

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UP 232

In the Matter of)	
)	ORDER
PORTLAND GENERAL ELECTRIC)	
)	
Application for Approval to Sell Property)	
Located in the City of St. Helens.)	

DISPOSITION: APPLICATION APPROVED WITH CONDITIONS

On March 2, 2006, 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 a property located in the City of St. Helens. The property is not required for utility functions and is no longer used and useful property in the provision of Portland General Electric's services.

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 April 11, 2006, the Commission adopted Staff's recommendation to approve the sale of the property located in the City of St. Helens. 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. The final journal entry recording the transaction will be submitted to the Commission with the appropriate semiannual report.

Made, entered, and effective APR 14 2006.

BY THE COMMISSION:



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.

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: April 11, 2006

REGULAR _____ CONSENT X EFFECTIVE DATE _____ N/A

DATE: March 27, 2006

TO: Public Utility Commission

FROM: Marion Anderson *MSA*

THROUGH: *in* Lee Sparling through *h* Marc Hellman and *m* Michael Dougherty

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. UP 232) Application for approval to sell property located in the City of St. Helens.

STAFF RECOMMENDATION:

The Commission should approve the sale of land by Portland General Electric Company (PGE) to Wayne Weigandt 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.
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DISCUSSION:

This application was filed on March 2, 2006, pursuant to ORS 757.480 and OAR 860-027-0025. The property designated for sale is the St. Helens District Office, which consists of 1.06 acres of land - Lots 1, 2, 3, 4, 19, 20, 21, and 22 through B41-4 - with buildings at 1771 Columbia Boulevard. This parcel is not required for utility functions and is no longer used and useful property in the provision of Portland General Electric's services. The purchaser is Oregon real estate broker, Wayne Weigandt.

Order No. 03-621, dated October 21, 2003, in Docket UP 206, provided Commission approval for this sale to Western Property Investments, LLC under an agreement signed July 30, 2003. However, the agreement was voided when the time and expense of clearing on-site underground oil tanks was determined. In early 2004, PGE completed this environmental remediation at a cost of \$108,850. (PGE misstated this amount as \$180,000 on page 1 of the application). The project was issued a "no further action required" letter from the Oregon Department of Environmental Quality in 2005.

Staff will insure that in the current PGE rate filing, UE 180, the aforementioned \$108,850 environmental remediation cost is not included in future rates. This will avoid double recovery of this cost by PGE.

The property now has a net book value of \$172,021. A new appraisal, performed by PGP Valuation Inc., was submitted showing a fair market value of \$440,000. The offer made by Mr. Weigandt and accepted by PGE is \$420,000. This price was agreed to because the purchaser will need to demolish or repair facilities for optimal use of the property and the location is not in a prime development area. Deduction of the \$108,850 selling expenses of this transaction results in a gain of \$139,128. The proposed entries were submitted with the application and met with staff's approval.

Staff investigated the following issues:

1. Scope and Terms of the Real Estate Sales Agreement with Addendum
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 does not appear to be any unusual or restrictive terms harmful to ratepayers.

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Allocation of Gain

Portland General Electric has agreed to credit the gain to account 254 – Deferred Gain on Property Sale. Previously, gains on depreciated property were treated as rate base reductions in conformance with the Code of Federal Regulations.

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

After review of the filing, staff concludes that the application is fair and reasonable and not contrary to the public interest.

PROPOSED COMMISSION MOTION:

The requested sale of property by Portland General Electric Company to Wayne Weigandt be approved with the conditions stated in this memorandum.

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