

1 **BEFORE THE PUBLIC UTILITY COMMISSION**
2 **OF OREGON**

3 UP 229

4 In the Matter of

5 IDAHO POWER COMPANY

6 Requests Approval of the Sale of the Boise
7 Bench Transmission Substation Property and
the State Street Office Property.

STAFF'S RESPONSE TO IDAHO POWER
COMPANY'S APPLICATION FOR
RECONSIDERATION

8 On November 22, 2005, the Public Utility Commission of Oregon ("Commission")
9 adopted Staff's recommendation to approve Idaho Power Company's ("Idaho Power") sale of the
10 Boise Bench Property and the State Street Office. On November 28, 2005, the Commission
11 issued Order No. 05-1233, which ordered that Idaho Power's application to sell the Boise Bench
12 Property and State Street Office was approved, subject to listed conditions. On January 11,
13 2006, Idaho Power filed an Application for Reconsideration of Order No. 05-1233.

14 In Idaho Power's Application for Reconsideration, it requests reconsideration of the
15 portion of Order No. 05-1233 that pertains to the Boise Bench Property. Specifically, Idaho
16 Power states two alternative reasons to support its Application for Reconsideration: 1) Idaho
17 Power erred in requesting approval of the sale of the Boise Bench Property in the first place and,
18 according to Idaho Power, that property was never utility property and was not included in rate
19 base; and 2) even if the sale required Commission approval, the Commission should not have
20 ordered that the proceeds from the sale should be applied to reduce the existing deferral balance
21 because the land was unimproved and not subject to depreciation.

22 As support for its Application for Reconsideration, Idaho Power included an affidavit
23 from James W. Farson, the Director of Financial Accounting and Reporting in the Finance
24 Department of Idaho Power. His affidavit states that the Boise Bench Property was, until it was
25 sold in 2001, included in non-utility accounts and was not used in the utility operations of Idaho
26 Power or included in its rate base.

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RECONSIDERATION

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1 In formulating Staff’s recommendation, which the Commission adopted, Staff relied on
2 Idaho Power that the Boise Bench Property was included in rate base. After reviewing the
3 Application for Reconsideration and attached affidavit, Staff is satisfied that Idaho Power did not
4 include the Boise Bench Property in rate base. Therefore, although Idaho Power initially and
5 unwittingly suggested to Staff that the property was included in rate base, which resulted in
6 Staff’s recommendation, it has now demonstrated that it was incorrect and the property was not
7 included in rate base.

8 Staff, therefore, supports Idaho Power’s Application for Reconsideration as it pertains to
9 the Boise Bench Property.¹ Therefore, Staff also supports the amendment of Order No. 05-1233
10 to exclude the Boise Bench Property from conditions 1-4. If the Boise Bench Property is
11 excluded, the corrected amount in Condition 4 becomes \$8,835, which equals the Oregon
12 allocated gain on sale of the State Street Office of \$6,289 plus \$2,546 in accrued interest.

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24 ¹ Staff’s support for Idaho Power’s Application for Reconsideration is limited to its first alternative for
25 reconsideration – that the property was not utility property. Staff disagrees with Idaho Power’s second alternative
26 and proposed treatment for net gains on property. Because Staff agrees with Idaho Power on the first alternative, it
is unnecessary to resolve the issues related to the second alternative, although Staff wishes to make clear that it does
not agree, explicitly or implicitly, with Idaho Power’s arguments contained in its second alternative.

1 For the foregoing reasons, Staff supports Idaho Power's Application for Reconsideration
2 as it pertains to its first alternative for reconsideration and respectfully requests that the
3 Commission remove the Boise Bench Property from the four conditions outlined in Order No.
4 05-1233.

5 DATED this 26th day of January 2006.

6 Respectfully submitted,

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8 HARDY MYERS
9 Attorney General

10 /s/ Jason W. Jones
11 Jason W. Jones, #00059
12 Assistant Attorney General
13 Of Attorneys for Public Utility Commission of
14 Oregon Staff
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1 **CERTIFICATE OF SERVICE**

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3 I certify that on January 26, 2006, I served the foregoing upon the parties hereto by
4 electronic mail and/or sending a true, exact and full copy, postage prepaid, by regular mail, or by
5 shuttle mail/hand delivery to:

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