

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UP 229

In the Matter of)
)
IDAHO POWER COMPANY)
)
Approval of the Sale of the Boise Bench)
Transmission Substation Property and the)
State Street Office Property.)

ORDER

**DISPOSITION: RECONSIDERATION GRANTED; ORDER
AMENDED**

On January 11, 2006, Idaho Power Company (Idaho Power) filed an Application for Reconsideration (Application) of Order No. 05-1233, arguing that the Commission did not have the authority to impose conditions on the sale of two properties and that, even if it did, the proceeds from the sale should not have been applied to reduce the power cost deferral balance for the benefit of customers. On January 26, 2006, Staff filed its response in support of the Application.

On October 21, 2005, Idaho Power filed an application with the Commission requesting approval from the Commission for the prior sale of two properties. These sales were identified in Staff’s Audit Report of December 8, 2004, as the Boise Bench Property and the State Street Office. The Commission approved the sale retroactively in Order No. 05-1233. In that order, the Commission imposed four conditions on the sale of both properties, including a condition that required Idaho Power to use the Oregon-allocated gain on the sale of the properties to offset the company’s excess power cost deferral. Order No. 05-1233, 2.

Idaho Power now contests the conditions on its sale of the Boise Bench Property. The company argues that the Boise Bench Property was “not necessary or useful” in the performance of Idaho Power’s duties, and therefore it did not need to apply for sale of the property. Application, 3.¹ The conditions as applied to the State Street

¹ In the alternative, Idaho Power asserts that because the Boise Bench Property was “maintained using shareholder funds, was never in the utility’s rate base, and the risk of loss on the property is borne solely by a utility’s shareholders, the gain realized on the sale of the property should be returned to shareholders.” Application, 4. Staff does not support this argument. See Staff Response, 2 n 1. Because we find for Idaho Power on its first argument, we need not address its second.

Office are not contested, and Staff supports Idaho Power's Application for Reconsideration. *See* Staff Response, 2.

An application for reconsideration may be granted if there is an error of law or fact in the order which is essential to the decision, or there is good cause for further examination of a matter essential to the decision, among other reasons. *See* OAR 860-014-0095(3). ORS 757.480 requires a public utility to obtain Commission approval "before selling, leasing, assigning or otherwise disposing of property with a value exceeding \$100,000 that is necessary or useful in the performance of the public utility's duties to the public." *In re Portland General Electric*, UP 224, Order No. 05-966, 2. The affidavit of James W. Farson, attached to the Application for Reconsideration, shows that the Boise Bench Property was included in non-utility accounts and was not used in the utility operations of Idaho Power or included in its rate base.

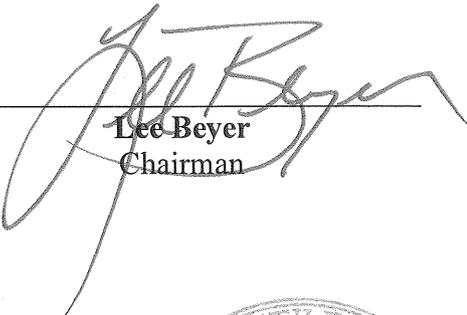
In Order No. 05-1233, the Commission erred in finding that the Boise Bench Property was necessary or useful in the performance of the utility's duties. Therefore, Idaho Power need not have applied for Commission approval of the sale of the property, and the Commission should not have applied conditions to the sale of the Boise Bench Property in Order No. 05-1233.

ORDER

IT IS ORDERED that:

- 1. The Application for Reconsideration of Order No. 05-1233 is granted;
- 2. Order No. 05-1233 is amended to apply only to the sale of the State Street Office; and
- 3. The corrected amount in Order No. 05-1233, Condition 4, is \$8,835, which equals the Oregon allocated gain on sale of the State Street Office of \$6,289 plus \$2,546 in accrued interest.

Made, entered, and effective FEB 16 2006.



Lee Beyer
 Chairman



John Savage
 Commissioner



Ray Baum
 Commissioner



A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-014-0095. A copy of any such request must also be served on each party to the proceeding as provided by OAR 860-013-0070(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480-183.484.