

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UP 223

| | | |
|-------------------------------------|---|-------|
| In the Matter of |) | |
| |) | ORDER |
| PORTLAND GENERAL ELECTRIC |) | |
| |) | |
| Application for Approval to Sell an |) | |
| Easement to the City of Gresham. |) | |

DISPOSITION: APPLICATION APPROVED WITH CONDITIONS

On May 9, 2005, the Public Utility Commission of Oregon (Commission) received an application from Portland General Electric Company (PGE), pursuant to ORS 757.480 and OAR 860-027-0025, requesting approval of the sale of an easement by PGE to the City of Gresham. The sale will permit the construction and maintenance of a multi-use trail by the City of Gresham. PGE determined the easement to be surplus and unnecessary to its ratepayer service provision, and retains all other rights.

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 June 14, 2005, the Commission adopted Staff's recommendation to approve the sale of the easement by PGE to the City of Gresham. Staff's recommendation is attached as Appendix A and is incorporated by reference.

ORDER

IT IS ORDERED that the application of Portland General Electric Company is approved, subject to the following conditions:

1. Portland General Electric 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. Portland General Electric 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. In accordance with the docket UE 115 stipulation, the gain on the sale will be directed to a balancing account for subsequent refund to ratepayers.
5. Written confirmation that the proposed journal entry recording the transaction has been made will be submitted to the Commission with the appropriate periodic report.

Made, entered, and effective JUN 17 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.

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: June 14, 2005

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

DATE: June 2, 2005

TO: Public Utility Commission

FROM: Marion Anderson

THROUGH: Lee Sparling, Marc Hellman, and Michael Dougherty

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. UP 223) Application for approval to sell an easement to the City of Gresham.

STAFF RECOMMENDATION:

The Commission should approve the easement sale on land owned by Portland General Electric Company to the City of Gresham, with the following conditions:

1. Portland General Electric 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. Portland General Electric 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. In accordance with the docket UE 115 stipulation, the gain on the sale will be directed to a balancing account for subsequent refund to ratepayers.
5. Written confirmation that the proposed journal entry recording the transaction has been made will be submitted to the Commission with the appropriate periodic report.

DISCUSSION:

This application was filed on May 9, 2005, pursuant to ORS 757.480 and OAR 860-027-0025. The property is a strip of land of about 1.2 miles in length and 100 feet wide in the City of Gresham, Multnomah County, Oregon. The easement permits the construction and maintenance of a 12 foot – 14 foot multi-use trail and a 30 inch waterline. Portland General Electric determined the easement to be surplus and unnecessary for the provision of service, and retains all other rights. The grant agreement was signed by both parties on April 13, 2005.

The easement has a book value of \$1,471. A copy of the appraisal, performed by Universal Field Services Inc., in November 2003, was submitted showing a fair market value of \$370,000. Deduction of the \$3,700 estimated selling expenses for this transaction results in a gain of \$364,829. The proposed entry was submitted with the application and met with staff's approval.

Staff investigated the following issues:

1. Scope and Terms of the Easement Agreement with Exhibit
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 with Addendum

There do not appear to be any unusual or restrictive terms harmful to ratepayers.

Allocation of Gain

Portland General Electric has agreed to credit the gain to Account 254 – Deferred Gain on Property Sale.

Public Interest Compliance

The sale conforms to the no harm standard used by the Commission because the property at issue is no longer used and useful, and is being sold at a gain.

Records Availability, Audit Provisions, and Reporting Requirements

Order Condition Numbers 1 and 5, listed above in the staff recommendation, afford the necessary Commission examination.

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PROPOSED COMMISSION MOTION:

The requested easement sale by Portland General Electric Company to the City of Gresham be approved subject to the conditions stated in this memorandum.

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