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BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UP 185

In the Matter of the Application of PORTLAND)
GENERAL ELECTRIC COMPANY in Regard) ORDER
to the Sale of its Hawthorne Substation Property.)
)

DISPOSITION: APPLICATION GRANTED; WITH REPORTING CONDITIONS

On January 23, 2001, Portland General Electric Company (PGE) filed an application with the Public Utility Commission (Commission), pursuant to ORS 757.480 and OAR 860-027-0025, for approval of the sale of the Hawthorne Substation Property. The property consists of approximately a 10,000 square foot parcel of land (Hawthorne Substation Site). The company proposes to sell the property to James Trofembaum for \$135,500, payable in cash upon closing of the sale. PGE asserts that the property is not needed for utility purposes, and is not necessary or useful in the performance of its duties to the public.

Based on a review of the application and the Commission's records, the Commission finds that the application satisfies applicable statutes and administrative rules. At its Public Meeting on April 17, 2001, the Commission adopted the Staff's recommendation to approve the sale as proposed. Staff's recommendation, is attached as Appendix A, and is incorporated by reference.

OPINION

Jurisdiction

ORS 757.005 defines a public utility as anyone providing heat, light, water, or power service to the public in Oregon. Portland General Electric Company is a public utility subject to the Commission's jurisdiction.

Applicable Law

ORS 757.480 provides that, except for water utilities, a public utility doing business in Oregon shall first obtain Commission approval for any transaction to sell, lease, assign or otherwise dispose of property of such public utility necessary or useful in the performance of its duties to the public or any part thereof of a value in excess of \$100,000.

OAR 860-027-0025 specifies the information a public utility must submit when it makes application to sell or lease its property. This application contains the necessary information.

The proposed sale involves property which has a value in excess of \$100,000 and is no longer useful for providing utility services to the public. Commission approval of the accounting treatment for this transaction does not constitute approval for ratemaking purposes. There is no indication that the proposed sale will impair the Company's ability to provide public utility service in Oregon.

CONCLUSIONS

1. The Company is a public utility subject to the jurisdiction of the Public Utility Commission of Oregon.
2. The Company's proposed transaction meets the requirements of ORS 757.480.
3. The application should be granted.

ORDER

IT IS ORDERED that the application of Portland General Electric Company, for approval of the sale of the Hawthorne Substation Property to James Trofembaum, is granted, with the reporting conditions as further described in Appendix A.

Made, entered and effective _____.

BY THE COMMISSION:

Vikie Bailey-Goggins
Commission Secretary

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A party may appeal this order to a court pursuant to ORS 756.580.

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: APRIL 17, 2001**

REGULAR AGENDA **CONSENT AGENDA** X **EFFECTIVE DATE**

DATE: April 4, 2001

TO: Phil Nyegaard through Marc Hellman and Mike Myers

FROM: Tom Riordan

SUBJECT: UP 185 – Portland General Electric Company (PGE) Application for approval of the sale of the Hawthorne Substation Property to James Trofembaum

SUMMARY RECOMMENDATION:

I recommend approval of the requested sale with the conditions noted in the detailed recommendation.

DISCUSSION:

Background:

PGE filed this application on January 23, 2001, pursuant to ORS 757.480 and OAR 860-027-0025. The property consists of approximately a 10,000 square foot parcel of land (Hawthorne Substation Site). The company proposes to sell the property to James Trofembaum for \$135,500, payable in cash upon closing of the sale. PGE asserts that the property is not needed for utility purposes, and is not necessary or useful in the performance of its duties to the public. The property was previously used as a substation site, which was subsequently transferred to another location. The original site was then returned to its pre-development condition. Currently, the site is an empty lot within a dense residential/commercial area.

The property was appraised by an independent MAI appraiser who inspected the property and researched general market conditions. The appraiser valued the property at \$126,000, whereas the book value was \$4,318. Therefore, the proposed gain on sale, after payment of an estimated \$1500 in selling expense, is \$129,682 that PGE proposes to credit to FERC Account 411.6, Gain on Disposition of Property. The company believes that its proposed accounting treatment is consistent with the FERC Uniform System of Accounts.

Staff Comments:

Staff reviewed PGE's application and other relevant information the Company provided in response to Staff's requests. The Real Estate Sales Agreement between unrelated parties, PGE and James Trofembaum clearly reflects that the terms and conditions are the result of an arms-length transaction. The terms and conditions appear necessary and reasonable. Staff, after its review of PGE's analysis of the proposed level of financial gain from the sale, determined that customers could benefit from the sale of the site. Also, Staff concurs that use of the Gain on Disposition of Property account to record the gain is in accordance with the FERC Uniform System of Accounts. Therefore, Staff finds that PGE's proposed sale is consistent with the public interest.

DETAILED RECOMMENDATION:

Staff recommends that the Commission approve Portland General Electric Company's (PGE) application to sell the Hawthorne Substation Property to James Trofembaum and include the following standard Commission conditions in this matter:

1. PGE shall file, as soon as available, final executed or conformed copies of all documents related to this transaction.
2. PGE shall file, as soon as available, copies of the final journal entries recording the transaction.
3. PGE shall notify the Commission if there is any material change to the terms and conditions of the Real Estate Sales Agreement that impact the purchase price.

ORDER NO. 01-308

The order should note that approval of the accounting treatment for this sale does not constitute approval for ratemaking purposes.