

PUBLIC UTILITY COMMISSION OF OREGON
INTEROFFICE CORRESPONDENCE

DATE: October 12, 2020

TO: Matthew Muldoon and John Crider

FROM: Kathy Zarate

SUBJECT: PACIFICORP:
(Docket No. UPN 102)
Notice of Property Disposition – Parking Lot Lease.

DISCUSSION:

On December 19, 2019, Pacific Power (dba PacifiCorp, PAC, or Company) filed a notice of property disposition pursuant to ORS 757.480(2). This notice involves a parking lot lease agreement (Agreement). The Company's Agreement is to enter into a lease agreement (Lease) with the City of Bluffdale (City) to facilitate access to the property adjacent to transmission facilities located in Salt Lake County, Utah. The Lease was executed on October 31, 2019. ORS 757.480(2) was amended effective January 1, 2020.¹ Prior to that amendment, the Company was required to provide notice of a completed transaction to the Oregon Public Utility Commission (Commission) within 60 days of the completed transaction. Staff notes that going forward, any completed transaction that is under \$25,000 or under \$1 million executed after January 1, 2020, only needs to be noticed to the Commission through an annual report filing. Because this completed transaction was executed prior to January 1, 2020, the Company had to comply with the 60-day reporting requirement. Staff finds that the Company complied with the 60-day reporting requirement in this filing.

In accordance with the terms of the Lease, the City will pay the Company \$40,000 to lease the property for use as a parking lot for 25 years. The terms of the Lease are set into the lease agreement, and the Company provided a copy of the Lease in Attachment A.² The total compensation the Parties agreed to for the full 25-year term of the Lease was \$40,000, on a total company basis, of which approximately \$10,400 is allocated to Oregon.

Providing the Lease to the City will not interfere with the Company's ability to operate its facilities or impede access to the Company's property. The public is not harmed

¹ An Act Relating to disposition of utility property; amending ORS 757.480, S.B. No. 637, 80th Leg. Assembly (2019).

² *Attachment A Lease Agreement.*

because the Company will continue to be able to fulfill its obligation to provide safe, reliable electric service.

Staff made eight requests for information from the Company regarding this filing. The first request inquired as to how the lease price and annual payment schedule was determined. In its response dated January 28, 2020, the Company stated that “[a]fter reviewing the value of several comparable sales in the area, a value of \$3.62 per square foot was determined to be the market value on the 0.31 acres. From that, the rate was discounted 50 percent because of the limitations and restrictions to the property. The total amount was negotiated to be paid up-front.”³

In addition, this property disposition filing does not represent assets being sold; therefore, there is no gain or loss to be recorded in Oregon’s property balance account. However, the Company explained in response to a request for information that it is recorded in “the accounting entries in T-account format with FERC 131 and 454 Account and descriptions”.⁴

Based upon Staff’s review, including the responses from the Company to Staff’s eight requests for information, Staff concludes that the lease between the Company and with the City of Bluffdale (City) is in accordance with terms of the agreement, and the price is reasonable. The public is not harmed because the Company will continue to be able to fulfill its obligation to provide safe, reliable electric service.

STAFF RECOMMENDATION:

Staff determined that the public is not harmed by this transaction because:

1. The Company’s ability to use the property is not impeded or impaired, therefore the Company’s ability to provide reliable electric service is not harmed;
2. The Company is generating revenue from property that would otherwise sit vacant.

Staff recommends this docket be closed with no further action.

³ OPUC Data Request N.01

⁴ OPUC Data Request N.07