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[Handwritten signatures and initials: "ARW", "JRM", "CJM", "ARW"]

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE PETITION OF) WABASH VALLEY POWER ASSOCIATION,) INC. FOR APPROVAL OF THE SALE AND) TRANSFER OF ASSETS TO PAULDING-) PUTNAM ELECTRIC COOPERATIVE, INC.) PURSUANT TO IND. CODE 8-1-2-84)	CAUSE NO. 44529 APPROVED:
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DEC 17 2014

ORDER OF THE COMMISSION

Presiding Officers:

David E. Ziegner, Commissioner
Marya E. Jones, Administrative Law Judge

On September 9, 2014, Wabash Valley Power Association, Inc. (the "Petitioner" or "Wabash Valley") filed its Verified Petition with the Indiana Utility Regulatory Commission ("Commission") for approval of the sale and transfer of certain assets by Wabash Valley to Paulding-Putnam Electric Cooperative, Inc. ("Paulding-Putnam EC"). On that same day, Petitioner filed the testimony of Brent A. Reyher and Nisha A. Harke. On October 24, 2014, the Indiana Office of Utility Consumer Counselor ("OUCC") filed the testimony of Duane P. Jasheway.

The Commission convened a public hearing in this Cause on November 21, 2014, at 9:30 a.m. in Room 222, PNC Center, 101 West Washington Street, Indianapolis, Indiana 46204. At the hearing, Wabash Valley and the OUCC appeared by counsel and offered their respective prefiled testimony and exhibits, which were admitted into evidence without objection. No member of the general public appeared or participated at the hearing.

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

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 as defined by Ind. Code § 8-1-2-1(a). Pursuant to Ind. Code § 8-1-2-84, the Commission has jurisdiction over the transfer of utility property. Accordingly, the Commission has jurisdiction over the Petitioner and the subject matter of this proceeding.

2. Petitioner's Characteristics and Business. Petitioner is a mutual benefit corporation organized and existing under Ind. Code art. 23-17 with its principal place of business located at 722 N. High School Road, Indianapolis, Indiana 46224. Pursuant to an order of the Commission issued on January 13, 1978, in Cause No. 35091, Wabash Valley is certificated and authorized by the Commission to operate as a public utility, including the authority, among other things, to serve as a power supplier to its members and to construct, own and operate generation, transmission and related plants and facilities.

3. **Requested Relief.** Wabash Valley seeks Commission approval of the sale and transfer of certain assets to Paulding-Putnam EC pursuant to Ind. Code § 8-1-2-84.

4. **Proposed Sale and Transfer.**

A. **Petitioner's Case-in-Chief.** Mr. Brent Reyher, Manager, Delivery Services at Wabash Valley, testified that Paulding-Putnam EC is a member of Wabash Valley that will cease its membership in, and purchase of all-requirements wholesale electric service from, Wabash Valley effective December 31, 2014. He explained that Paulding-Putnam EC's membership in Wabash Valley will end pursuant to a 10-year buy-out supplemental agreement to the Wholesale Power Supply contract between Paulding-Putnam EC and Wabash Valley. Paulding-Putnam EC has requested that Wabash Valley sell it the Herbert Monroe 138 kV Line which solely serves Paulding-Putnam's Herbert K. Monroe Substation located in Allen County, Indiana. Mr. Reyher noted that Paulding-Putnam EC is an electric distribution cooperative headquartered in Paulding, Ohio that owns over seventeen hundred miles of distribution line, serves more than 10,841 members located within the Ohio counties of Paulding, Putnam, Van Wert, Defiance and Allen and the Indiana counties of Adams and Allen.

Mr. Reyher testified the proposed sale of assets will only impact Paulding-Putnam EC since it involves a 138 kV transmission line used solely to serve Paulding-Putnam EC. He noted that Wabash Valley will cease serving Paulding-Putnam EC with wholesale electric service with Paulding-Putnam EC's departure on December 31, 2014. He explained that Paulding-Putnam EC's request to purchase the transmission line is pursuant to Wabash Valley's Policy D-4, which permits a member to purchase from Wabash Valley any facilities for which that member is the sole recipient of service.

Ms. Nisha Harke, Manager of Finance & Rates at Wabash Valley, testified that Wabash Valley's Policy D-4 also permits it to sell to a member the facilities used by such member, at an original cost depreciated value ("OCD"). She testified that Paulding-Putnam EC requested Wabash Valley sell the Herbert Monroe 138 kV Line and that its OCD value is \$257,240 as of the projected sale date of December 31, 2014.

Ms. Harke testified that the proceeds from the sale of the 138 kV Line will be placed into Wabash Valley's general fund and used for general corporate purposes. She further testified that the total sales price for the 138 kV Line represents 0.03785% of the book value of Wabash Valley's Consolidated Net Utility Plant as of December 31, 2014. Finally, Ms. Harke testified that the proposed sale of the 138 kV Line was approved by the Wabash Valley Board of Directors ("Board") on September 3, 2014.

B. **OUCC's Case-in-Chief.** Mr. Duane P. Jasheway, a Utility Analyst with the OUCC, testified that he reviewed Petitioner's request for authority to sell and transfer the Herbert Monroe 138 kV Line to Paulding-Putnam EC, and that he recommends approval. He confirmed that the proposed sale of the 138 kV Line was approved by the Wabash Valley Board at a meeting on September 3, 2014. He noted Ms. Harke's testimony that Wabash Valley based the purchase price for this transmission asset on the OCD balance on Wabash Valley's books. He

stated that the total sales price of the assets is \$257,240, or approximately 0.03785% of Wabash Valley's Consolidated Net Utility Plant as of December 31, 2014. He testified that the OUCC does not oppose the sale as proposed.

5. Commission Discussion and Findings. Based on the evidence, the Commission finds that the proposed transfer of assets from Wabash Valley to Paulding-Putnam EC is reasonable and should be approved.

Ind. Code § 8-1-2-84 requires Commission approval to sell used or useful property, plant or business or any part thereof. Wabash Valley's Verified Petition and evidence have described the nature and purpose of the transfer of assets. Petitioner's witness, Mr. Reyher, testified that the proposed sale of assets will only impact Paulding-Putnam EC since it involves a 138 kV line used solely to serve Paulding-Putnam EC.

Based on the Commission's review of the evidence presented in this proceeding, we find that Petitioner's request is reasonable and that Petitioner should be authorized to sell and transfer the Herbert Monroe 138 kV Line to Paulding-Putnam EC.

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

1. Wabash Valley's sale and transfer of the Herbert Monroe 138 kV Line to Paulding-Putnam EC is approved.
2. This Order shall be effective on and after the date of its approval.

STEPHAN, MAYS-MEDLEY, HUSTON, WEBER, AND ZIEGNER CONCUR:

APPROVED: DEC 17 2014

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



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