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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)
NORTHEASTERN RURAL ELECTRIC MEMBERSHIP)
CORPORATION PURSUANT TO IND. CODE 8-1-2-84)

CAUSE NO. 44591

APPROVED: MAY 27 2015

ORDER OF THE COMMISSION

Presiding Officers:

Carol A. Stephan, Commission Chair

Marya E. Jones, Administrative Law Judge

On February 9, 2015, Wabash Valley Power Association, Inc. (“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 Northeastern Rural Electric Membership Corporation (“NREMC”). On February 9, 2015, Petitioner also filed the testimony of Mr. Brent Reyher, Wabash Valley’s Manager, Delivery Services and of Nisha A. Harke, Manager, Finance and Rates. On April 17, 2015, the Indiana Office of Utility Consumer Counselor (“OUCC”) filed the testimony of Michael D. Eckert, Senior Analyst in the OUCC’s Electricity Division.

The Commission convened an evidentiary hearing at 3:00 p.m. on April 29, 2015, in Room 224 of the PNC Center, 101 West Washington Street, Indianapolis, Indiana. 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 members of the general public were present or sought to testify.

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 sale or lease 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 an Indiana mutual benefit non-profit corporation with its principal place of business located at 722 N. High School Road, Indianapolis, Indiana. 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 NREMC pursuant to Ind. Code § 8-1-2-84. The proposed assets include the following sole-use facilities (the “Facilities”) in Whitley and Allen Counties that serve NREMC’s distribution system exclusively:

- 0.1 mile 69kV line to the “Gateway” substation;
- 4.1 mile 138kV radial line to the “Coesse” substation;
- 1.5 mile 69kV radial line to the “Lincolnway” substation;
- 1.4 mile 69kV radial line to the “Woodland” substation;
- 0.1 mile 69kV line to the “Aboite” substation;
- 0.1 mile 138kV line to the “Indian Creek” substation;
- 0.1 mile 138kV line to the “Huntertown” substation;
- 0.1 mile 138kV line to the “Dupont” substation; and
- certain metering equipment located at the Coesse and Woodland substations.

4. **Evidence of the Parties.**

A. **Petitioner’s Case-in-Chief.** Mr. Brent Reyher testified that one of its members, NREMC, will cease its membership in and purchase of all-requirements wholesale electric service from Wabash Valley effective June 30, 2015. He explained that NREMC’s membership in Wabash Valley will end pursuant to a ten-year buy-out supplemental agreement to the Wholesale Power Supply contract between NREMC and Wabash Valley. Wabash Valley will, however, continue to provide wholesale electric service to NREMC under a separate contract until 2028, in order to serve Steel Dynamics, Inc., one of NREMC’s large industrial loads.

Mr. Reyher testified that NREMC is an electric distribution cooperative headquartered in Columbia City, Indiana, and noted that NREMC owns more than 2,100 miles of distribution line and serves more than 24,700 members located within Whitley, Allen, Noble, Kosciusko, Huntington, and Wabash Counties. Mr. Reyher explained that the proposed sale of the Facilities will not impact Wabash Valley’s other members since the Facilities are used solely to serve NREMC.

Ms. Nisha Harke testified that Wabash Valley’s Policy D-4 permits it to sell to a member, at an original cost depreciated value (“OCD”), facilities used exclusively by the member. She testified that NREMC requested Wabash Valley sell the Facilities and that the OCD value is \$1,194,241.99, projected as of June 30, 2015. Ms. Harke testified that the proceeds from the sale of the Facilities will be placed into Wabash Valley’s general fund and used for general corporate purposes. She explained that the total sales price for the Facilities would represent 0.16873% of the book value of Wabash Valley’s Consolidated Net Utility Plant as of June 30, 2015. Ms. Harke noted that the proposed sale of the Facilities was approved by the Wabash Valley’s Board of Directors (“Board”) on January 7, 2015.

B. **OUC’s Case-in-Chief.** Mr. Michael D. Eckert confirmed that the proposed sale of the Facilities was approved by Wabash Valley’s Board at its meeting on

January 7, 2015. He testified that Wabash Valley provided a copy of its Board's Policy D-4 outlining the procedure for selling a sole-use substation or transmission facility used exclusively by one of its members. He acknowledged Ms. Harke's testimony that Wabash Valley based the purchase price for the Facilities on the OCD balance on Wabash Valley's books. He affirmed that the total sale price of the Facilities is \$1,194,241.99, and noted that this sale price would be approximately 0.03785% of Wabash Valley's Consolidated Net Utility Plant as of June 30, 2015. He testified that the OUCC recommends approval of Wabash Valley's sale of the Facilities to NREMC.

5. Commission Discussion and Findings. Ind. Code § 8-1-2-84 provides that any public utility may sell its used or useful property, plant or business, or any part thereof, to any other public utility at a price and on terms approved by the Commission.

The evidence confirms that NREMC will cease its membership in and purchase of all-requirements wholesale electric service from Wabash Valley effective June 30, 2015, and that as a part of its departure, NREMC seeks to purchase certain assets. Mr. Reyher's testimony demonstrated that the proposed sale of the Facilities only impacts NREMC because it involves assets Wabash Valley used solely to serve NREMC. Therefore, the assets will no longer be used and useful to Wabash Valley. Ms. Harke's testimony affirmed that Wabash Valley's Policy D-4 permits it to sell to a member, at an OCD value, facilities used exclusively by the member and that the total sales price would be \$1,194,241.99. Her testimony showed that Wabash Valley's Board approved the sale on January 7, 2015. The evidence also established that the OUCC recommends approval of Wabash Valley's transfer of the Facilities to NREMC.

Based on the evidence presented, the Commission finds that the proposed transfer is reasonable and that Wabash Valley is authorized to sell and transfer the Facilities to NREMC.

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

1. Wabash Valley's sale and transfer of the Facilities to NREMC is approved.
2. The Order shall be effective on and after the date of its approval.

STEPHAN, HUSTON, AND WEBER CONCUR; MAYS-MEDLEY AND ZEIGNER ABSENT:

APPROVED: MAY 27 2015

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



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