

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UP 226

In the Matter of)	
)	ORDER
PACIFICORP)	
)	
Application for approval to sell the Madras)	
Service Center located in Jefferson County,)	
Oregon.)	

DISPOSITION: APPLICATION APPROVED WITH CONDITIONS

On July 27, 2005, PacifiCorp filed an application with the Public Utility Commission of Oregon (Commission), under ORS 757.480 and OAR 860-027-0025, pursuant to a recommendation made in a Staff audit report dated December 1, 2004. The underlying contract was executed September 28, 2001, but an error was made attributing this sale to Idaho’s jurisdiction. The sale property consists of approximately one-half acre of land with a building and other improvements used for customer service and associated regulated business operations. The property was vacated in 1997. Because of the date of the transaction and the amounts involved, PacifiCorp requests waivers of portions of the filing requirements of OAR 860-027-0025.

OPINION

Under ORS 757.480, a public utility doing business in Oregon shall first obtain Commission approval for any transaction to sell, lease, assign or otherwise dispose of property. 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 September 13, 2005, the Commission adopted Staff’s recommendation to retroactively approve the sale of the Madras Service Center to the Madras-Jefferson County Chamber of Commerce, and to waive portions of the filing requirements. Staff’s recommendation is attached as Appendix A and is incorporated by reference.

ORDER

IT IS ORDERED that the requested sale of the Madras Service Center by PacifiCorp to the Madras-Jefferson County Chamber of Commerce and waivers of

portions of the requirements of OAR 860-027-0025 are approved, subject to the following conditions:

1. PacifiCorp shall provide the Commission access to all books of account, as well as all 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 earnings review under an 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 changes in price. Any changes to the agreement terms that alter the intent and extent of activities under the agreement from those approved herein, shall be submitted for approval in an application for a supplemental order (or other appropriate format) in this docket.
4. In accordance with Order No. 01-787, dated September 7, 2001, the gain on the sale will be directed to a balancing account for subsequent refund to customers with accrued interest calculated using the applicable Commission approved rate of return from the date of sale.

Made, entered, and effective SEP 19 2005

BY THE COMMISSION:



Becky L. Beier

Becky L. Beier
Commission Secretary

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 in 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(2). A party may appeal this order to a court pursuant to applicable law.

ITEM NO. CA5

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: September 13, 2005

REGULAR _____ CONSENT X EFFECTIVE DATE September 28, 2001

DATE: August 25, 2005

TO: Public Utility Commission

FROM: Marion Anderson *MSA*

THROUGH: *u* Lee Sparling, *k* Marc Hellman, and *M* Michael Dougherty

SUBJECT: PACIFICORP: (Docket No. UP 226) Application for approval to sell the Madras Service Center located in Jefferson County, Oregon.

STAFF RECOMMENDATION:

The Commission should retroactively approve the sale of the Madras Service Center to the Madras-Jefferson County Chamber of Commerce and waive the requirements of OAR 860-027-0025(1)(f),(g),(n),and(o); (2)(a),(b),(e),(g),(h),(j),and(k), with the following conditions:

1. PacifiCorp shall provide the Commission access to all books of account, as well as, all 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 earnings review under an 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 changes in price. Any changes to the agreement terms that alter the intent and extent of activities under the agreement from those approved herein, shall be submitted for approval in an application for a supplemental order (or other appropriate format) in this docket.
4. In accordance with Order No. 01-787 dated September 7, 2001, the gain on the sale will be directed to a balancing account for subsequent refund to customers with accrued interest calculated using the applicable Commission approved rate of return from the date of sale.

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DISCUSSION:

This application was filed on July 27, 2005, under ORS 757.480 and OAR 860-027-0025 pursuant to a recommendation made in a Staff audit report dated December 1, 2004. The underlying contract was executed September 28, 2001, but an error was made attributing this sale to Idaho's jurisdiction. The sale property consists of approximately one-half acre of land with a building and other improvements used for customer service and associated regulated business operations. It was vacated in 1997.

Because of the amount involved with and the date of the transaction, PacifiCorp requested waivers of portions of the filing requirements of OAR 860-027-0025.

Staff investigated the following issues:

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

Scope and Terms of the Real Estate Sales Agreement

There do not appear to be any unusual or restrictive terms harmful to customers. The value of the property was based on comparables (Madras – Commercial Improved Sales) submitted by the Bratton Appraisal Group on September 17, 2001.

Allocation of Gain

The property's book value and proceeds were \$201,541 and \$224,048, respectively (rounded to the nearest dollar). PacifiCorp will credit approximately \$31,029 (including accrued interest) to Account 254 – Deferred Gain on Property Sale for later refund to customers. Staff calculated accrued interest on the gain (\$22,507) from October 2001 through August 2005 using the rates of return authorized in dockets UE 116 and UE 147. Because Staff and PacifiCorp are currently holding discussions on the materiality threshold of gains and losses that would be recorded in the Property Sales Balancing Account, the treatment proposed by Staff and agreed to by the company, should not be construed to establish any precedent.

Public Interest Compliance

The sale conforms to the no harm standard used by the Commission because the property at issue was determined to no longer be used and useful.

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Records Availability, Audit Provisions, and Reporting Requirements

Order Condition Number 1, listed above in the staff recommendation, affords the necessary Commission examination of PacifiCorp's books and records concerning the sale.

PROPOSED COMMISSION MOTION:

The requested sale of the Madras Service Center by PacifiCorp to the Madras-Jefferson County Chamber of Commerce and waivers of portions of the requirements of OAR 860-027-0025 be approved subject to the four conditions stated in Staff's recommendation in this memorandum.

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