

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UP 222

In the Matter of)	
)	
PORTLAND GENERAL ELECTRIC)	ORDER
)	
Application for Authority to Exchange)	
Easement Property.)	

DISPOSITION: APPLICATION APPROVED WITH CONDITIONS

Portland General Electric (PGE) filed this application on April 21, 2005, pursuant to ORS 757.0025 and OAR 860-027-0025. PGE requests Commission approval of a property exchange that will provide Reser's, a food production company, the ability to expand their industrial facility. None of the costs of obtaining the new easement for the relocation of PGE's transmission lines will be borne by ratepayers or included in regulated accounts and any net profit by PGE shall be credited to customers. All costs associated with the property exchange will be borne by Reser's, including all costs for time incurred by PGE personnel.

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 May 31, 2005, the Commission adopted Staff's recommendation to approve the requested exchange with conditions. Staff's recommendation is attached as Appendix A and is incorporated by reference.

ORDER

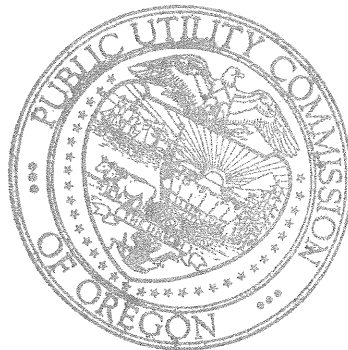
IT IS ORDERED that:

1. The exchange of easement property from Portland General Electric to Reser's is approved.
2. Portland General Electric shall provide the Commission access to all books of account, as well as documents, data, and records that pertain to the exchange of the property to Reser's.

3. A complete accounting shall be provided to Staff within 45 days after the consummation of the transaction and completion of the transmission line transfer. Such accounting will include full details on all transaction costs. A copy of any appraisals and all transaction documents shall be provided within 45 days after the consummation of the transaction.
4. All costs of the transaction (appraisal, accounting, legal, in-kind contributions, etc.) shall be recorded in non-utility accounts. No residual costs for the transmission relocation, including right-of-way costs, shall be included in customer rates.
5. The Commission reserves the right to review, for reasonableness, all financial aspects of this transaction in any rate proceeding or alternative form of regulation.
6. Portland General Electric shall notify the Commission in advance of any substantive changes to the transaction. Any material change shall be submitted in an application for a supplemental order in this docket.

Made, entered and effective JUN 07 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 party may appeal this order to a court pursuant to ORS 756.580.

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: May 31, 2005

REGULAR _____ **CONSENT** X **EFFECTIVE DATE** _____ N/A

DATE: May 24, 2005

TO: Public Utility Commission

FROM: Thomas D. Morgan

THROUGH: Lee Sparling, Marc Hellman, and Bryan Conway

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. UP 222) Application for Authority to Exchange Easement Property.

STAFF RECOMMENDATION:

The Commission should approve Portland General Electric's (PGE) application for approval to exchange subject to 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 exchange of the property to Reser's.
2. A complete accounting shall be provided to Staff within 45 days after the consummation of the transaction and completion of the transmission line transfer. Such accounting will include full details on all transaction costs. A copy of any appraisals and all transaction documents shall be provided within 45 days after the consummation of the transaction.
3. All costs of the transaction (appraisal, accounting, legal, in-kind contributions, etc.) shall be recorded in non-utility accounts. No residual costs for the transmission relocation, including right-of-way costs shall be included in customer rates.
4. The Commission reserves the right to review, for reasonableness, all financial aspects of this transaction in any rate proceeding or alternative form of regulation.
5. PGE shall notify the Commission in advance of any substantive changes to the transaction. Any material change shall be submitted in an application for a supplemental order in this docket.

DISCUSSION:

PGE filed this application on April 21, 2005, pursuant to ORS 757.0025 and OAR 860-027-0025. PGE requests Commission approval of a property exchange that will provide Reser's, a food production company, the ability to expand their industrial facility. All the cost of the property exchange will be borne by Reser's, including all costs for time incurred by PGE personnel.

Background

PGE has agreed to exchange certain right-of-way property to Reser's. PGE has an existing, 270' easement and proposes to create a second right-of-way north of Reser's plant in order to facilitate its expansion plan.

Scope and Terms of Agreements

PGE's analysis includes the following assumptions:

1. The land area PGE will allow Reser's to use is estimated at 47,000 square feet;
2. The use by Reser's will be limited to 20 years;
3. The value of the existing land is about \$6.00 per square foot;
4. The value of the new License area would be limited to about 50 percent of the per square foot value of the existing easement, or \$3.00 per square foot; and
5. The total value is estimated to be greater than \$100,000.

Staff has recommended conditions requiring the final valuation and accounting records to be provided to the Commission within 45 days after the consummation of the transaction. None of the costs of obtaining the new easement for the relocation of PGE's transmission lines will be borne by ratepayers or included in regulated accounts and any net profit by the Company shall be credited to customers.

Public Interest

PGE's contribution of property is in the public interest because the transaction will not cause PGE to incur costs and would provide Reser's with the flexibility to pursue its expansion plan. Staff Condition 2 requires a full accounting of all costs and other pertinent information and requires that PGE customers bear no costs of the easement transfer. Although not expected, if there are any gains that might accrue to PGE, they will be passed through to customers.

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

PROPOSED COMMISSION MOTION:

PGE's UP 222 application for authority to exchange property with Reser's, pursuant to the recommended conditions, be approved.

UP 222 – Easement Property Exchange