

PUBLIC UTILITY COMMISSION OF OREGON
INTEROFFICE CORRESPONDENCE

DATE: July 11, 2017
TO: Marc Hellman *A*
FROM: Kathy Zarate *KZ*
SUBJECT: PACIFICORP: (Docket No.UPN 36) Notice of Property Disposition – Fifth Addendum to Sublease with Market Place Insurance, Inc.

DISCUSSION:

On March 31, 2017, PacifiCorp (Company) filed a notice of property disposition pursuant to ORS 757.480(2). This notice involves a fifth addendum to a sublease with Market Place Insurance, Inc. (MPI).

The Sublease (Agreement) was executed on April 14, 2017. The Agreement extends the term of the Sublease to April 13, 2022. In accordance with the terms of the Agreement, MPI will pay PacifiCorp \$19,200 each year of the extended term (paid in equal monthly payments of \$1,600). The total value of the extended term of the agreements is \$96,000.

Staff's request for information was for the total value and support demonstrating that the sublease price represents fair market value under the sublease. PacifiCorp responded that the previous four successive terms was \$23,015 per year¹.

Staff has reviewed the Agreements and found the estimated valuation of PacifiCorp's property to be of fair market value. My analysis was based on information received with the Notice, and from five responses by the Company to Staff's information requests. According to the Company, the value of the Sublease was based on comparable price rates in the area, and the property was not considered marketable to other potential parties.

PacifiCorp's use of the property under the Sublease (Agreement) will benefit the local community and will not interfere with PacifiCorp's ability to operate its facilities or impede access to the Company's property. The public is not harmed because the Company will continue to be able to fulfill its obligation to provide safe, reliable electric service.

The payments received by PacifiCorp will be transferred to the property sales balancing account for later disbursement to PacifiCorp's Oregon customers.

¹ See. Data request N. 5

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STAFF RECOMMENDATION:

Staff recommends this docket be closed with no further action required.

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