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BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UA 96 /UP 193

In the Matter of)	
)	ORDER
PORTLAND GENERAL ELECTRIC)	
COMPANY)	
)	
Application for Approval of the Transfer of)	
Customers and Facilities with Regard to the)	
City of Canby and the Canby Utility Board.)	

DISPOSITION: APPLICATION FOR TRANSFER APPROVED WITH CONDITIONS

Background. On March 27, 2002, pursuant to ORS 758.430, the Public Utility Commission of Oregon (OPUC) received an application from Portland General Electric Company (PGE), requesting approval of transfer of customers and facilities with regard to the City of Canby (City) and the Canby Utility Board.¹

A notice of Filing was published in The Canby Herald on September 21, 2002, and September 28, 2002. No customers in the annexation areas requested a hearing.

Territory allocations between PGE and the City were originally established on April 4, 1962, when PGE and the City entered into a Territory Allocation Agreement (Agreement), which was approved by Commission Order No. 62-38537. Subsequent to the date of the Agreement, the City transferred all powers and duties to construct, acquire, expand and operate the electric system within the City to Canby Utility by charter amendment, effective January 2, 1969.

On February 24, 1998, PGE and Canby Utility entered into Amendment No. 1 to the Agreement, which was approved by Commission Order No. 98-356, dated August 24, 1998. Under terms of the amended Agreement, the City assigned all rights and responsibilities of providing service within any territory annexed by the City to

¹ PGE's application also refers to OAR 860-025-0110. OAR 860-025-0015 is the correct administrative rule for applications filed under ORS 758.430. We assume the incorrect rule reference is a typographical error and are processing this application pursuant to OAR 860-025-0015.

Canby Utility. Additionally per the amended Agreement, Canby Utility would purchase PGE facilities that were used to provide electric service to the annexed areas.

Description of Assets to be Transferred. The customers and facilities are located on properties that were annexed by the City November 1998 to May 2001. A general description of the area related to this proposal, is as follows:

PARCEL A

**CORNER OF S.W. 13TH AVENUE AND CANBY-MARQUAM HIGHWAY
APPROVED BY FINAL ORDER TO BOUNDARY CHANGE PROPOSAL
RESOLUTION NO. 3885, DATED NOVEMBER 12, 1998.**

TAX LOT 300, 4 1E 4D: BEGINNING at the northwest corner of the Northeast Quarter of the Southeast Quarter of Section 4 in Township 4 South, Range 1 East of the Willamette Meridian, running thence East 361.68 feet; thence South 361.68 feet; thence West 361.68 feet; thence North 361.68 feet to the PLACE OF BEGINNING, containing 3.00 acres of land, more or less, all in the County of Clackamas and State of Oregon.

PARCEL B

**N.W. 22ND AVENUE (591 N.E. 22ND AND 597 N.E. 22ND AVENUE) CONSISTING OF 1.6
ACRES, VOTER APPROVAL AT THE NOVEMBER 2000 ELECTION RESOLUTION
NO. 742**

TAX LOT 200, 3 1E 28DB: The West one-half of Lot 52, PRUNELAND, in the City of Canby, County of Clackamas, and State of Oregon.

EXCEPT the West 120.0 feet of said lot conveyed to John Kraft, in Deed recorded April 12, 1968, instrument No. 68-6812; and

ALSO EXCEPTING the North 10 feet conveyed to Clackamas County, by Deed Book 626, Page 485 for road purposes;

ALSO EXCEPTING that property conveyed to Douglas R. and Lori A. Sprague, described as a part of the West one-half of Lot 52, PRUNELAND, in Section 28, Township 3 South, Range 1 East, of the Willamette Meridian, more particularly described as follows:

BEGINNING at the Northwest corner of said Lot 52; thence South 0° 01' 28" West along the West line of said Lot 52, 10.00 feet to a point on the South side of N.E. 22nd Avenue; thence South 89° 36' 00" East along the South line of the road, 229.99 feet to a point and the true point of beginning; thence South 0° 01' 37" West, parallel to the East line of the West one-half of said Lot 52, 309.95 feet to a point on the South line of said Lot 52; thence South 89° 35' 38" East along said South line, 90.00 feet to the Southeast corner of said West one-half; thence North 0° 01' 37" East along said East line 309.96 feet to a point on the South line of N.E. 22nd Avenue; thence North 89° 36' 00" West along said

South line of the road a distance of 90.00 feet to the point of beginning. The above-described parcel of land contains 0.78 acres, more or less.

TAX LOT 300, 3 1E 28DB: The West 120.0 feet of Lot 52, PRUNELAND, in the County of Clackamas and State of Oregon; EXCEPTING THERE FROM the North 10 feet conveyed to Clackamas County by deed Book 626, Page 485 for road purposes, containing 0.82 acres, more or less.

PARCEL C

**POSTLEWAIT/WILLOW CREEK ESTATES
1629 N. REDWOOD ST, CONSISTING OF THREE PARCELS CONTAINING 14.1
ACRES, VOTER APPROVAL AT THE NOVEMBER 2000 ELECTION
RESOLUTION NO. 742.**

TAX LOT 800, 3 1E 34B: Lot 85, CANBY GARDENS, in the County of Clackamas and State of Oregon, containing 4.85 acres, more or less.

TAX LOT 1400, 3 1E 27C: Lot 84, CANBY GARDENS, in the County of Clackamas and State of Oregon, containing 4.85 acres, more or less.

TAX LOT 1500, 3 1E 27C: Lot 83, CANBY GARDENS, EXCEPTING THEREFROM that portion described as follows:

Beginning at the northeast corner of tract 83 of the plat of Canby Gardens, a recorded subdivision in Clackamas County, Oregon, thence west along the north boundary of said tract 83 a distance of 183.03 feet to an iron rod; thence south, parallel with the east boundary of said tract 83, a distance of 119.00 feet to an iron rod; thence east, parallel with the north boundary of said tract a distance of 183.03 feet; thence north along the said boundary 119.00 feet to the place of beginning. Subject to the rights of the public to that portion lying within the boundary of the public road. The above-described parcel contains 4.40 acres, more or less.

PARCEL D

**1773 N. REDWOOD CONSISTING OF 1.66 ACRES
VOTER APPROVAL AT MAY 16, 2001 ELECTION
RESOLUTION NO. 753.**

TAX LOT 1600, 3 1E 27C: Part of Tract 82, CANBY GARDENS, in the County of Clackamas and State of Oregon, more particularly described as follows:

Beginning at the Southeast corner of said Tract 82; thence West along the South line of said Tract 82, a distance of 660 feet to the Southwest corner thereof; thence North along the West line of said Tract 82, a distance of 113.5 feet; thence East parallel with the

South line of said Tract 82, a distance of 660 feet to a point of intersection with the East line of said Tract 82; thence South along the East line of said Tract 82, a distance of 113.5 feet to the point of beginning. The above-described tract contains 1.66 acres, more or less.

PARCEL E

**BECK/MOUNTAIN WEST INVESTMENT CORPORATION
VACANT LOT ON EAST SIDE OF N. PINE ST. NEAR 19TH CT.
VOTER APPROVAL AT THE MAY 16, 2001 ELECTION
RESOLUTION NO. 755.**

TAX LOT 2400, 3 1E 27C: Lot 78, CANBY GARDENS, in the County of Clackamas and State of Oregon. Except those portions lying within the public roads. The above-described tract of land contains 4.47 acres, more or less.

Staff Review of the Application. Commission Staff reviewed PGE's application and wrote a memorandum for Commission consideration. The memorandum, which recommended approval of PGE's application with conditions, is attached as Appendix A to this order and adopted. In it, Staff describes the application and its review in detail.

Commission Decision. At its November 19, 2002, Public Meeting, the Commission considered PGE's application and adopted Staff's recommendation. The Commission concluded that granting the application was appropriate with the conditions that Staff included. Those conditions are set out in the ordering paragraphs below.

ORDER

IT IS ORDERED that:

1. Portland General Electric Company's application to transfer customers and facilities with regard to the City of Canby and the Canby Utility Board is granted.
2. The approval is subject to the following conditions:
 - a. Portland General Electric shall provide the Commission access to all books of account, as well as documents, data, and records that pertain to the transfer of customers and facilities to Canby Utility.
 - b. The Commission reserves the right to review, for reasonableness, all financial aspects of the transaction in any rate proceeding or alternative form of regulation.
 - c. Portland General Electric shall notify the Commission in advance of any substantive changes to the transfer of customers or facilities, including metes and bounds. Any such change shall be submitted in an application for a supplemental order (or other appropriate format) in this docket.

Made, entered, and effective _____.

Roy Hemmingway

Lee Beyer

Joan H. Smith

Chairman

Commissioner

Commissioner

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements of OAR 860-014-0095. A copy of any such request must also be served on each party to the proceeding as provided by OAR 860-013-0070. A party may appeal this order to a court pursuant to ORS 756.580.

ITEM NO. CA7

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: November 19, 2002**

REGULAR _____ **CONSENT** X **EFFECTIVE DATE** _____

DATE: November 5, 2002

TO: John Savage through Marc Hellman and Rebecca Hathorn

FROM: Michael Dougherty

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. UA 96/UP 193)
Application for Approval of the Transfer of Customers and Facilities.

STAFF RECOMMENDATION:

The Commission should approve Portland General Electric's (PGE) application for the requested transfer of customers and facilities to the Canby Utility Board (Canby Utility) with the following conditions:

1. PGE shall provide the Commission access to all books of account, as well as documents, data, and records that pertain to the transfer of customers and facilities to Canby Utility.
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 transfer of customers and facilities, including any changes in metes and bounds. Any such change shall be submitted in an application for a supplemental order (or other appropriate format) in this docket.

DISCUSSION:

PGE filed this application on March 27, 2002 pursuant to ORS 758.430 and OAR 860-025-0010. (The correct administrative rule for filing is OAR 860-025-0015.) The company seeks a Commission order authorizing the transfer of customers and facilities to Canby Utility. These customers and facilities are located on properties that were annexed by the City of Canby (City) during the timeframe of November 1998 to May 2001.

APPENDIX A
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Background

Territory allocations between PGE and the City were originally established on April 4, 1962 when PGE and the City entered into a Territory Allocation Agreement (Agreement), which was approved by Commission Order No. 62-38537. Subsequent to the date of the Agreement, the City transferred all powers and duties to construct, acquire, expand and operate the electric system within the City to Canby Utility by charter amendment, effective January 2, 1969.

On February 24, 1998, PGE and Canby Utility entered into Amendment No. 1 to the Agreement, which was approved by Commission Order No. 98-356, dated August 24, 1998. Under terms of the amended Agreement, the City assigned all rights and responsibilities of providing service within any territory annexed by the City to Canby Utility. Additionally per the amended Agreement, Canby Utility would purchase PGE facilities that were used to provide electric service to the annexed territory.

The application concerns the following property annexations:

- A. A parcel located at the corner of SW 13th Avenue and Canby-Marquam Highway consisting of approximately 2.6 acres, approved by Final Order to Boundary Change Proposal No. 3885, dated November 12, 1998. PGE has maintained the two customers in this parcel; however, Canby Utility will serve these customers in the near future.
- B. A parcel located on NW 22nd Avenue consisting of 1.7 acres, voter approved at the November 7, 2000 election. This parcel is planned for future growth and Canby Utility will provide electrical service for future residents.
- C. Annexation at Postlewait / Willow Creek Estates, 1629 N. Redwood, consisting of three parcels of 4.40 acres, 4.85 acres and 4.85 acres, voter approved at the May 16, 2001 election. Approximately 80 single-family homes are planned for these parcels, which will be served by Canby Utility. Construction has not started.
- D. A parcel at 1773 N. Redwood consisting of 1.66 acres, voter approved at the May 16, 2001 election. Construction of six to seven single-family homes has started. Canby Utility is currently serving an existing duplex on the property and will serve the new residents in these homes.

- E. A parcel at Beck / Mt. West consisting of 4.47 acres, voter approved at the May 16, 2001 election. Apartment complexes are planned for this parcel, which will be served by Canby Utility. Canby Utility has installed temporary meters on the property.

Issues

Staff investigated the following issues:

1. Allocation of Territories and Customers
2. Public Interest Compliance
3. Records Availability, Audit Provisions and Reporting Requirements

Allocation of Territories and Customers – Based upon Staff's analysis, the transfer avoids any duplication of facilities between PGE and Canby Utility. Canby Utility is the sole provider of electric services within the City. All parcels annexed by the City are within City limits and are bordered by properties currently served by Canby Utility. The transfer was a cooperative transfer based on the terms of the amended Agreement.

Public Interest Compliance – As the sole provider of electric service within the City, Canby Utility is best able to provide economical and efficient services to these territories. Staff compared Canby Utility's residential rates with PGE's residential rates and agrees that rates charged by Canby Utility are less expensive than those of PGE. Canby Utility is fully prepared to provide services for planned sub-developments and has installed, or is currently installing, the necessary equipment to support current and future customers. Total cost to Canby Utility to acquire the PGE facilities was \$4,331.17. These costs were based on the Net Plant / Undepreciated Book Cost of facilities and the labor costs to remove the facilities.

A Notice of Filing was published in The Canby Herald on September 21, 2002 and September 28, 2002. No customers in the annexation requested a hearing.

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

After review of the filing, Staff concludes that the transfer:

1. Eliminates unnecessary duplication of facilities.

2. Promotes the efficient and economic use and development and the safety of operation of the electric utility system, while providing adequate and reasonable service to the territories and customers affected by the annexation.

PROPOSED COMMISSION MOTION:

PGE's UA 96 / UP 193 application for authority to transfer customers and facilities to Canby Utility, including the three conditions stated in this memorandum, be approved.