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BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UP 196

In the Matter of)	
)	ORDER
PACIFICORP)	
)	
Application for Approval of the Transfer of)	
Electric Properties.)	

DISPOSITION: APPLICATION APPROVED; WITH CONDITIONS

On August 21, 2002, the Public Utility Commission of Oregon (Commission) received an application from Pacific Power & Light (PacifiCorp), requesting approval for the sale of property located in Portland, Oregon known as the Albina Print Shop. The sale will be accomplished pursuant to an Agreement for Sale and Purchase of Real Estate between PacifiCorp and David and Michela McMahon (Buyers), dated June 18, 2002. The sale price of the Property is \$500,000.

Based upon 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 October 1, 2002, the Commission adopted Staff's recommendation to approve the application, with conditions. Staff's recommendation is attached as Appendix A and is incorporated by reference.

ORDER

IT IS ORDERED that:

1. PacifiCorp's application for authority to transfer electric properties is approved.
2. PacifiCorp shall provide the Commission access to all books of account, as well as documents, data, and records that pertain to the transfer of electric properties.
3. The Commission reserves the right to review, for reasonableness, all financial aspects of this transaction in any rate proceeding or alternative form of regulation.

4. PacifiCorp shall notify the Commission in advance of any substantive changes to the transfer of electric properties, 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.

Made, entered, and effective _____.

BY THE COMMISSION:

Becky L. Beier
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: October 1, 2002**

REGULAR _____ CONSENT X EFFECTIVE DATE _____

DATE: September 20, 2002

TO: John Savage through Marc Hellman and Rebecca Hathorn

FROM: Michael Dougherty

SUBJECT: PACIFIC POWER & LIGHT: (Docket No. UP 196) Application for approval of the transfer of electric properties.

STAFF RECOMMENDATION:

The Commission should approve Pacific Power & Light's (PacifiCorp) application for the requested transfer of electric properties with the following conditions:

1. PacifiCorp shall provide the Commission access to all books of account, as well as documents, data, and records that pertain to the transfer of electric properties.
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. PacifiCorp shall notify the Commission in advance of any substantive changes to the transfer of electric properties, 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.

DISCUSSION:

Background

PacifiCorp filed this application on August 21, 2002, pursuant to ORS 757.480 and OAR 860-027-0025. The company seeks a Commission order authorizing the sale of property located in Portland, Oregon known as the Albina Print Shop (Property). The sale will be accomplished pursuant to an Agreement for Sale and Purchase of Real Estate (Agreement) between PacifiCorp and David and Michela McMahon (Buyers), dated June 18, 2002. The sale price of the Property is \$500,000. Buyers will take

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possession of the Property within 30 days after receipt of Commission approval of the application.

The Property is located at 2223 North Randolph Avenue, Portland, Oregon in PacifiCorp's Albina District. The real property associated with the proposed transaction consists of .97 acres with an office / warehouse facility of 6,248 square feet.

The Property was originally acquired and built as a business office, service center and storage yard in 1953. It later became a warehouse primarily used for electric operations equipment storage and as a sign shop where PacifiCorp produced signage for company operations. The Property contains both a spray paint booth and a sand blasting room. The warehouse and signage functions were moved to other PacifiCorp locations and the Property has been vacant for over two years.

In their application, PacifiCorp states that the Property is no longer necessary or useful in the provision of service to customers and is considered excess property. Book value of the Property is currently listed as \$28,681. The Property was appraised at the value of \$470,250 on March 6, 2002.

Issues

Staff investigated the following issues:

1. Scope and Terms of the Agreement for Sale and Purchase of Real Estate
2. Allocation of Gain
3. Public Interest Compliance
4. Records Availability, Audit Provisions and Reporting Requirements

Scope and Terms of Agreements – Based upon Staff's analysis of the Agreement for Sale and Purchase of Real Estate, there appears to be no unusual or restrictive terms that will harm customers. As part of the sale, PacifiCorp is required to pay a lien of \$44,857 to the Albina Crossing District for construction of the Albina overpass improvements. Payment of the lien is not due until completion of construction work.

Allocation of Gain – Staff reviewed and concurs with PacifiCorp's analysis of the Property sale, which results in an after tax gain (including payment of the lien) of an estimated \$261,138. PacifiCorp will record the after tax net gain of sale in the balancing account established by Commission Order No. 01-787 (UE 116).

Public Interest Compliance - PacifiCorp's sale of the Property is in the public interest (customarily a no harm standard applied by the Commission). The Buyers agreed to purchase the Property for \$500,000, which is slightly higher than the appraised value that was conducted on behalf of PacifiCorp. PacifiCorp's customers are not harmed by this transaction and actually benefit from the gain of sale of the Property.

Records Availability, Audit Provisions and Reporting Requirements - The proposed ordering condition No. 1 provides the necessary records access to PacifiCorp's relevant books and records.

After review of the filing, Staff concludes that the application is fair and reasonable and not contrary to the public interest.

PROPOSED COMMISSION MOTION:

PacifiCorp's UP 196 application for authority to transfer electric properties, including the three conditions stated in this memorandum, be approved.