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STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE PETITION OF )  
WABASH VALLEY POWER ASSOCIATION, )  
INC. ("WABASH VALLEY") FOR )  
APPROVAL OF THE SALE AND TRANSFER )  
OF ASSETS TO MIDWEST ENERGY )  
COOPERATIVE PURSUANT TO IND. CODE )  
8-1-2-84 )

CAUSE NO. 44088

APPROVED: DEC 07 2011

ORDER OF THE COMMISSION

**Presiding Officers:**

**Carolene Mays, Commissioner**

**Gregory R. Ellis, Administrative Law Judge**

On October 6, 2011, Wabash Valley Power Association, Inc. ("Petitioner" or "Wabash Valley") filed its Verified Petition ("Petition") in this Cause requesting that the Indiana Utility Regulatory Commission ("Commission") approve the sale and transfer of certain assets by Wabash Valley to Midwest Energy Cooperative ("Midwest Energy"), together with the direct testimony of Brent A. Reyher, its Manager of Delivery Services, and Nisha A. Harke, its Manager of Finance and Rates. On October 28, 2011, the Indiana Office of the Utility Consumer Counselor ("OUCC") filed with the Commission the prefiled testimony of Michael D. Eckert, a Senior Utility Analyst in the Electric Division.

Pursuant to notice of hearing 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 matter on November 9, 2011, at 1:30 p.m., in Room 224, PNC Center, 101 W. Washington St., Indianapolis, Indiana. 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 testimony and exhibits were entered into 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, Ind. Code § 8-1-2-1 *et seq.* As a public utility, pursuant to Ind. Code § 8-1-2-84, Wabash Valley is required to obtain approval by the Commission for the sale or transfer of used or useful property, plant, or business. Accordingly, the Commission has jurisdiction over Petitioner and the subject matter of this proceeding.

**2. Petitioner's Characteristics and Business.** Petitioner is a public utility organized and existing under the laws of the State of Indiana with its principal place of business located at 722 N. High School Road, Indianapolis, Indiana 46224. Wabash Valley has been granted a Certificate of Public Convenience and Necessity to operate as a public utility. Wabash Valley serves as a power supplier to 28 electric cooperative members, and owns and operates generation, transmission and related facilities

Petitioner's cooperative member, Midwest Energy, is a corporation organized pursuant to the laws of the State of Michigan and headquartered in Cassopolis, Michigan. Midwest Energy serves more than 35,000 members located within the Michigan counties of Cass, Van Buren, St. Joseph, Berrien, Kalamazoo, and Lenawee. Midwest also serves parts of Elkhart, St. Joseph, and LaGrange counties in Indiana as well as parts of William and Fulton counties in Ohio.

**3. Relief Requested.** Wabash Valley has requested that the Commission approve the sale and transfer of certain assets by Wabash Valley to Midwest Energy. Specifically, Wabash Valley desires to transfer to Midwest Energy (i) three sole-use transmission lines known as the Calvin 69kV Transmission Line, the Texas 69kV Transmission Line, and the Mottville 69kV Transmission Line, (ii) 10 meters, and (iii) associated equipment and easements (collectively, the "Assets").

**4. Evidence Offered Concerning Petition.**

**A. Wabash Valley's Direct Testimony in Support of Its Petition.** Brent A. Reyher testified on behalf of Petitioner as its Manager of Delivery Services. He testified that Midwest Energy has requested to purchase from Wabash Valley three 69kV transmission line segments serving Midwest owned distribution substations, including: 3.7 miles serving the Calvin substation ("Calvin 69kV"), 2.2 miles serving the Texas substation ("Texas 69kV"), 15.1 miles serving the Banks, Baldwin-Prairie, and Mason substations ("Mottville 69kV"), as well as transmission switches, a circuit breaker, and metering equipment. He testified that Midwest Energy is an electric distribution cooperative headquartered in Cassopolis, Michigan that owns over 3,900 miles of distribution line and serves more than 35,000 members located within the Michigan counties of Cass, Van Buren, St. Joseph, Berrien, Kalamazoo, and Lenawee. Midwest Energy also serves parts of Elkhart, St. Joseph, and LaGrange counties in Indiana as well as parts of William and Fulton counties in Ohio. Midwest's energy needs are currently supplied by Wabash Valley via twenty-eight delivery points. Mr. Reyher testified that the proposed transaction only impacts Midwest and that pursuant to Wabash Valley Policy D-4, a member may purchase from Wabash Valley any transmission facility for which that member is the sole recipient of service.

Nisha A. Harke also testified on behalf of Petitioner as its Manager of Finance and Rates. She testified that Wabash Valley makes investments in substations and transmission lines for its member as part of electric service and that Midwest Energy has exercised the option to purchase assets currently owned by Wabash Valley and solely serving Midwest

Energy as of December 31, 2011 at the Net Book Value. She testified that the proceeds from the sale will be deposited with the Trustee per the requirements of Wabash Valley's Trust Indenture and subsequently withdrawn so the funds can be placed into Wabash Valley's general fund and used for general corporate purposes. Ms. Harke testified that the Net Book Value of all assets to be sold to Midwest Energy will be \$3,525,594 if the sale is consummated on December 31, 2011 and that the total purchase price represents 0.50114% of the book value of Wabash Valley's Consolidated Net Utility Plant as of that date. She testified that the sale price could be adjusted for assets paid for by Wabash Valley but not included in her testimony. She testified that the Wabash Valley Board of Directors approved the sale on August 31, 2011, and the Board of Directors for Midwest Energy Cooperative approved the purchase on August 29, 2011.

**B. OUCC's Evidence.** The OUCC sponsored the testimony of Michael D. Eckert, a Senior Utility Analyst in the Electric Division. He testified that he reviewed the petition and testimony filed in this cause by Petitioner, and that the OUCC believes that the Petitioner's request for approval to transfer the specific assets to Midwest Energy is reasonable. He testified that members of Wabash Valley have the option of purchasing sole use facilities at original cost depreciated and that Midwest Energy has made a request to purchase the specified sole use assets. He testified that the OUCC does not oppose Wabash Valley's sale of these transmission lines, meters and associated equipment to Midwest Energy.

**5. Commission Findings.** Based on the evidence presented, the Commission finds that the proposed transfers by Wabash Valley to Midwest Energy are reasonable and should be approved.

Ind. Code § 8-1-2-84(e) requires Commission approval for Petitioner to sell used or useful property, plant or business or any part thereof. Wabash Valley's petition and evidence have described the nature and purpose of the transfer of assets. Wabash Valley's witness Mr. Reyher testified that this transfer will only have an impact on Midwest Energy and that Wabash Valley's policy is to allow such transfers whenever the requesting member is the sole recipient of service from the facilities being transferred. Ms. Harke testified that the book cost of the assets to be transferred is less than 5% of all of Wabash Valley's properties. She further testified that the Wabash Valley Board of Directors approved the sale on August 31, 2011. The OUCC's witness, Mr. Eckert, testified that the OUCC does not oppose Wabash Valley's transfer of assets to Midwest Energy.

Based on the evidence, we find that Wabash Valley's request for the sale and transfer of the Assets by Wabash Valley to Midwest Energy is appropriate and should be approved.

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

1. Wabash Valley's sale and transfer of (i) three sole-use transmission lines known as the Calvin 69kV Transmission Line, the Texas 69kV Transmission Line, and the

Mottville 69kV Transmission Line, (ii) 10 meters, and (iii) associated equipment and easements is hereby approved.

2. Order shall be effective on and after the date of its approval.

**ATTERHOLT, BENNETT, LANDIS, MAYS AND ZIEGNER CONCUR:**

**APPROVED: DEC 07 2011**

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



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