

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: August 2, 2016**

REGULAR _____ CONSENT X EFFECTIVE DATE _____ N/A _____

DATE: July 20, 2016

TO: Public Utility Commission

FROM: Laurel Anderson *LA*

THROUGH: Jason Eisdorfer, Bryan Conway, and Roger White *JE* *BC* *RW*

SUBJECT: CENTURYTEL OF OREGON, INC. DBA CENTURYLINK:
(Docket No. UP 339) Notice of changes to property sale, including a material change in price.

STAFF RECOMMENDATION:

The Commission should approve the amended application by CenturyTel of Oregon (CenturyLink), to sell the Linn County real property located in Lebanon, Oregon, commonly known as Airway Drive, Airway Subdivision, to a confidential buyer for development purposes.

DISCUSSION:

Commission Order No. 16-150 approved the application to sell a Linn County real property located in Lebanon, Oregon, commonly known as Airway Drive, Airway Subdivision, to a confidential buyer for development purposes subject to two conditions: the first condition addresses price changes, the second condition addresses how the transaction is reported on the books

The first condition requires CenturyLink to notify the Commission if there is a material change in sales price from what was approved by the Commission. CenturyLink made this filing because there has been a substantial reduction in price since March 22, 2016 when the original application was filed pursuant to ORS 759.375 and OAR 860-027-0025. There have also been changes to the contract.

Under the amended contract, CenturyLink will still realize a profit from the sale of the land even though the sales price has dropped by 45 percent. In addition to the price change, the amended contract no longer contains what was Section 24.1 in the original contract. This section required the buyer to deliver Financial Commitment Evidence from a reputable lender. This section was deleted since the buyer does not need to obtain institutional financing.

Section 25 of the original contract entitled the buyer to extensions of the Wetlands Investigation Period. Under amended contract, the buyer waved any extensions to the Wetlands Investigation Period and accepts the property in an "As-Is, Where-Is" condition.

The proposed sale is still in the public interest since it allows CenturyLink to avoid certain recurring expenditures associated with the property and will free up financial resources, which can be directed to the provision of telecommunications services in Oregon.

CONDITIONS:

The following conditions afford the Commission the necessary examination of CenturyLink's books and records concerning the sale.

1. CenturyLink shall notify the Commission in advance of any substantive changes to the transfer of telecommunications property, including any material changes in price.
2. The gain on the sale (non-depreciable real property) will be applied as a rate base offset.

PROPOSED COMMISSION MOTION:

CenturyLink's amended application to sell the vacant 10 acres of land in Lebanon, Oregon to a confidential buyer be approved subject to Staff's recommended conditions stated in this memorandum.