

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

<b>THE APPLICATION OF ROCKY</b>	)	<b>CASE NO. PAC-E-18-04</b>
<b>MOUNTAIN POWER FOR APPROVAL OF</b>	)	
<b>THE ASSET PURCHASE AGREEMENT</b>	)	
<b>WITH THE CITY OF IDAHO FALLS (NINA,</b>	)	<b>ORDER NO. 34157</b>
<b>CHARLA, AND MERLIN DRIVE)</b>	)	
	)	

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On May 3, 2018, Rocky Mountain Power, a division of PacifiCorp (“Company”) filed an Application asking the Commission to approve the Company’s Asset Purchase Agreement with the City of Idaho Falls, Idaho (“City”). With the Agreement, the Company seeks to transfer electric facilities to the City so the City can supply electricity at or near Nina Drive, Charla Drive, and Merlin Drive, Idaho Falls, Bonneville County. The Company requested that its Application be processed under Modified Procedure, Rule 201 *et seq.* See IDAPA 31.01.01.201 *et seq.*

The Commission issued an order setting an August 28, 2018, deadline for interested persons to file comments. Order No. 34082. Commission Staff filed comments, recommending the Commission approve the Application. In addition, the Commission held a public hearing on August 21, 2018. One member of the public testified at the hearing in support of the Application. See Telephonic Hearing Transcript Vol. 1 at 5.

Having reviewed the record, the Commission grants the Company’s Application and approves the Asset Purchase Agreement, as detailed below.

**BACKGROUND AND APPLICATION**

The Company and City are electric suppliers under the Electric Supplier Stabilization Act (the “ESSA”), *Idaho Code* §§ 61-328 and 333. On October 9, 2017, the Company and City entered an Allocation Agreement ("2017 Allocation Agreement") "to reduce duplication of service and promote stability in their respective service areas." See Application at 2 and Attachment A. The 2017 Allocation Agreement allowed one supplier to transfer a customer’s service to the other supplier as long as the acquiring supplier agreed to pay the transferor 167% of the transferred customer’s electric bills from the prior 12 months, and to buy the facilities the transferor no longer needs to serve that customer. Application at 2-3. The Commission approved the 2017 Allocation Agreement on December 5, 2017. See Case No. PAC-E-I7-02; and Order No. 33943.

With its current Application, the Company asks the Commission to approve an Asset Purchase Agreement by which the Company would transfer certain electric facilities to the City so the City can serve transferred customers at or near Nina Drive, Charla Drive, and Merlin Drive, Idaho Falls, Bonneville County. The City has agreed to pay the Company for the assets transferred, as well as revenue reimbursement, and legal and transaction costs. Consistent with the 2017 Allocation Agreement, the City has agreed to pay the Company 167% of the total (*see* Exhibit B to the Asset Sales Agreement) of the respective customer's electric bills from the prior twelve-month period, and to buy the electrical facilities and assets in Exhibit A and D to the Asset Purchase Agreement. The Company and City have agreed to a total asset sales price of \$92,713.

### **STAFF COMMENTS**

Staff recommended the Commission approve the Application. Staff believes the proposed transaction conforms to the ESSA, prior Commission orders (specifically Order No. 33493), and the 2017 Allocation Agreement. Staff Comments at 2. Staff concluded that funds from the sale sufficiently offset the undepreciated rate base of assets being transferred to the City, that the value of the assets are removed from rate base and, therefore, the transaction will not harm rate payers. *Id.* at 2-3. Staff also stated that the accounting treatment for the sales price was consistent with the methodology the Commission approved in Order No. 33493. Staff also noted that the Company explained that customers who live in an area annexed by the City had initially requested the service change and agreed to the service transfer. *Id.* at 3.

### **DISCUSSION AND FINDINGS**

The Commission has jurisdiction over this matter under Title 61 of the Idaho Code, specifically *Idaho Code* §§ 61-328, 61-502 and 61-503 (the Commission has power to investigate a public utility's contracts). The Commission has reviewed and considered the Company's Application, its Asset Purchase Agreement with the City, and Staff and customer comments. The Commission held a public hearing according to *Idaho Code* § 61-328(1) and (2), where one witness testified in favor of the Application.

Having reviewed the record, the Commission finds that the Asset Purchase Agreement is consistent with the 2017 Allocation Agreement, which we found complies with the ESSA in Case No. PAC-E-17-12; Order No. 33943. The Commission further finds the sale of electrical assets complies with *Idaho Code* § 61-328, and is consistent with the public interest and will not

increase costs and rates of supplying service. The Commission is also satisfied the Company appropriately determined the assets' total asset sales price and accounting treatment.

The Commission thus finds it reasonable to grant the Application and approve the Asset Purchase Agreement.

### ORDER

IT IS HEREBY ORDERED that the Company's Application is approved, as set forth above.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. 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 26<sup>th</sup> day of September 2018.

  
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PAUL KJELLANDER, PRESIDENT

  
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KRISTINE RAPER, COMMISSIONER

  
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ERIC ANDERSON, COMMISSIONER

ATTEST:

  
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Diane M. Hanian  
Commission Secretary