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**BEFORE THE PUBLIC UTILITY COMMISSION**

**OF OREGON**

UP 189

In the Matter of the Application of PORTLAND	)	
GENERAL ELECTRIC for Approval of the Sale	)	ORDER
of Optic Fiber to Portland General Distribution,	)	
LLC, an Affiliated Interest.	)	
	)	

**DISPOSITION: APPLICATION GRANTED WITH CONDITIONS**

On September 10, 2001, the Public Utility Commission of Oregon (Commission) received an application from Portland General Electric Company (PGE), filed pursuant to ORS 757.495, OAR 860-027-0025, 860-0027-0041, and 860-0027-0043, requesting approval to sell surplus property, consisting of 1,750 linear feet of optic fiber.

Based on a review of the application, the Commission finds that the application satisfies applicable statutes and administrative rules. At its Public Meeting on September 25, 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**

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 surplus property which has a nominal value of \$3,325.00. 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 OAR 860-027-0025.
3. The application should be granted, subject to specific conditions.

**ORDER**

IT IS ORDERED that the application of Portland General Electric Company for authority to sell surplus property in Oregon is granted, subject to the conditions as further described in Appendix A.

Made, entered and effective \_\_\_\_\_.

BY THE COMMISSION:

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**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.

ITEM NO. CA4

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: SEPTEMBER 25, 2001**

REGULAR \_\_\_\_\_ CONSENT  X  EFFECTIVE DATE \_\_\_\_\_

**DATE:** September 19, 2001

**TO:** Phil Nyegaard through Marc Hellman and Mike Myers

**FROM:** Tom Riordan

**SUBJECT:** UP 189 – Portland General Electric Company (PGE) Application for Approval of the Sale of Optic Fiber to Portland General Distribution, LLC (PGD), an Affiliated Interest

**SUMMARY RECOMMENDATION:**

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

**DISCUSSION:**

PGE filed this application on September 10, 2001, pursuant to ORS 757.480 and OAR 860-027-0025. Additionally, the company requests a waiver of the requirements of OAR 860-027-0041, in as much as the book value of the of the fiber is less than \$5,000 which is less than 0.001 percent of PGE's calendar 2000 utility operating revenues. The company seeks a Commission order approving the sale of surplus property, consisting of 1,750 linear feet of optic fiber, with a nominal value of \$3,325.

Issues

I have investigated the following issues:

1. Scope and Terms of Agreement
2. Transfer Pricing and Allocation Methods
3. Public Interest Compliance
4. Records Availability, Audit Provisions, and Reporting Requirements
5. Waiver of Requirements of OAR 860-027-0041

Scope and Terms of Agreement – Based upon my analysis of the agreement, there are no unusual or restrictive terms that would harm customers.

Transfer Pricing and Allocation Methods – The Commission transfer pricing policy for when an asset is transferred from regulated accounts to nonregulated accounts is the transfer shall be recorded in regulated accounts at the higher of net book value or fair market value. This policy likely has been met because PGE is charging PGD its net book value, which is the same as the market value. Staff has reviewed information, supplied by the company, that substantiates this fact.

Public Interest Compliance – PGE's customers are likely not harmed by this transaction because the company is charging a fair and reasonable price for the asset that is being sold to its affiliate, PGD. Also, as stated above, PGE is in compliance with the Commissions affiliated interest transfer pricing policy.

Records Availability, Audit Provisions, and Reporting Requirements – Proposed ordering condition No. 1 provides the necessary records access to PGE's and PGD's books and records.

Waiver of Requirements of OAR 860-027-0041 - PGE's application clearly demonstrates, that due to the nominal dollars involved in this sale, the transaction meets the letter and spirit of the administrative rule.

## **CONCLUSIONS:**

Based on my investigation and review of this application, I conclude the following:

1. Portland General Electric Company is a regulated electric company subject to the jurisdiction of the Public Utility Commission of Oregon.
2. An affiliated interest relationship exists between Portland General Electric Company and Portland General Distribution, LLC.
3. The application appears fair and reasonable and not contrary to the public interest.
4. The requirements necessary for waiver of the requirements of OAR 860-027-0041 have been met.

## **DETAILED RECOMMENDATION:**

I recommend that the Commission approve Portland General Electric Company's (PGE) application for the sale of optic fiber to Portland General Distribution, LLC an affiliated interest and include the following ordering conditions in this matter and grant the request for waiver of the requirements of OAR 860-027-0041:

1. PGE shall provide the Commission access to all books of account, as well as documents, data, and records of PGE and PGD's affiliated interests that pertain to this transaction.
2. The Commission reserves the right to review for reasonableness all financial aspects of this transaction in any rate proceeding or alternative form of regulation.
3. PGE shall notify the Commission in advance of any substantive changes to the agreement, including any material change in price. Any such change shall be submitted in an application for a supplemental order (or other appropriate format) in this docket.
4. PGE shall file, as soon as available, copies of the final journal entries recording the transaction.