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**BEFORE THE PUBLIC UTILITY COMMISSION**

**OF OREGON**

UP 201

In the Matter of	)	
	)	ORDER
PORTLAND GENERAL ELECTRIC	)	
COMPANY	)	
	)	
Application for Approval to Sell Three Parcels	)	
of Property at the Hillsboro Line Center to the	)	
City of Hillsboro.	)	

**DISPOSITION: APPLICATION GRANTED;  
WITH CONDITIONS AND REPORTING REQUIREMENTS**

On June 11, 2003, the Public Utility Commission of Oregon (Commission) received an application from Portland General Electric Company (PGE or the Company), pursuant to ORS 757.480 and OAR 860-027-0025, requesting approval to sell three parcels of the Hillsboro Line Center property to the City of Hillsboro.

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 August 20, 2003, the Commission adopted Staff’s recommendation to approve the sale of assets as proposed. Staff’s recommendation is attached as Appendix A and is incorporated by reference.

**OPINION**

Under ORS 757.480, an electric utility doing business in Oregon shall first obtain Commission approval for any transaction to sell, lease, assign or otherwise dispose of property.

OAR 860-027-0025 specifies the information regarding applications for authority to sell, lease, assign, mortgage, merge, consolidate or otherwise dispose of property. This application contains the necessary information.

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 Portland General Electric Company's abilities to provide public utility service in Oregon.

**ORDER**

IT IS ORDERED that the application of Portland General Electric Company to sell property from Hillsboro Line Center to the City of Hillsboro, is granted, subject to conditions and reporting requirements, as further described in Appendix A.

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

BY THE COMMISSION:

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**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: AUGUST 20, 2003**

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

**DATE:** August 7, 2003

**TO:** John Savage through Marc Hellman and Rebecca Hathhorn

**FROM:** Marion Anderson

**SUBJECT:** PORTLAND GENERAL ELECTRIC: (Docket No. UP 201)  
Application for approval to sell property located at the Hillsboro Line Center in Hillsboro, Oregon.

**STAFF RECOMMENDATION:**

The Commission should approve the sale of land by Portland General Electric Company to the City of Hillsboro with the following conditions:

1. Pursuant to the docket UE 115 stipulation, the realized gain on the sale will be directed to a balancing account for subsequent refund to ratepayers.
2. Written confirmation that the prescribed journal entry recording the transaction has been made will be submitted to the Commission as soon as it is available.

**DISCUSSION:**

This application was filed on June 11, 2003, pursuant to ORS 757.480 and OAR 860-027-0025. The three land parcels and structures constituted a maintenance facility no longer required for utility functions with the exception of transmission purposes. Portland General Electric (PGE) will retain a perpetual electric power line easement and right-of-way to ensure that existing transmission facilities will not be disrupted by the proposed sale.

The property's book value is \$274,018. Members of the Appraisal Institute employed by Real Property Consultants, Inc. estimated the fair market value of the entire maintenance facility to be \$1,050,000 (a copy of the summary report was faxed to staff for review). A worksheet prorating that valuation to the \$853,343 for the actual sale property was also submitted. Deduction of the \$27,000 estimated selling expenses of

PORTLAND GENERAL ELECTRIC COMPANY

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**DISCUSSION: (continued)**

this transaction results in a realized gain of \$516,150. The proposed accounting entry submitted with a revision to the application did not meet with staff's approval. PGE proposes that the gain attributed to the land be subject to the docket UE 115 stipulation conditions but the gain attributed to the structures be left as a rate base reduction.

Staff does not concur with that accounting treatment. Based on staff's analysis, it is recommended that the realized gain of \$516,150 be placed in a balancing account for future refund to customers. With this qualification, staff concludes that the application is fair and reasonable and not contrary to the public interest. PGE has indicated that it will accept staff's analysis in this docket, but may want to revisit the balancing account treatment with staff at a later date.

**PROPOSED COMMISSION MOTION:**

The requested sale of the Hillsboro Line Center property by Portland General Electric Company to the City of Hillsboro be approved with the conditions stated in this memorandum.

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