

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UP 233

In the Matter of	)	
	)	
IDAHO POWER COMPANY	)	
	)	ORDER
Application for an Order Approving the 2004	)	
Sale of a Portion of the Stoddard Substation	)	
Property located in Ada County, Idaho.	)	

**DISPOSITION: APPLICATION APPROVED WITH CONDITIONS**

On April 7, 2006, the Public Utility Commission of Oregon (Commission) received an application from Idaho Power Company (Idaho Power or Company) pursuant to ORS 757.480 and OAR 860-027-0025, requesting retroactive approval of its September 27, 2004 sale of its Stoddard Substation property to Lyons Development LLC.

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 July 27, 2006, the Commission adopted Staff's recommendation to retroactively approve Idaho Power's application with certain conditions. 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 \$11,728 Oregon-allocated gain on this sale which includes accrued interest as a one-time benefit applied to Idaho Power Company's excess power cost deferral. Idaho Power Company will furnish a copy of the journal entry recording this benefit to the Commission within sixty days of the order issuance approving this application.

Made, entered, and effective AUG 07 2006.

BY THE COMMISSION:



*Becky L. Beier*  
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**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. CA4

PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: July 27, 2006

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

DATE: July 7, 2006

TO: Public Utility Commission

FROM: Marion Anderson *MSA*

THROUGH: Lee Sparling, Marc Hellman, and Michael Dougherty *li* *MSA* *W*

SUBJECT: IDAHO POWER COMPANY: (Docket No. UP 233) Application for an Order Approving the 2004 Sale of a Portion of the Stoddard Substation Property located in Ada County, Idaho.

**STAFF RECOMMENDATION:**

The Commission should retroactively approve the sale of a portion of the Stoddard Substation property located in Ada County, Idaho, with 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 \$11,728 Oregon-allocated gain on this sale which includes accrued interest as a one-time benefit applied to Idaho Power Company's excess power cost deferral. Idaho Power Company will furnish a copy of the journal entry recording this benefit to the Commission within sixty days of the order issuance approving this application.

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## DISCUSSION:

This application was filed on April 7, 2006, pursuant to ORS 757.480 and OAR 860-027-0025. The property at issue was sold on September 27, 2004, to Lyons Development LLC.

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

In the October 2004 Staff pre-rate case audit report,<sup>1</sup> the following recommendation was made: "IPC shall file pursuant to ORS 757.480 and OAR 860-027-0025, an application for Commission approval of the listed two property sales and any other property sale that was of a value in excess of \$100,000."

After a determination that the Stoddard Substation property was no longer used and useful, Idaho Power sold the property to Lyons Development LLC. The company maintained utility ownership of all existing power lines and added facilities located on the reserved premises, with right-of-way and easement as needed and as described in the warranty deed. A copy of the Board of Directors' resolution providing authorizing utility property purchases/sales by the listed officers and designated employees was submitted as an exhibit to the application.

No formal independent appraisal was performed. The company considered the arms-length transaction to sufficiently establish fair market value. Since it was in Idaho Power Company's best interest to maximize the property's value, staff concurs that the negotiated price is a sufficient proxy for determining market value.

### Allocation of Gain

Idaho Power Company purchased the property for \$415,885.17 and sold it for \$685,000.00. Net gain on the sale was \$219,037.97 with the Oregon allocation amounting to \$10,678. The \$1,051 accrued interest calculation covered the period from October 2004 through April 2006, using the rates of return authorized in Dockets UE 92 and UE 167.

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<sup>1</sup> Staff Audit Report of Idaho Power Company, Audit Number 2004-001, dated October 14, 2004,  
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Public Interest Compliance

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

Records Availability, Audit Provisions, and Reporting Requirements

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

**PROPOSED COMMISSION MOTION:**

The 2004 sale of Stoddard Substation property by Idaho Power Company be retroactively approved subject to the conditions stated in this memorandum.

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