

ORDER NO. 03-621

ENTERED OCT 21 2003

This is an electronic copy. Format and font may vary from the official version. Attachments may not appear.

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UP 206

In the Matter of)	
)	ORDER
PORTLAND GENERAL ELECTRIC)	
COMPANY)	
)	
Application for Approval to Sell Property in)	
the City of St. Helens to WESTERN)	
PROPERTY INVESTMENTS, LLC.)	

DISPOSITION: APPLICATION APPROVED;
WITH CONDITIONS AND REPORTING REQUIREMENTS

On September 15, 2003, the Public Utility Commission of Oregon (Commission) received an application from Portland General Electric Company (PGE or the Company), pursuant to ORS 757.480 and OAR 860-027-0025, requesting approval to sell property located in the City of St. Helens and referred to as St. Helen's District Office and Pole Yard property, to Western Property Investments, LLC.

Based on a review of the application and the Commission's records, the Commission finds that the application satisfies applicable statutes and administrative rules. At its Public Meeting on October 16, 2003, the Commission adopted Staff's recommendation to approve the sale of assets as proposed. Staff's recommendation is attached as Appendix A and is incorporated by reference. This written order memorializes the Commission's formal decision made at the October 16 Public Meeting.

OPINION

Under ORS 757.480, an electric utility doing business in Oregon shall first obtain Commission approval for any transaction to sell, lease, assign or otherwise dispose of property.

OAR 860-027-0025 specifies the information regarding applications for authority to sell, lease, assign, mortgage, merge, consolidate or otherwise dispose of property. This application contains the necessary information.

Commission approval of the accounting treatment for this transaction does not constitute approval for ratemaking purposes. There is no indication that the proposed sale will impair Portland General Electric Company's abilities to provide public utility service in Oregon.

ORDER

IT IS ORDERED that the application of Portland General Electric Company to sell property located in the City of St. Helens, referred to as St. Helen's District Office and Pole Yard property, to Western Property Investments, LLC., is approved, subject to conditions and reporting requirements, as further described in Appendix A.

Made, entered and effective _____.

BY THE COMMISSION:

Becky L. Beier
Commission Secretary

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A party may appeal this order to a court pursuant to ORS 756.580.

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: OCTOBER 16, 2003**

REGULAR _____ **CONSENT** X **EFFECTIVE DATE** _____

DATE: September 25, 2003

TO: Lee Sparling through Marc Hellman and Rebecca Hathhorn

FROM: Marion Anderson

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. UP 206)
Application for approval to sell property located in the City of
St. Helens.

STAFF RECOMMENDATION:

The Commission should approve the sale of land by Portland General Electric Company to Western Property Investments, LLC with the following conditions:

1. Portland General Electric Company shall provide the Commission access to all books of account, as well as all documents, data and records that pertain to the transfer of electric properties.
2. The Commission reserves the right to review for reasonableness all financial aspects of this transaction in any rate proceeding or earnings review under an alternative form of regulation.
3. Portland General Electric Company shall notify the Commission in advance of any substantive changes to the transfer of electric properties, including any material changes in price. Any changes to the agreement terms that alter the intent and extent of activities under the agreement from those approved herein shall be submitted for approval in an application for a supplemental order (or other appropriate format) in this docket.
4. In accordance with the docket UE 115 stipulation, the gain on the sale will be directed to a balancing account for subsequent refund to ratepayers.

5. Written confirmation that the proposed journal entry recording the transaction has been made will be submitted to the Commission as soon as it is available.

DISCUSSION:

This application was filed on September 15, 2003, pursuant to ORS 757.480 and OAR 860-027-0025. The property designated for sale is the St. Helens District Office, which consists of 1.06 acres of land - Lots 1, 2, 3, 4, 19, 20, 21, and 22 through B41-4 - with buildings, not required for utility functions and no longer used and useful property in the provision of Portland General Electric's services. The purchaser is Western Property Investments, LLC under an agreement signed July 30, 2003.

The property has a net book value of \$200,909. A copy of the appraisal, performed by Real Property Consultants, was submitted showing a fair market value of \$350,000, which is the sale amount. Deduction of the \$27,000 estimated selling expenses of this transaction results in a gain of \$122,091. The proposed entry was submitted with the application and met with staff's approval.

Staff investigated the following issues:

1. Scope and Terms of the Real Estate Sales Agreement with Addendum
2. Allocation of Gain
3. Public Interest Compliance
4. Records Availability, Audit Provisions, and Reporting Requirements

Scope and Terms of the Real Estate Sales Agreement with Addendum

There do not appear to be any unusual or restrictive terms harmful to ratepayers.

Allocation of Gain

Portland General Electric has agreed to the compromised credit of gain to account 254 – Deferred Gain on Property Sale. Previously, gains on depreciated property were treated as rate base reductions in conformance with the Code of Federal Regulations.

Public Interest Compliance

The sale conforms to the no harm standard used by the Commission because the property at issue is no longer used and useful, and is being sold at a gain.

Records Availability, Audit Provisions, and Reporting Requirements

Order condition Number 1, listed above in the staff recommendation, affords the necessary Commission examination.

After review of the filing, staff concludes that the application is fair and reasonable and not contrary to the public interest.

PROPOSED COMMISSION MOTION:

The UP 206 requested sale of property by Portland General Electric Company to Western Property Investments, LLC be approved with the conditions stated in this memorandum.