

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UP 231

In the Matter of	)	
	)	ORDER
AVISTA CORPORATION	)	
	)	
Application for an Order Approving the Sale	)	
of Property, formerly used as a Regulator	)	
Station, located in Ashland, Oregon.	)	

**DISPOSITION: APPLICATION APPROVED WITH CONDITIONS**

On January 20, 2006, the Public Utility Commission of Oregon (Commission) received an application from Avista Corporation (Avista or company), requesting approval from the Commission for the sale of the former site of a regulator station serving the area, pursuant to ORS 757.480 and OAR 860-027-0025. The station has been relocated, removing the site from the used and useful Ashland rate base. The contract for sale of the property was executed on December 12, 2005. The total purchase price is \$255,000, and the sale conforms to the no harm standard used by the Commission because the property at issue is no longer used and useful.

**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 March 7, 2006, the Commission adopted Staff's recommendation to approve Avista's sale of the Ashland, Oregon property to Michael H. Young and Jacquelyn J. Young. Staff's recommendation is attached as Appendix A and is incorporated by reference.

**ORDER**

IT IS ORDERED that the application of Avista Corporation is approved, subject to the following conditions:

1. Avista Corporation shall provide the Commission access to all books of account, as well as all documents, data, and records that pertain to the transfer of utility 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. Avista Corporation shall notify the Commission in advance of any substantive changes to the transfer of utility 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. Per Order No. 91-671, dated May 16, 1991, regarding sales of any portion of the CP National operating system, Avista will apply the gain realized on this transaction to the Oregon acquisition adjustment.

MAR 13 2006

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



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 by filing a petition for review with the Court of Appeals in compliance with ORS 183.480-183.484.

ITEM NO. CA2

PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: March 7, 2006

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

DATE: February 16, 2006

TO: Public Utility Commission

FROM: Marion Anderson *MSA*

THROUGH: *li* Lee Sparling, *HT* Marc Hellman, and *m* Michael Dougherty

SUBJECT: AVISTA CORPORATION: (Docket No. UP 231) Application for an Order Approving the Sale of Property, formerly used as a Regulator Station, located in Ashland, Oregon.

STAFF RECOMMENDATION:

The Commission should approve the sale of Avista Corporation's (Avista) Ashland, Oregon property to Michael H. Young and Jacquelyn J. Young, subject to the following conditions:

1. Avista shall provide the Commission access to all books of account, as well as, all documents, data, and records that pertain to the transfer of utility 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. Avista shall notify the Commission in advance of any substantive changes to the transfer of utility 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. Per Order No. 91-671, dated May 16, 1991, regarding sales of any portion of the CP National operating system, Avista will apply the gain realized on this transaction to the Oregon acquisition adjustment.

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## DISCUSSION:

This application was filed on January 20, 2006, pursuant to ORS 757.480 and OAR 860-027-0025. The Avista Corporation (Avista) property at issue is the former site of a regulator station serving the area. The station has been relocated, removing the site from the used and useful Ashland rate base. Paul V. Zacha, MAI, of Real Property Consultants Inc. determined the fair market value (FMV) of the property to be \$260,000 subject to restricted use.

Staff investigated the following issues:

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

### Scope and Terms of the Real Estate Agreement

The contract was executed on December 12, 2005. The total purchase price is \$255,000. While this amount is 1.9% lower than the aforementioned FMV, staff does not take any issue with the matter since this is an arm's length transaction. The remainder of the contract appears standard.

### Allocation of Gain

The proposed journal entry submitted with this application satisfies the dictates of Staff Recommendation Condition No. 4. The net book value of the sale property is \$8,416.60. The resultant gain of \$241,583.41 is listed as a plant acquisition adjustment credit. Commission policy dictates that the gains on property sales benefit ratepayers. However, under the stipulation that recommended the approval of the sale of utility assets and transfer of allocated service territory in 1991 that underlies Avista, such gain is to reduce any remaining acquisition adjustment balance.

### 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 the gain is treated as prescribed by the Commission.

### Records Availability, Audit Provisions, and Reporting Requirements

Order Condition Number 1, listed above in the staff recommendation, affords the necessary Commission examination.

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**PROPOSED COMMISSION MOTION:**

The sale of the Ashland, Oregon property by Avista Corporation to Michael H. Young and Jacquelyn J. Young be approved subject to the conditions stated in this memorandum.

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