

**BEFORE THE PUBLIC UTILITY COMMISSION**

**OF OREGON**

UP 229

In the Matter of	)	
	)	ORDER
IDAHO POWER COMPANY	)	
	)	
Requests Approval of the Sale of the Boise	)	
Bench Transmission Substation Property and	)	
the State Street Office Property.	)	

**DISPOSITION: APPLICATION APPROVED WITH CONDITIONS**

On October 21, 2005, the Public Utility Commission of Oregon (Commission) received an application from Idaho Power Company (Idaho Power or company), requesting approval from the Commission for the prior sale of two properties, pursuant to ORS 757.480 and OAR 860-027-0025. The properties were identified in Staff’s Audit Report of Idaho Power, dated December 8, 2004, as the Boise Bench Transmission Substation (Boise Bench Property) and the State Street Office property (State Street Office). The Boise Bench Property was sold January 3, 2001 and involved the sale of 26.23 acres of unimproved land. The Boise Bench Property did not include substation improvements and Idaho Power determined that the land could be disposed of without impacting operations at the substation site. The State Street Office was sold on December 19, 2001, and involved the sale of Idaho Power’s former district office building located in Boise, Idaho. Idaho Power represents that the company planned to discontinue use of the property as part of its ongoing office space consolidation.

**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 November 22, 2005, the Commission adopted Staff’s recommendation to approve Idaho Power’s sale of the Boise Bench Property and the State Street Office. Staff’s recommendation is attached as Appendix A and is incorporated by reference.

**ORDER**

IT IS ORDERED that the application of Idaho Power Company is approved, subject to the following conditions:

- 1. Idaho Power Company 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. Idaho Power Company 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. Idaho Power Company shall record the Oregon-allocated gain on sale including interest, of the two properties, \$50,736, as a one-time benefit applied to Idaho Power Company's excess power cost deferral. Idaho Power Company will provide the Commission records of the prescribed treatment, within sixty days of approval of this application.

Made, entered, and effective NOV 28 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. CA3

PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: November 22, 2005

REGULAR \_\_\_\_\_ CONSENT X EFFECTIVE DATE \_\_\_\_\_ N/A \_\_\_\_\_

DATE: November 17, 2005

TO: Public Utility Commission

FROM: Michael Dougherty *MD*

THROUGH: *Li* Lee Sparling and Marc Hellman *MH*

SUBJECT: IDAHO POWER COMPANY: (Docket No. UP 229) Requests approval of the Sale of the Boise Bench Transmission Substation Property and the State Street Office Property.

**STAFF RECOMMENDATION:**

The Commission should approve Idaho Power Company's (IPC) sale of the Boise Bench Transmission Substation Property and the State Street Office Property, with the following conditions:

1. IPC shall provide the Commission access to all books of account, as well as all documents, data, and records that pertain to the sale 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. IPC 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. IPC shall record the Oregon-allocated gain on sale including interest, of the two properties, \$50,736, as a one-time benefit applied to IPC's excess power cost deferral. IPC will provide the Commission records of the prescribed treatment, within sixty days of approval of this application.

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**DISCUSSION:**

This application was filed on October 21, 2005, pursuant to ORS 757.480 and OAR 860-027-0025. IPC is requesting approval from the Commission for the prior sale of two properties that were identified in Staffs Audit Report of Idaho Power Company, dated December 8, 2004. The two properties are the Boise Bench Transmission Substation (Boise Bench Property), which was sold on January 3, 2001; and the State Street Office property (State Street Office), which was sold on December 19, 2001.

The Boise Bench Property sale involved the sale of 26.23 acres of unimproved land located at IPC's Boise Bench Transmission Substation. According to IPC, the Boise Bench Property did not include substation improvements and IPC determined that the land could be disposed of without impacting operations at the substation site.

The State Street Office sale involved the sale of IPC's former district office building located in Boise, Idaho. According to IPC, the Company planned to discontinue use of the property as part of its ongoing office space consolidation.

Staff investigated the following issues:

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

Allocation of Gain

The net gain on sale of the Boise Bench Property was \$559,379 (\$27,689, Oregon allocated). The net gain on sale of the State Street Office was \$127,054 (\$6,289, Oregon allocated). The total net gain on sale of the two properties was \$686,433 (\$33,978, Oregon allocated). Staff calculated accrued interest on the gains from January 2001 through October 2005 using the rates of return authorized in dockets UE 92 and UE 167. Accrued interest equaled \$16,758.

Staff and the IPC agreed to support having the total gain on the two properties with interest, \$50,736, placed as a credit in the Company's excess power cost deferral. This treatment was previously used for the IdaCorp Energy credit in UE 123/UE 131, Commission Order No. 02-584, dated August 2, 2002.

Public Interest Compliance

The sale conforms to the no harm standard used by the Commission because the properties were determined to no longer be used and useful, and the gain is flowing back to customers.

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Records Availability, Audit Provisions, and Reporting Requirements

Order Conditions Number 1 and 4, listed above in the Staff recommendation, afford the necessary Commission examination of IPC's records concerning this application.

**PROPOSED COMMISSION MOTION:**

The sale of properties by Idaho Power Company be approved subject to the four conditions stated in this memorandum.

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