

PUBLIC UTILITY COMMISSION OF OREGON
CONFIDENTIAL STAFF REPORT
PUBLIC MEETING DATE: June 27, 2017

REGULAR X CONSENT _____ EFFECTIVE DATE _____ N/A _____

DATE: June 26, 2017

TO: Public Utility Commission

FROM: Scott Gibbens *SG*

J *JF Jan MH*

THROUGH: Jason Eisdorfer and Marc Hellman

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. UP 349) Requests Approval for the Sale of Property in Columbia County, Oregon to Columbia Pacific Bio-Refinery.

STAFF RECOMMENDATION:

Staff of the Public Utility Commission of Oregon (Commission) continues to recommend that the Commission approve the sale of fuel storage tanks by Portland General Electric Company (PGE or Company) to Columbia Pacific Bio-Refinery (CPBR) subject to the following conditions:

1. Company shall notify the Commission in advance of any substantive changes to the transfer of 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 form) in this docket.
2. The final journal entry recording the transaction shall be submitted to the Commission within 60 days after the transaction closes.
3. The Commission reserves the right to review for reasonableness all financial aspects of this transaction in any rate proceeding or earnings review under an alternate form of regulation.
4. The gain on the property sale should be placed into the Property Sales Balancing Account until such time as it can be returned to customers.

DISCUSSION:

Analysis

Staff submitted its original public meeting memo on this issue, dated June 7, 2017, for consideration by the Commission at its Public Meeting held on June 13, 2017. At that Public Meeting, the Commission considered comments by Staff and the applicant Portland General Electric Company (PGE) as well as by Global Partners, Columbia Riverkeeper, the Port of St. Helens, and numerous other interested parties. The Commission also considered written comments filed by several interested parties both prior to and shortly after the meeting.

These comments provided diverse perspectives on PGE's application, the jurisdiction of the Commission, and the application of the Commission's 'no harm' standard.

Commenters supporting the sale described the prospective purchaser of the storage tanks, Global Partners (Global), as a responsible company providing employment, tax revenue, and careful operations. A Global representative reported participating in two dozen public meetings regarding the project and responding to 2,300 public comments. Supporters stated that the sale would have environmental benefits, including fewer sea transport vessels and an associated reduction in spill risk, recycling of the tanks for a new purpose, and the role of ethanol in reducing emissions overseas.

Opponents pointed to potential future impacts on local communities, citing risks from oil transport, including local impacts from climate change, oil train derailments, air quality, and risks to the local fishing industry. The sale was described as being inconsistent with the State of Oregon's commitment to fighting climate change. Opponents noted that the sale and use of the tanks could potentially damage PGE's generating facilities in the event of an explosion or earthquake. They also questioned whether Global would operate the tanks responsibly, citing a previous permit violation and minor incident at Port Westward. Commenters also raised concerns about the impact of emissions on PGE employees on site.

Following public comment, the Commission postponed a decision on the application in order to further consider the matter to consider the scope of its legal authority over the proposed property sale.

After reviewing all of the comments, Staff continues to recommend approval of the sale based upon the Commission's no harm standard. The commenters, both those in opposition and those in support, raise many important and serious issues. We have

reviewed all of the comments made at the public meeting. While we greatly appreciate all these comments and the concerns that they raise, Staff continues to believe that, as applied to the specific circumstances of this case, these concerns are outside of the scope of the Commission's authority.

Conclusion

Based on the review of this application, as set forth in more detail in Staff's June 7, 2017 public meeting memorandum, and consideration of the oral and written comments submitted by PGE and all interested parties in this proceeding, Staff continues to conclude:

1. The Agreement did not contain any unusual or restrictive terms or conditions;
2. The transfer pricing and allocation of gain is fair and reasonable;
3. The transaction is in the public interest; and
4. Necessary records are available.

PROPOSED COMMISSION MOTION:

Approve PGE's application to buy and sell certain storage tanks with Columbia Pacific Bio Refinery, as set forth in detail in Staff's June 7, 2017, public meeting memo, subject to Staff's recommended conditions.