

ORIGINAL

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE PETITION OF)
WABASH VALLEY POWER ASSOCIATION,) CAUSE NO. 43915
INC. FOR APPROVAL OF THE PURCHASE)
OF ASSETS FROM TIPMONT REMC) APPROVED: SEP 15 2010
PURSUANT TO IND. CODE § 8-1-2-84)

BY THE COMMISSION:
James D. Atterholt, Commissioner
David E. Veleta, Administrative Law Judge

On June 23, 2010, Wabash Valley Power Association, Inc. ("Petitioner" or "Wabash Valley") filed its Verified Petition in this Cause requesting that the Indiana Utility Regulatory Commission (the "Commission") approve the purchase of certain assets by Wabash Valley from Tipmont Rural Electric Membership Corporation ("Tipmont REMC"), together with the direct testimony of Gary R. Stein, its Manager of Engineering, and Nisha A. Harke, its Manager of Finance and Rates. On August 12, 2010, the Office of the Utility Consumer Counselor (the "OUCC") filed with the Commission the prefiled testimony of Greg A. Foster, a Utility Analyst in the Electric Division.

Pursuant to notice given and published as required by law, proof of which was incorporated in the record by reference and placed in the official files of the Commission, a public hearing was held in this Cause at 10:00 a.m. on September 3, 2010, in Room 224, PNC Center, 101 West Washington Street, Indianapolis, Indiana 46204. Petitioner and the OUCC appeared and participated. No members of the general public appeared. At the public hearing, evidence was presented by Petitioner and the OUCC, and all exhibits were entered into the record without objection.

Based upon applicable law and evidence presented herein, the Commission now finds as follows:

1. Notice and Jurisdiction. Due, legal and timely notice of the evidentiary hearing in this Cause was given and published by the Commission as required by law. Petitioner is a public utility within the meaning of the Public Service Commission Act, as amended, Indiana Code § 8-1-2-1 et seq. Indiana Code § 8-1-2-84 requires approval by the Commission of a purchase by a public utility of any part of the utility related property of another public utility. Therefore, the Commission has jurisdiction over Petitioner and the subject matter of this Cause.

2. Petitioner's Characteristics. Petitioner is a public utility organized and existing under the laws of the State of Indiana with its principal office at 722 N. High School Road, Indianapolis, Indiana. Petitioner serves as a power supplier to 28 electric cooperative members and owns and operates generation, transmission and related facilities. All Petitioner's cooperative members are corporations organized and existing under and pursuant to the Indiana

REMC Act, Indiana Code § 8-1-13-1 *et seq.*, except for Midwest Energy, which is organized pursuant to the laws of the State of Michigan; Paulding-Putnam Electric Cooperative, Inc., which is organized pursuant to the laws of the State of Ohio; MJM Electric Cooperative, Corn Belt Energy Corporation, and EnerStar Electric Cooperative, which are each organized pursuant to the laws of the State of Illinois; and Citizens Electric Corporation, which is organized pursuant to the laws of the State of Missouri.

3. Relief Requested. Wabash Valley has requested that the Commission approve the purchase of certain transmission assets by Wabash Valley from Tipmont REMC. Specifically, these assets are (i) a 138kV radial transmission line known as the ASA-Linden Tap Line (the “ASA-Linden Line”) which serves the ASA Substation located in Montgomery County, Indiana; and (ii) a 69kV radial transmission line known as the Battleground-Texas Eastern Transmission Corporation (“Battleground Line”) which is a sole use line serving the TETC Substation located in Tippecanoe County, Indiana (collectively referred to herein as the “Transmission Lines”) and associated equipment and easements.

4. Parties’ Evidence.

A. Petitioner’s Evidence. Gary R. Stein testified on behalf of Petitioner as its Manager of Engineering. He testified that the ASA Linden Line is a radial 138kV transmission line which is approximately four miles long and utilizes single wood poles. Mr. Stein testified that the ASA Linden Line interconnects with the joint transmission system owned jointly by Duke Energy Indiana (“DEI”), Wabash Valley and the Indiana Municipal Power Agency (“IMPA”) at DEI’s 13819 circuit in Montgomery County, approximately 2.5 miles west of State Road 231 on Montgomery County Road 1100 N. Mr. Stein further testified that the Battleground Line is a radial 69kv 2.5-mile line on single wood poles connecting Tipmont REMC’s Battleground Substation with the customer-owned TETC Substation. With respect to the operation of the Transmission Lines, Mr. Stein testified that pursuant to the Transmission and Local Facilities Ownership, Operation and Maintenance Agreement between DEI, Wabash Valley and IMPA, DEI will operate and maintain the lines upon transfer of ownership to Wabash Valley. Mr. Stein testified that Wabash Valley’s policy D-5 which allows Wabash Valley to purchase a member-owned transmission line at an original cost depreciated value. Mr. Stein testified that the ASA Linden Line’s original cost depreciated value is \$0.00 and the original cost depreciated value of the Battleground Line is approximately \$189,632.

Nisha A. Harke testified on behalf of Petitioner as its Manager of Finance & Rates. She testified that a member of Wabash Valley has the option to build and maintain its own substations, but that it is Wabash Valley’s policy to own all primary transmission lines that solely serve the loads of its members, and that pursuant to policy D-5, Wabash Valley may purchase existing member-owned primary transmission lines at book value which is deemed to be the original cost depreciated value. She testified that Tipmont REMC is a member of Wabash Valley and currently owns two primary transmission lines. Ms. Harke testified that Tipmont requested Wabash Valley to purchase the Transmission Lines at the original cost depreciated value. Ms. Harke testified that the ASA Linden Line was constructed for a sole-use customer and was paid for by Tipmont REMC. The sole-use customer reimbursed Tipmont REMC for all costs associated with the line and therefore the original cost depreciated value for the ASA

Linden Line is \$0.00. Ms. Harke testified that the Battleground Line is owned by Tipmont REMC and the original cost depreciated value on the Battleground Line is \$189,632.00 as of June 1, 2010. Ms. Harke testified that the total purchase price to acquire the Transmission Lines from Tipmont REMC represents 0.0281% of the book value of Wabash Valley's consolidated net utility plant as of May 31, 2010. Finally, Ms. Harke testified that the Wabash Valley Board of Directors approved the purchase of the Transmission Lines.

B. OUCC's Evidence. Greg A. Foster, a Utility Analyst in the Electric Division of the OUCC's Energy Group, testified on behalf of the OUCC. He testified that he reviewed the Verified Petition and pre-filed testimony of Wabash Valley and conferred with OUCC staff about Wabash Valley's proposal. Mr. Foster testified that the OUCC does not oppose Wabash Valley's purchase of the Transmission Lines from Tipmont REMC. He stated that the purchase price for the Transmission Lines was based on the original cost depreciated balance on Tipmont REMC's books as of June 1, 2010, and that the total purchase price to acquire the two Transmission Lines amounted to 0.0281% of Wabash Valley's consolidated net utility plant as of May 31, 2010. Mr. Foster based that testimony on his review of Ms. Harke's testimony. Mr. Foster also testified that, according to Ms. Harke, Wabash Valley's policy is to own all primary transmission lines solely serving the loads of its members and that it may purchase existing member-owned primary transmission lines at book value, and that the purchase of these Transmission Lines was approved by the Board of Directors in the 2010 Wabash Valley budget.

5. Commission Discussion and Findings. Based on the evidence presented, the Commission finds that the proposed purchase of assets by Wabash Valley from Tipmont REMC is reasonable and should be approved.

Indiana Code § 8-1-2-84(e) requires Commission approval for Petitioner to purchase used or useful property, plant or business or any part thereof from another public utility. Wabash Valley's petition and evidence have described the nature and purpose of this purchase of assets. Wabash Valley's witnesses Stein and Harke testified that it is Wabash Valley's policy to own all primary transmission lines solely serving the loads of its members, and that Wabash Valley's policy D-5 provides that Wabash Valley may purchase member-owned transmission lines at the original cost depreciated value. The evidence in the record indicates that the book cost of the assets to be purchased is less than 5% of the book value of Wabash Valley's consolidated net utility plant. The OUCC's witness, Mr. Foster, testified that the OUCC also believes it is appropriate for the Commission to approve this purchase of assets.

Based on the evidence in the record, we find that Wabash Valley's request for the purchase of (i) a 138kV radial transmission line known as the ASA-Linden Tap Line which serves the ASA Substation located in Montgomery County, Indiana; and (ii) a 69kV radial transmission line known as the Battleground-Texas Eastern Transmission Corporation which is a sole use line serving the TETC Substation located in Tippecanoe County, Indiana and associated equipment and easements from Tipmont REMC is reasonable and should be approved.

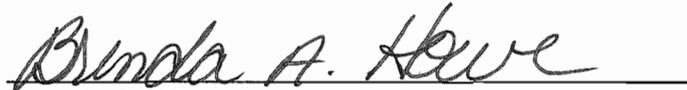
IT IS THEREFORE ORDERED BY THE INDIANA UTILITY REGULATORY COMMISSION that:

1. The proposed purchase by Wabash Valley of (i) a 138kV radial transmission line known as the ASA-Linden Tap Line; and (ii) a 69kV radial transmission line known as the Battleground-Texas Eastern Transmission Corporation which is a sole use line serving the TETC Substation located in Tippecanoe County, Indiana and associated equipment and easements is hereby approved.
2. The Order shall be effective on and after the date of its approval.

HARDY, ATTERHOLT, LANDIS, MAYS AND ZIEGNER CONCUR:

APPROVED: SEP 15 2010

**I hereby certify that the above is a true
And correct copy of the Order as approved.**



**Brenda A. Howe
Secretary to the Commission**