

ITEM NO. CA9

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: February 27, 2018

REGULAR _____ CONSENT X EFFECTIVE DATE _____

DATE: February 9, 2018

TO: Public Utility Commission

FROM: Ming Peng *mp.*

THROUGH: *J* Jason Eisdorfer and *Jc* John Crider

SUBJECT: PACIFICORP: (Docket No. UP 365) Requests approval for the proposed sale of certain property to Draper City, Utah.

STAFF RECOMMENDATION:

I recommend the Commission approve Pacific Power's (PacifiCorp or Company) application for approval of the proposed sale of certain property to Draper City, Utah.

DISCUSSION:

Issue

Whether the Public Utility Commission of Oregon (Commission) should approve PacifiCorp's application to sell certain property to Draper City, Utah.

Applicable Rule or Law

ORS 757.480(1)(a) requires Commission approval for sales of property necessary and useful in the performance of public service with a value in excess of \$100,000.

OAR 860-027-0025(1)(l) requires that the utility show that such a proposed sale is "consistent with the public interest." The Commission has previously held that this standard requires only a "no harm" showing. See, e.g., In the Matter of a Legal Standard for Approval of Mergers, Docket UM 1011, Order No. 01-778 (Sept. 4, 2001) ("The remainder of the statutory scheme, those statutes governing transfer, sale, affiliated interest transactions, and contracts, either expresses no standard (for instance, ORS 757.480, .485) and has been read to require a no harm standard, or contains a 'not contrary to the public interest' standard (ORS 757.490, .495).")

(emphasis added); In the Matter of the Application of PacifiCorp, Docket UP 168, Order No. 00-112, at 6 (Feb. 29, 2000) (regarding the sale of the Centralia generating plant); In the Matter of Portland General Electric, Docket UP 158, Order No. 00-111, at 2 (Feb. 29, 2000) (regarding the sale of the Colstrip generating units); In the Matter of the Application of Portland General Electric, Docket UP 165/UP 170, Order No. 99-730, at 7 (Nov. 29, 1999) (regarding the sale of the Centralia generating plant).

Analysis

Background

On February 6, 2018, PacifiCorp filed application to seek approval from the Commission for the proposed sale of certain property located in Draper City, Utah (90th South-Hale Property) to Draper City for the purpose of constructing a roadway improvement project. The purchase involves four parcels totaling approximately 1.64 acres. PacifiCorp has determined the property Draper City has asked to purchase is not needed for utility operations. No utility facilities are located within the parcel to be sold, although certain facilities cross the parcel. PacifiCorp will retain easements for the existing and any future transmission and distribution lines. The sale price attributed to the 90th South-Hale Property is \$186,300 and the book value of the property sold is \$3,406.

Use of Proceeds

PacifiCorp states that Oregon-allocated proceeds from this transaction in the approximate amount of \$46,700 will flow to customers through Schedule 96, the property sales balancing account.

Operational Risks

PacifiCorp states that "This transaction will not affect PacifiCorp's ability to perform its public duties. PacifiCorp does not need to retain ownership of the parcel to continue to provide electric service. PacifiCorp and Draper City have worked together on several options for the proposed Roadway Extension. This option, as submitted, will have the least impact to PacifiCorp's transmission corridor, transmission structures, and overhead lines."

Not Contrary To the Public Interest Standard

OAR 860-027-0025(1)(l) requires that the utility show that such a proposed sale is "consistent with the public interest." The Commission has previously held that this standard requires only a "no harm" showing. The proposed transaction will not harm customers.

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Conclusion

Based on the review of this application, Staff concludes that the sale of the 90th South-Hale Property will not harm PacifiCorp's customers and is consistent with the public interest. Notably, the Commission's approval of this sale under ORS 757.480(1)(a) does not relieve the Commission of its authority to review use of proceeds in tariff schedule, amortization or depreciation book reserve in rate base, and other financial records for reasonableness of this sale in the next rate proceeding.

PROPOSED COMMISSION MOTION:

Pacific Power's application for approval for the proposed sale of certain property to Draper City, Utah, be approved.

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