

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: NISHNABOTNA VALLEY RURAL ELECTRIC COOPERATIVE AND TENNANT MUNICIPAL UTILITIES	DOCKET NO. SPU-04-14
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**ORDER AUTHORIZING DISCONTINUANCE AND TRANSFER OF SERVICE
AND MODIFICATION OF SERVICE AREA BOUNDARY**

(Issued June 9, 2004)

On May 18, 2004, Nishnabotna Valley Rural Electric Cooperative (Nishnabotna) and Tennant Municipal Utilities (Tennant) filed with the Utilities Board (Board) a joint application for discontinuance of electric service by Tennant and the transfer of electric service to Nishnabotna. Tennant submitted to the voters of the city a proposal to transfer its electric utility assets to Nishnabotna and the voters unanimously voted in support of the transfer. A copy of the auditor's certification of the election results is attached to the joint application. Nishnabotna and Tennant also request a modification of service area boundaries to reflect the transfer. No objections or responses to the joint application were filed.

Nishnabotna is a cooperative association organized pursuant to Iowa Code chapter 499 (2003) and Tennant is a municipality that operates a municipal utility. Both are public utilities providing electric utility service at retail to customers pursuant to Iowa Code chapter 476 (2003). The effective date of the proposed transfer is

July 1, 2004. On that date, Tennant will no longer own its electric plant, and therefore, will no longer be able to provide electric utility service to the customers located in its assigned service area. Nishnabotna has an electric tariff and former customers of Tennant will receive service pursuant to that tariff on and after July 1, 2004, if the transfer is approved.

Iowa Code § 476.20 and 199 IAC 7.12 provide that Board approval is required prior to a public utility discontinuing service. The Board will authorize the discontinuance of service by Tennant and the transfer of service to Nishnabotna as of July 1, 2004. While the Board has certain jurisdiction over electric cooperatives pursuant to Iowa Code § 476.1B, Nishnabotna is not subject to rate regulation by the Board. Tennant, as a municipal utility, also is not subject to rate regulation. Voters of Tennant have approved the discontinuance and transfer and Nishnabotna has represented that it is ready, willing, and able to provide service to its member consumers, which will now include the former customers of Tennant.

The Board will also approve the requested modification of the exclusive service area boundaries. Effective July 1, 2004, the territory formerly assigned to Tennant will be assigned to Nishnabotna. This modification does not impact the electric service area boundary of any other public utility. Nishnabotna and Tennant have alleged facts that establish the proposed modification will prevent unnecessary duplication of facilities, will promote the efficient and economical use and development of electric systems, and is in the public interest. Iowa Code § 476.25(2).

IT IS THEREFORE ORDERED:

1. The joint application for authorization to discontinue and transfer service and to modify service area boundaries filed by Nishnabotna Valley Rural Electric Cooperative and Tennant Municipal Utilities on May 18, 2004, is granted.

2. Effective July 1, 2004, Tennant is authorized to discontinue service and transfer service to Nishnabotna.

3. Effective July 1, 2004, the electric service territory of Tennant is transferred to Nishnabotna.

UTILITIES BOARD

/s/ Diane Munns

/s/ Mark O. Lambert

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

/s/ Elliott Smith

Dated at Des Moines, Iowa, this 9th day of June, 2004