

PUBLIC UTILITY COMMISSION OF OREGON
INTEROFFICE CORRESPONDENCE

DATE: October 9, 2020

TO: John Crider and Matthew Muldoon

FROM: Kathy Zarate and Moya Enright

SUBJECT: PACIFIC POWER:
(Docket No. UPN 103)
Notice of Property Disposition – Asset Transfer Agreement.

DISCUSSION:

On April 27, 2020, Pacific Power (PacifiCorp or Company) filed a notice of property disposition pursuant to ORS 757.480(2). This notice involves an asset transfer agreement (Agreement) signed with the City of Idaho Falls, Idaho (City) to extend the service boundary of its municipal utility, Idaho Falls Power.

The Agreement in question was executed on May 2, 2019, at which time ORS 757.480(2) required the Company to provide notice of a completed transaction to the Oregon Public Utility Commission (Commission) within 60 days of a completed transaction.

ORS 757.480(2) was amended effective January 1, 2020.¹ Staff notes that going forward, any completed transaction that is over \$25,000 and under \$1 million executed after January 1, 2020 only needs noticed to the Commission through an annual report filing.

Background

The Agreement relates to an asset purchase by the City of Idaho Falls, which sought to extend the service boundary of its municipal utility, Idaho Falls Power, by acquiring two of PacifiCorp's customers. This transaction relates to two meters which previously served one General Service Large Power customer, and one General Service customer.²

Staff learned through discovery that the City has requested that all remaining assets and customers inside city limits be purchased and transferred respectively to its municipal utility. This is an ongoing project, and PacifiCorp expects additional requests

¹ An Act Relating to disposition of utility property; amending ORS 757.480, S.B. No. 637, 80th Leg. Assembly (2019).

² See PacifiCorp's response to Staff Information request 3.

to purchase assets and transfer additional customers will be submitted to PacifiCorp by the City in the future.³

The value of the Agreement is \$59,469, of which \$0 is allocated to Oregon.

Staff issued a total of eight data requests regarding the Agreement, which informed the analysis described below.

Reporting Delay

The Agreement in question was executed on May 2, 2019, and the Company filed the Notice with the Commission on April 27, 2020. This approximately one-year delay in filing is outside the 60-day period required by ORS 757.480(2) for any property dispositions executed before January 1, 2020. The Company informed Staff through discovery that the delay in reporting occurred due to a failure of communication between the business unit responsible for the property transaction and the Company's regulatory group. The Company further informed Staff that it has enacted changes to its tracking and reporting of property dispositions to ensure compliance going forward.⁴

Considering the recent change to ORS 757.480(2), and the Company's efforts to avoid recurrences of such delays, Staff finds that it would be appropriate for the Commission to exercise leniency with regard to the 60-day requirement in this case.

Valuation of the Agreement

The value of the Agreement is \$59,469. This value is the sum of the value of the facilities to be sold, applicable taxes, the separation and transaction costs, and a measure of future revenue associated with the customers transferring to Idaho Falls Power. Staff has reviewed the associated costs, including estimations, and agrees with this valuation.

The Company will receive compensation in the amount of \$59,469 on a total company basis, of which \$0 is allocated to Oregon, in accordance with the situs assignment of distribution assets per the 2017 Inter-jurisdictional Allocation Protocol, which required transmission assets to be allocated on a system generation allocation factor.⁵

Consequences of the Agreement

PacifiCorp has informed the Commission that the Agreement does not interfere with the utility's ability to operate its facilities or impede access to its property. Further, the Company will not continue to rely on any of the transferred assets to serve other customers in the area.⁶ The agreement will not hinder the Company in its obligation to provide safe, reliable electric service.

³ See PacifiCorp's response to Staff Information request 2.

⁴ See PacifiCorp's response to Staff Information request 1.

⁵ See 2017 Inter-jurisdictional Allocation Protocol, Docket No. UM 1050, Order No. 16-319 at Appendix A.

⁶ See PacifiCorp's response to Staff Information Request 8.

Conclusion

Based on the analysis described above, Staff concludes that the Agreement is reasonable, and will not harm the public.

STAFF RECOMMENDATION:

Staff determined that the public is not harmed by this transaction because:

1. Although the Company failed to inform the Commission of this issue in a timely manner, the delay did not harm customers;
2. The Company's ability to use the property is not impeded or impaired, therefore the Company's ability to provide reliable electric service is not harmed.

Staff recommends this docket be closed with no further action.

CC: Diane Davis