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PSC ASKS COURT TO STOP SALE OF PACIFICORP'S
MONTANA FACILITIES TO FLATHEAD ELECTRIC CO-OP
UNTIL REGULATORY APPROVAL FROM PSC IS OBTAINED

The state Public Service Commission, joined by the Montana Consumer Counsel, today asked the Flathead County District Court to order PacifiCorp to halt the sale of its distribution facilities in Montana to Flathead Electric Cooperative until the PSC has the opportunity to review the terms and conditions of the sale. PacifiCorp disputes the PSC's authority to review and approve the sale.

Flathead County District Judge Ted Lympus, acting on behalf of Judge Kitty Curtis to whom the case was assigned, issued a temporary 48-hour restraining order on the sale this morning at the PSC's request.

PacifiCorp, which serves about 36,000 customers in Flathead and Lincoln counties, put its Montana distribution facilities up for sale in July and announced last Thursday that Flathead Electric was the successful bidder. PacifiCorp has indicated the sale would be completed in a matter of weeks.

According to Public Service Commissioner Bob Rowe, whose PSC district includes Flathead and Lincoln counties, "We are going to court to ensure we have the ability to decide issues that are important to PacifiCorp customers, having to do both with electric restructuring and with the sale itself. This is first time a Montana utility has attempted to sell its property without recognizing the PSC's authority to do its job for Montana customers. For example, the commission's recent reviews of sales by US West to rural phone cooperatives and by GTE to Citizens Tel resulted in significant benefits to Montana customers."

Rowe noted that the recent transfer of PTI, a local phone company, from PacifiCorp to Century Tel that was not reviewed by the PSC was a stock-only transaction, not a sale of the physical property.

Rowe also emphasized that Flathead Electric Co-op, the purchaser, is an "innocent bystander" in this matter. "I have emphasized to Flathead Electric that I have high regard for them as a utility provider. As soon as the court confirms the commission's authority to review the sale, I look forward to promptly concluding the case we already have underway."

Issues that likely would be addressed in the PSC's review of the sale include the reliability and service to be provided by the purchaser to customers; the disposition of any gain or loss on the sale; and PacifiCorp's proposed electric transition plan currently being considered by the PSC pursuant to Montana's electric restructuring law. A PSC hearing on several issues in the transition plan will be held as scheduled in Kalispell this week, beginning at 1 p.m. Monday at the Outlaw Inn. A PSC hearing on issues related to sale has already been scheduled to begin in late November.

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