of the sale of the St. Anthony hydroelectric generation plant.

Very truly yours,

Jeffrey K. Larsen  
Vice President, Regulation & Government Affairs

Enclosures

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*Attorneys for Rocky Mountain Power*

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

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IN THE MATTER OF THE APPLICATION	)	
OF ROCKY MOUNTAIN POWER FOR	)	CASE NO. PAC-E-13-06
AUTHORITY TO SELL THE ST. ANTHONY	)	
HYDROELECTRIC GENERATION PLANT	)	APPLICATION
LOCATED IN FREEMONT COUNTY, IDAHO	)	

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**APPLICATION TO SELL THE  
ST. ANTHONY HYDROELECTRIC PLANT**

Comes now PacifiCorp, dba Rocky Mountain Power (“Rocky Mountain Power” or the “Company”), hereby respectfully makes Application to the Idaho Public Utilities Commission (“Commission”) pursuant to *Idaho Code* § 61-328, requesting authorization to discontinue operations associated with and to sell the St. Anthony hydroelectric power plant located within the city limits of St. Anthony, Idaho. The St. Anthony development shares a FERC License with the nearby Ashton development. Rocky Mountain Power respectfully requests Commission consideration of this Application and timely approval.

In support of this Application Rocky Mountain Power states as follows:

1. Rocky Mountain Power is a public utility in the state of Idaho subject to the jurisdiction of the Commission with regard to its public utility operations, retail rates, service, and accounting practices. The Company also provides retail electric service

under the name Rocky Mountain Power in the states of Utah and Wyoming and under the name Pacific Power in the states of Oregon, Washington, and California.

2. Rocky Mountain Power files this application pursuant to *Idaho Code* § 61-328 requiring Commission authorization for the sale of utility property located in the state of Idaho.

3. Informal inquiries related to this Application should be directed to Ted Weston, Idaho Regulatory Affairs Manager, at (801) 220-2963. Formal correspondence and requests for additional information regarding this matter should be addressed to:

By E-mail (preferred): [datarequest@pacificcorp.com](mailto:datarequest@pacificcorp.com)

By regular mail: Data Request Response Center  
PacifiCorp  
825 NE Multnomah, Suite 2000  
Portland, OR 97232

With copies to: Ted Weston  
Idaho Regulatory Affairs Manager  
Rocky Mountain Power  
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SLC, Utah 84111  
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E-mail: [ted.weston@pacificcorp.com](mailto:ted.weston@pacificcorp.com)

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## **BACKGROUND**

4. The St. Anthony hydroelectric plant consists of a one-unit powerhouse located within the city limits of St. Anthony, Idaho. Water is diverted from the Henry's

Fork of the Snake River to the St. Anthony hydroelectric plant. The St. Anthony turbine was commissioned in 1915, and is a submerged double horizontal K-style reaction turbine manufactured by James Leffel & Company. The turbine is direct-coupled to a General Electric horizontally supported generator, also commissioned in 1915, rated at 625 kilovolt-amperes (kVA). The turbine is rated at 750 horsepower (HP) under a net effective head of 14 feet and 150 revolutions per minute (rpm). The head works of the St. Anthony hydroelectric plant continue to meet the Company's obligation to deliver water to Egin Bench Canals, Inc., however, the generator is currently not operating for power generation purpose since a failure in 2002 in which the jackshaft that connects the two turbine units failed, shearing the connecting bolts between the jackshaft and turbines, damaging keyways on the turbines and fracturing the bearing housing of the jackshaft.

5. The water right for the St. Anthony hydroelectric plant is Idaho water right number 21-12914. The water right is for 700 cubic feet per second (cfs), non-consumptive use for hydro power generation. The priority of the water right is December 20, 1912. In June of 2007, the Company was granted an extension of time from the Idaho Department of Water Resources to resume beneficial use of this water right. The extension expired December 31, 2012, however on March 12, 2012, the Idaho Department of Water Resources accepted Rocky Mountain Power's application to place the right in the Water Supply Bank. The water right will remain valid in the Water Supply Bank until June 30, 2017. If this Application is approved, the water right will be withdrawn from the bank and transferred to the new owner at an appropriate time to resume operation of the hydro plant. Egin Bench Canals, Inc. diverts 423 cfs at the same point of diversion as the Company's 700 cfs. These combined water rights

equal 1,123 cfs and are the only water rights diverted at this point in the Henry's Fork of the Snake River.

6. Rocky Mountain Power evaluated a minimum alternative for returning the St. Anthony hydroelectric plant to service. This alternative has an investment requirement as shown in Confidential Exhibit No. 1 under "Alternative 2". This alternative includes repair of the jackshaft assembly and turbines and alignment of the four shafts. The wooden flume feeding water to the turbine would also need to be replaced. This alternative along with other future investment requirements and operation and maintenance expenses has a net cost to benefit unfavorable for customers. Please refer to Confidential Exhibit No. 1.

7. Rocky Mountain Power also evaluated a more costly alternative intended to increase levels of generation through increased efficiency. This alternative has an investment requirement as shown in Confidential Exhibit No. 1 under "Alternative 1". This alternative includes a complete modernization of the plant and conveyance structures to provide sustained and reliable service. This alternative, along with other future capital and, operation and maintenance expenses has a net cost to benefit that is unfavorable for customers. Please refer to Confidential Exhibit No. 1.

8. Rocky Mountain Power also evaluated a decommissioning alternative. The estimated cost to decommission the plant is shown as "Alternative 3" in Confidential Exhibit No. 1. Under this scenario, the Company would incur ongoing operation costs of the dam and water conveyance structures. This alternative has a net cost to benefit unfavorable for customers.

9. Balancing costs and risks of the aforementioned analyses, Rocky Mountain Power also evaluated a sale on an "As Is" basis. A potential sale could represent a lower cost and better cost/risk balanced option than investing in or decommissioning the facility. To solicit offers from the market, the Company issued a request for proposals ("RFP").

10. The Company prepared a RFP sales package which was distributed directly to 31 parties that expressed interest in acquiring the development. Of the 31 parties that requested and received the initial RFP sales package, 13 completed the non-disclosure agreement and were given access to confidential operation records and accounting information. Six parties provided letters of interest. Three of the six parties submitted conforming offers with varying levels of contingencies. Please refer to Confidential Exhibit No. 2 for a summary of participation and an analysis of offers received.

11. Based on the bids received from the RFP, the sale alternative will result in a sale below remaining book value of the facility, akin to the decommissioning alternative.

12. The bid from the RFP with the best balance between cost and risk was from bidder 3, see Confidential Exhibit No. 2. The transaction proposed by bidder 3 has minimal contingencies and includes a requirement that Rocky Mountain Power enter into a power purchase agreement ("PPA") at avoided cost rates. An Agreement of Purchase and Sale that is made effective subject to regulatory approval of this application has been negotiated and executed with bidder #3. See Confidential Exhibit No. 3 for a copy of the Agreement of Purchase and Sale.

13. Rocky Mountain Power's analysis of the alternatives indicates it is in the best interest of the Company's customers to sell the St. Anthony hydroelectric development. The least cost and least risk option is to sell the facility. Absent selling the facility the Company would review the cost/risk balance of pursuing the more costly decommissioning alternative.

14. If the Application is approved, the sale of the St. Anthony hydroelectric plant will be accounted for by removing from the Company's books the original book value of the sold assets with a credit to FERC account 101, Electric Plant in Service. In addition, the Accumulated Provision for Depreciation in FERC account 108 and Accumulated Deferred Income Tax Reserve in FERC account 282 will be debited to eliminate the balances associated with the plant. The exact book value of the transactions in the various FERC accounts will not be known until equipment sales are closed. Since this is a FERC licensed project the Company will reflect this sale as prescribed by FERC. Net proceeds will be included in FERC account 108 Accumulated Provision for Depreciation as part of the Ashton-St. Anthony licensed project. This practice of group depreciation accounting is consistent with past practices and approvals. For example, a similar treatment of book value occurred after the decommissioning of the Cove Development on the Bear River in Idaho. After decommissioning, the Cove Development's remaining book value was applied to the Grace Development that it shared a common FERC operating license with. The St. Anthony sale was not included in the depreciation study currently pending before the Commission.

15. The sale of the St. Anthony hydroelectric plant serves the public interest because it represents the best balance of cost and risk for customers. Discontinuation of

operation associated with the St. Anthony hydroelectric generation plant by Rocky Mountain Power will not adversely affect retail or wholesale customers. The discontinuation of the St. Anthony hydroelectric plant's approximate 0.625 megawatt ("MW") generation capacity will have no material effect on Rocky Mountain Power's generation capacity which is comprised of approximately 10,579 MW<sup>1</sup>. Historical annual energy production from St. Anthony was less than 5,000 MWh per year.

16. The Company believes that Bidder #3 has the financial ability and intent to operate and maintain the St. Anthony plant in the public interest as demonstrated by the bidder contingency that Rocky Mountain Power enters into a PPA at avoided cost rates.

17. Rocky Mountain is presently unaware of any adverse impact to another utility or customers that would result from the sale of the St. Anthony hydroelectric plant.

18. In addition to Idaho, Rocky Mountain Power is required by Wyoming regulations to file an application with the Wyoming Public Utility Commission to sell the St. Anthony hydroelectric plant. A filing is also required in Oregon within 60 days of closing.

19. Rocky Mountain Power believes that a technical hearing is not necessary to consider the issues presented herein and respectfully requests that this Application be processed under Modified Procedure, i.e., by written submissions rather than by hearing, in accordance with RP 201 *et seq.*

WHEREFORE, based upon the foregoing, Rocky Mountain Power respectfully requests that the Idaho Public Utilities Commission issue an Order (1) authorizing that

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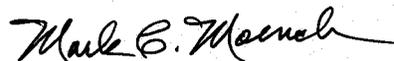
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[http://www.pacificorp.com/content/dam/pacificorp/doc/About\\_Us/Company\\_Overview/PC\\_FACTSHEET\\_2013\\_Fweb.pdf](http://www.pacificorp.com/content/dam/pacificorp/doc/About_Us/Company_Overview/PC_FACTSHEET_2013_Fweb.pdf)

this matter may be processed by Modified Procedure, and (2) approve the Company's Application to discontinue operations associated with the St. Anthony hydroelectric generation plant and dispose of the facilities as described in this Application. Rocky Mountain Power respectfully requests timely Commission consideration and approval of this Application such that the Company will have the necessary time to close the sale as soon as possible following all required regulatory approvals.

Dated this 9<sup>th</sup> day of April, 2013.

ROCKY MOUNTAIN POWER



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**ATTACHMENT A IS CONFIDENTIAL  
AND IS PROVIDED UNDER SEPARATE COVER**