



**Portland General Electric Company**  
121 SW Salmon Street • Portland, Oregon 97204  
PortlandGeneral.com

October 22, 2015

**Via E-File / US Mail**

Public Utility Commission of Oregon  
201 High St. SE, Suite 100  
PO Box 1088  
Salem, OR 97308-1088

Attention: **Commission Filing Center:**

**Re: UP-XXX Application for Approval of the Sale of a part of PGE Property along the west side of the Springbrook Substation in Newberg to ODOT.**

Enclosed are the original signed Application and one copy requesting approval to sell property in Newberg, Yamhill County, Oregon to Oregon Department of Transportation (ODOT).

We ask that this Application be placed on the docket for consideration at the Commission's public meeting on December 1, 2015, or as soon thereafter as possible.

If you have any questions or require further information, please call me at (503) 464-8937 or Irina Phillips at (503) 464-7957. Please direct all formal correspondence, questions, or requests to the following e-mail address: [pge.opuc.filings@pgn.com](mailto:pge.opuc.filings@pgn.com).

Sincerely,

A handwritten signature in black ink, appearing to read "Stefan Brown". The signature is written in a cursive, flowing style.

Stefan Brown,  
Manager, Regulatory Affairs

Encls.

BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON

UP \_\_\_\_\_

In the Matter of the Application of	)	
Portland General Electric Company	)	Application for Approval of
in Regard to the Sale of its property	)	Sale of Property

Pursuant to ORS 757.480 and OAR 860-027-0025, Portland General Electric Company ("PGE") files this application ("Application") seeking approval from the Oregon Public Utility Commission ("Commission") for the sale of certain PGE property. As described below, the Oregon Department of Transportation ("ODOT") initiated the sale and requested to purchase certain PGE property in order to widen Wilsonville road as part of the OR18: Newberg-Dundee Bypass construction project.

Background

PGE owns Springbrook Substation located in the City of Newberg, County of Yamhill, Oregon, which consists of approximately 2.94 acres. ODOT proposes to buy an approximately 21,300 SF portion ("Parcel") of the land. The map and description of the Parcel and property are on pages 12 and 13 of the Exhibit I. Springbrook Substation is located at 1101 NE Wilsonville Rd in Newberg and consists of land, power substation and fence. PGE purchased the 2.94 acres in October 1994 and uses them to provide transmission and distribution services to customers in and around the City of Newberg.

PGE asks for Commission approval to sell the Parcel to ODOT. ODOT has the authority to acquire the Property through its exercise of Right of Way<sup>1</sup> (eminent domain) purchase authority for the purpose of construction of the OR18 highway project. However, PGE and ODOT have reached agreement to sell the Parcel to ODOT as discussed below. The improvements (fence and power substation) are not included in the Parcel that ODOT wishes to purchase and would not be impacted. PGE does not believe that this sale will impact our utility operations at this site.

An independent MAI appraiser inspected the Property and researched general market conditions (See Exhibit I). The appraisal estimated the value for the 21,300 sf of land being purchased at \$151,700. ODOT has agreed to pay the appraised value. These funds are due and payable in cash upon OPUC approval and closing of the sale. For accounting purposes (See Exhibit J), PGE will defer the gain on the sale of the Parcel of approximately \$84 thousand. PGE agrees to adhere to the Commission's desired treatment of gains on the sale of land for this Parcel.

**I. Required Information Under OAR 860-027-0025(1)**

Pursuant to the requirements of OAR 860-027-0025, PGE represents as follows:

- (a) *The exact name and address of the utility's principal business office:* Portland General Electric Company, 121 SW Salmon Street, Portland, Oregon 97204.
- (b) *The state in which incorporated, the date of incorporation, and the other states in which authorized to transact utility operations:* PGE is a corporation organized and existing under and by the laws of the State of Oregon. The date of its incorporation is July 25, 1930. PGE is authorized to transact business in the states of Oregon, Idaho, Montana, Utah, Washington and as

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<sup>1</sup> Pursuant to Public Law 91-646, The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, commonly called the Uniform Act, is the primary law for acquisition and relocation activities on Federal or federally assisted projects and programs.

of February 21, 1995, is also registered as an extra-provincial corporation in Alberta, Canada, but conducts retail utility operations only in the state of Oregon.

(c) *Name and address of the person on behalf of applicant authorized to receive notices and communications in respect to the applications:*

PGE-OPUC Filings  
Rates & Regulatory Affairs  
Portland General Electric Company  
121 SW Salmon Street, 1WTC-0702  
Portland, OR 97204  
(503) 464-7857 (telephone)  
(503) 464-7651 (fax)  
[pge.opuc.filings@pgn.com](mailto:pge.opuc.filings@pgn.com)

Doug Tingey  
Associate General Counsel  
Portland General Electric Company  
121 SW Salmon Street, 1WTC-1301  
Portland, OR 97204  
(503) 464-8926 (telephone)  
(503) 464-2200 (fax)  
[doug.tingey@pgn.com](mailto:doug.tingey@pgn.com)

In addition, the names and addresses to receive notices and communications via the e-mail service list are:

Irina Phillips, Business Analyst, Regulatory Affairs  
E-Mail: [Irina.Phillips@pgn.com](mailto:Irina.Phillips@pgn.com)

(d) *The names, titles, and addresses of the principal officers:* As of June 30, 2015, the following are the principal officers of PGE, and their titles. They are each located at PGE's primary business offices located at 121 SW Salmon Street, Portland, Oregon 97204:

<u>Name</u>	<u>Title</u>
James J. Piro	President and Chief Executive Officer
James F. Lobdell	Senior Vice President, Finance, CFO & Treasurer
William O. Nicholson	Senior Vice President, Customer Service, Transmission and Distribution
Maria M. Pope	Senior Vice President, Power Supply & Operations, and Resource Strategy
Arleen N. Barnett	Vice President Human Resources, Diversity & Inclusion, and Administration
Larry N. Bekkedahl	Vice President, Transmission & Distribution Services
Carol A. Dillin	Vice President, Customer Strategies and Business Development

J. Jeffrey Dudley	Vice President, General Counsel, Corporate Compliance Officer and Assistant Corporate Secretary
Campbell A. Henderson	Vice President, Information Technology, and Chief Information Officer
Stephen M. Quennoz	Vice President, Nuclear and Power Supply/Generation <sup>2</sup>
W. David Robertson	Vice President, Public Policy
Kristin A. Stathis	Vice President, Customer Service Operations
Kirk M. Stevens	Controller and Assistant Treasurer
Brett C. Greene	Director of Finance and Assistant Treasurer
Marc S. Bocci	Associate General Counsel and Corporate Secretary
Cheryl Chevis	Assistant Corporate Secretary
Nora Arkonovich	Assistant Corporate Secretary
Karen J. Lewis	Assistant Corporate Secretary

(e) *A description of the general character of the business done and to be done, and a designation of the territories served, by counties and states:* PGE is engaged, and intends to remain engaged, in the generation, purchase, transmission, distribution, and sale of electric energy for public use in Clackamas, Columbia, Hood River, Jefferson, Marion, Morrow, Multnomah, Polk, Washington, and Yamhill counties, Oregon. PGE is also engaged, and intends to continue to engage in the wholesale of natural gas.

(f) *A statement as of the date of the balance sheet submitted with the application, showing for each class and series of capital stock: brief description; the amount authorized (face value and number of shares); the amount outstanding (exclusive of any amount held in the treasury); amount held as reacquired securities; amount pledged; amount owned by affiliated interests; and amount held in any fund:* The following represents PGE's stock as of June 30, 2015, the date of

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<sup>2</sup> Stephen M. Quennoz retired on September 30, 2015. Bradley Y. Jenkins became Vice President, Generation on September 1, 2015.

PGE's most recent Form 10-Q:

	<u>Outstanding Shares</u>	<u>Amount (\$000s)</u>
Common Stock: *		
No Par Value	88,765,629	\$1,191,078
(160,000,000 shares authorized)		

\* Company Directors hold 219,336 shares.

None of the outstanding shares of common stock referenced above are held as reacquired securities or have been pledged by PGE. Vanguard Group, Inc. held 6.5% of the outstanding PGE common stock reported as of June 30, 2015, in an SEC Form 13-F/G filing. BlackRock, Inc. held 5.90% of the outstanding PGE common stock reported as of January 30, 2015, in an SEC Form 13-G filing but dropped below 5% as of June 30, 2015. PGE does not have enough information to determine if any of these funds qualify as affiliates.

(g) *A statement, as of the date of the balance sheet submitted with the application, showing for each class and series of long-term debt and notes: brief description (amount, interest rate and maturity); amount authorized; amount outstanding (exclusive of any amount held in the treasury); amount held as reacquired securities; amount pledged; amount held by affiliated interests; and amount in sinking and other funds:* The long-term debt as of June 30, 2015 is as follows:

Description	Authorized (\$000s)	Outstanding (\$000s)
<b>First Mortgage Bonds:</b>		
3.55% series due 1-15-2030	\$75,000	\$75,000
6.26% series due 5-1-2031	100,000	100,000
6.31% series due 5-1-2036	175,000	175,000
4.47% series due 8-14-2043	75,000	75,000
9.31% series MTN due 8-11-2021	20,000	20,000
6.75% series VI due 8-1-2023	50,000	50,000
6.875% series VI due 8-1-2033	50,000	50,000
5.80% series due 6-1-2039	170,000	170,000
5.81% series due 10-1-2037	130,000	130,000
5.80% series due 3-1-2018	75,000	75,000
3.50% series dues 5-15-2035	70,000	70,000
3.81% series due 6-15-17	58,000	58,000
4.47% series due 6-15-44	150,000	150,000
4.74% series due 11-15-2042	105,000	105,000
4.84% series due 12-15-2048	50,000	50,000
6.10% series due 4-15-2019	300,000	300,000
5.43% series due 5-03-2040	150,000	150,000
4.39% series due 8-15-2045	100,000	100,000
4.44% series due 10-15-2046	100,000	100,000
3.51% series due 11-15-2024	<u>80,000</u>	<u>80,000</u>
<b>Total First Mortgage Bonds</b>	<b><u>2,083,000</u></b>	<b><u>2,083,000</u></b>
<b>Pollution Control Bonds:</b>		
City of Forsyth, MT		
5.45% series B 5-1-2033(1)	21,000	21,000
Series A 5-1-2033, remarketed 3-11-10 at 5%	97,800	97,800
Port of Morrow, OR		
Series A 5-1-2033, remarketed 3-11-10 at 5%	23,600	23,600
(1)This debt instrument, purchased by the Company on May 1, 2009, is currently held for possible remarketing	(21,000)	(21,000)
<b>Total Pollution Control Bonds outstanding</b>	<b><u>121,400</u></b>	<b><u>121,400</u></b>

Other Long Term Debt:		
Term Loans		
July 21, 2014, due October 30, 2015	55,000	55,000
Long-Term Contracts	87	87
Unamortized Debt Discount and Other	<u>(685)</u>	<u>(685)</u>
Total Other Long-Term Debt	<u>54,402</u>	<u>54,402</u>
<b>Total Long-Term Debt</b>	<b><u>2,258,802</u></b>	<b><u>2,258,802</u></b>
<b>Total Classified as Short-Term</b>	-	-
<b>Net Long Term Debt</b>	<b><u>2,258,802</u></b>	<b><u>2,258,802</u></b>

None of the long-term debt is pledged or held as reacquired securities, by affiliated interests, or in any fund, except as noted above.

(h) *Whether the application is for disposition of facilities by sale, lease, or otherwise, a merger or consolidation of facilities, or for mortgaging or encumbering its property, or for the acquisition of stock, bonds, or property of another utility, also a description of the consideration, if any, and the method of arriving at the amount thereof:* PGE asks for Commission approval to sell the Parcel, described above, to ODOT. The total sale price agreed upon by ODOT and PGE is \$151,700, based on the appraised value of the Parcel (See Exhibit I).

(i) *A statement and general description of facilities to be disposed of, consolidated, merged, or acquired from another utility, giving a description of their present use and of their proposed use after disposition, consolidation, merger, or acquisition. State whether the proposed disposition of facilities or plan for consolidation, merger, or acquisition includes all the operating facilities of the parties to the transaction:* The 21,399 SF parcel consists of a variable width strip of land paralleling the western side of the substation site and the eastern side of Hillsboro-Silverton Highway.



(j) *A statement by primary account of the cost of the facilities and applicable depreciation reserve involved in the sale, lease, or other disposition, merger or consolidation, or acquisition of property of another utility. If original cost is not known, an estimate of original cost based, to the extent possible, upon records or data of the applicant or its predecessors must be furnished, a full explanation of the manner in which such estimate has been made, and a statement indicating where all existing data and records may be found:* The sale price agreed upon by ODOT and PGE is \$151,700 and is based on the appraised value of the Parcel. The book value of the Parcel and property was determined using PGE's accounting records and is provided in Exhibit J. An accounting history for Springbrook Substation is included in Exhibit L.

(k) *A statement as to whether or not any application with respect to the transaction or any part thereof, is required to be filed with any federal or other state regulatory body:* No application with respect to this transaction is currently required to be filed with any federal or other state regulatory body.

(l) *The facts relied upon by applicants to show that the proposed sale, lease, assignment, or consolidation of facilities, mortgage or encumbrance of property, or acquisition of stock, bonds, or property of another utility will be consistent with the public interest:* The sale of the Parcel is consistent with public interest because the rights given up are not necessary for serving PGE's duty to the public.

(m) *The reasons, in detail, relied upon by each applicant, or party to the application, for entering into the proposed sale, lease, assignment, merger, or consolidation of facilities, mortgage or encumbrance of property, acquisition of stock, bonds, or property of another utility, and the benefits, if any, to be derived by the customers of the applicants and the public:* See the

“Background” section and paragraphs h) and l) above. Customers will benefit from the deferral of the gain of approximately \$84,000, to be refunded in the future. (See Exhibit J).

(n) *The amount of stock, bonds, or other securities, now owned, held or controlled by applicant, of the utility from which stock or bonds are proposed to be acquired:* Not applicable.

(o) *A brief statement of franchises held, showing date of expiration if not perpetual, or, in case of transfer/sale, that transferee has the necessary franchises:* Not applicable.

## **II. Required Exhibits Under OAR 860-027-0025(2)**

The following exhibits are submitted and by reference made a part of this application:

**EXHIBIT A.** *A copy of the charter or articles of incorporation with amendments to date:*

Third Amended and Restated Articles of Incorporation, effective on May 7, 2014 and previously filed in Docket UP-310 and by reference made a part of this Application.

**EXHIBIT B.** *A copy of the bylaws with amendments to date:* The Tenth Amended and Restated Bylaws dated May 7, 2014 were previously filed in Docket UP-310 and by reference made a part of this application.

**EXHIBIT C.** *Copies of all resolutions of directors authorizing the proposed disposition, merger, or consolidation of facilities, mortgage or encumbrance of property, acquisition of stock, bonds, or property of another utility, in respect to which the application is made and, if approval of stockholders has been obtained, copies of the resolutions of the stockholders should also be furnished:* Not applicable (no such resolutions are related to this Application).

**EXHIBIT D.** *Copies of all mortgages, trust, deeds, or indentures, securing any obligation of each party to the transaction:* None.

**EXHIBIT E.** *Balance sheets showing booked amounts, adjustments to record the proposed transaction and pro forma, with supporting fixed capital or plant schedules in conformity with*

*the forms in the annual report, which applicant(s) is required, or will be required, to file with the Commission: A balance sheet showing booked amounts, adjustments to record the proposed transactions as of June 30, 2015 are attached. [electronic format]*

***EXHIBIT F.*** *A statement of all known contingent liabilities, except minor items such as damage claims and similar items involving relatively small amounts, as of the date of the application: A Statement of Contingent liabilities, as of June 30, 2015, is attached. [electronic format]*

***EXHIBIT G.*** *Comparative income statements showing recorded results of operations, adjustments to record the proposed transaction and pro forma, in conformity with the form in the annual report which applicant(s) is required, or will be required, to file with the Commission: A comparative income statement showing recorded results of operations and adjustments to record the proposed transaction, as of June 30, 2015, is attached. [electronic format]*

***EXHIBIT H.*** *An analysis of surplus for the period covered by the income statements referred to in Exhibit G: An analysis of surplus for the period covered by the income statements referred to in Exhibit G, as of June 30, 2015, is attached. [electronic format]*

***EXHIBIT I.*** *A copy of each contract in respect to the sale, lease or other proposed disposition, merger or consolidation of facilities, acquisition of stock, bonds, or property of another utility, as the case may be, with copies of all other written instruments entered into or proposed to be entered into by the parties to the transaction pertaining thereto: Attached.*

Exhibit I      Appraisal      [electronic format]

***EXHIBIT J.*** *A copy of each proposed journal entry to be used to record the transaction upon each applicant's books: Attached. [electronic format]*

**EXHIBIT K.** *A copy of each supporting schedule showing the benefits, if any, which each applicant relies upon to support the facts as required by subsection (1)(l) of this rule and the reasons as required by subsection (1)(m) of this rule: Attached.*

Exhibit K      Warranty Deed Draft      [electronic format]

**EXHIBIT L.** *Accounting History for the Springbrook Substation Property.*

**III. Prayer for Relief**

PGE respectfully request a Commission order finding the sale of the Property to ODOT will not harm PGE customers and is consistent with the public interest.

Dated this 22nd day of October, 2015.

Respectfully Submitted,

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Stefan Brown, Manager, Regulatory Affairs  
On Behalf of Portland General Electric Company  
121 SW Salmon Street, 1WTC-0306  
Portland, Oregon 97204  
Phone: (503) 464-8937  
E-Mail: [Stefan.Brown@pgn.com](mailto:Stefan.Brown@pgn.com)  
Facsimile: (503) 464-7651

Portland General Electric Company and Subsidiaries  
Consolidated Balance Sheet  
June 30, 2015  
(In Millions)

	June 30, 2015	Adjustments <sup>(1)</sup>	Adjusted Total
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 122		\$ 122
Accounts receivable, net	122		122
Unbilled revenues	87		87
Inventories	101		101
Regulatory assets - current	117		117
Other current assets	97		97
Total current assets	<u>646</u>	<u>-</u>	<u>646</u>
Electric utility plant	8,301		8,301
Construction work in progress	557		557
Total cost	8,858		8,858
Less: accumulated depreciation and amortization	(2,984)		(2,984)
Electric utility plant, net	<u>5,874</u>		<u>5,874</u>
Regulatory assets - noncurrent	552		552
Nuclear decommissioning trust	40		40
Non-qualified benefit plan trust	35		35
Other noncurrent assets	51		51
Total assets	<u>\$ 7,198</u>	<u>\$ -</u>	<u>\$ 7,198</u>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable	\$ 125		\$ 125
Liabilities from price risk management activities - current	101		101
Current portion of long-term debt	55		55
Accrued expenses and other current liabilities	228		228
Total current liabilities	<u>509</u>	<u>-</u>	<u>509</u>
Long-term debt, net of current portion	2,204		2,204
Regulatory liabilities - noncurrent	923		923
Deferred income taxes	648		648
Unfunded status of pension and postretirement plans	243		243
Liabilities from price risk management activities - noncurrent	187		187
Asset retirement obligations	135		135
Non-qualified benefit plan liabilities	105		105
Other noncurrent liabilities	23		23
Total liabilities	<u>\$ 4,977</u>	<u>\$ -</u>	<u>\$ 4,977</u>
Commitments and contingencies (see notes)	-		-
<b>Equity</b>			
Portland General Electric Company shareholders' equity			
Preferred stock	-		-
Common stock	1,191		1,191
Accumulated other comprehensive loss	(7)		(7)
Retained earnings	1,037		1,037
Total Portland General Electric Company shareholders' equity	<u>2,221</u>	<u>-</u>	<u>2,221</u>
Noncontrolling interests' equity	-		-
Total Equity	<u>2,221</u>	<u>-</u>	<u>2,221</u>
Total liabilities and equity	<u>\$ 7,198</u>	<u>\$ -</u>	<u>\$ 7,198</u>

(1) Reflects journal entries in Exhibit "J"

Portland General Electric Company and Subsidiaries  
Consolidated Statement of Income  
Six Months Ended  
June 30, 2015  
(In Millions)

	Six Months Ended June 30, 2015	Adjustments	Adjusted Total
<b>Revenues</b>	\$923		\$923
<b>Operating Expenses:</b>			
Purchased power and fuel	309		309
Generation, transmission and distribution	128		128
Administrative and other	120		120
Depreciation and amortization	151		151
Taxes other than income taxes	58		58
Total operating expenses	<u>766</u>		<u>766</u>
<b>Income from Operations</b>	157	-	157
<b>Other Income:</b>			
Allowance for equity funds used during construction	9		9
Miscellaneous income, net	2		2
Other Income, net	11	-	11
<b>Interest Expense</b>	<u>58</u>		<u>58</u>
Income before income taxes	110	-	110
<b>Income Taxes</b>	25		25
<b>Net Income</b>	<u>\$85</u>	<u>-</u>	<u>\$85</u>

**Portland General Electric Company and Subsidiaries**  
**Consolidated Statement of Retained Earnings**  
**Six Months Ended**  
**June 30, 2015**  
(In Millions)

	<u>Retained Earnings</u>	<u>Adjustments <sup>(1)</sup></u>	<u>Adjusted Total</u>
<b>Balance at Beginning of Period, January 1, 2015</b>	\$1,000		\$1,000
<b>Net Income</b>	85		85
	<u>1,085</u>		<u>1,085</u>
<b>Dividends Declared</b>			
Common stock	(48)		(48)
	<u>(48)</u>		<u>(48)</u>
<b>Balance at End of Period, June 30, 2015</b>	<u>\$1,037</u>	<u>\$0</u>	<u>\$1,037</u>

(1) No preliminary adjusting entries to the Statement of Retained Earnings.

**PORTLAND GENERAL ELECTRIC COMPANY**  
**PROPOSED JOURNAL ENTRIES**

The following entries are to record the sale of approximately 21,300 sq ft of Land to the Oregon Department of Transportation located in Yamhill County Tax Lot 2101. The total Tax Lot size is 128,000 sq ft

	Land	Total
Selling Price	151,700	151,700
Original Cost	52,490	52,490
Selling Expenses	15,170	15,170
Gain(Loss) Realized	84,040	84,040

Account	Description	Debit	Credit
	[1]		
131	Cash	151,700	
186	Misc Deferred Debits	15,170	
186	Misc Deferred Debits (Land RWIP)	52,490	
186	Misc Deferred Debits (Land RWIP)		151,700
101	Electric Plant-in-Service		52,490
131	Cash - Labor expenses		15,170
	To record costs and retire property located at Tax Lot 2101		
	[2]		
186	RWIP	84,040	
411.6	Gain on disposition of property		84,040
	To record the gain on the sale of property located in Tax Lot 2101		
	[3]		
407.3	Deferral of property transfer gain	84,040	
254	Deferred gain on property sale		84,040
	To record the deferred gain associated with the sale of property located at Tax Lot 2101		



**Cost and Description of Property**

**Accounting History for Springbrook Substation Property Located in Yamhill County Tax Lot 2101, Audit 42984**

<u>Purchase Year</u>	<u>Audit</u>	<u>FERC 360 - Land</u>	<u>Description</u>
1997	42984	232,588.61	Purchase property for Springbrook Substation
1999		82,845.05	Street Improvements on Springbrook Road
	<b>Total</b>	<b>315,433.66</b>	Bookcost