

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UP 228

In the Matter of)	
)	
IDAHO POWER COMPANY)	
)	ORDER
Application for an Order Approving the Sale)	
of a Portion of the Property Surrounding the)	
Ontario Substation to the State of Oregon.)	

DISPOSITION: APPLICATION APPROVED WITH CONDITIONS

On September 26, 2005, the Public Utility Commission of Oregon (Commission) received an application from Idaho Power Company (Idaho Power) pursuant to ORS 757.480 and OAR 860-027-0025. Idaho Power's property to be divested consists of 4.68 unimproved acres known as the Ontario Substation property. It is classified as Idaho/Oregon system distribution for rate base purposes. The state will use the property for relocation and improvement of the North Ontario Interchange on Interstate 84.

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 10, 2007, the Commission adopted Staff's recommendation to approve the sale of the Ontario Substation property, owned by Idaho Power, to the State of Oregon. 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 \$5,945.78 Oregon-allocated gain on this sale as a benefit applied to excess power cost deferral. Within sixty days of the approval of this application, an accounting record of this treatment will be furnished to the Commission.

Made, entered, and effective APR 13 2007

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. CA6

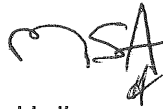
**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: April 10, 2007**


REGULAR _____ CONSENT X EFFECTIVE DATE _____ N/A _____

DATE: April 2, 2007

TO: Public Utility Commission

FROM: Marion Anderson



THROUGH: ⁱⁿ Lee Sparling, Marc Hellman, and Michael Dougherty 

SUBJECT: IDAHO POWER COMPANY: (Docket No. UP 228) Application for an Order Approving the Sale of a Portion of the Property Surrounding the Ontario Substation to the State of Oregon.

STAFF RECOMMENDATION:

The Commission should approve the sale of the Ontario Substation property owned by Idaho Power Company to the State of Oregon 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 \$5,945.78 Oregon-allocated gain on sale as a benefit applied to excess power cost deferral. Within sixty days of the approval of this application, an accounting record of this treatment will be furnished to the Commission.

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DISCUSSION:

This application was filed on September 26, 2005, pursuant to ORS 757.480 and OAR 860-027-0025. The Idaho Power Company (Idaho Power or Company) property to be divested consists of 4.68 unimproved acres known as the Ontario Substation property. It is classified as Idaho/Oregon system distribution for rate base purposes. The state will use the property for relocation and improvement of the North Ontario Interchange on Interstate 84.

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 purchase amount was dictated by the State of Oregon by virtue of its condemnation authority. The Company protested the price, with easement and equipment relocation as ancillary issues. The lengthy appeals process accounts for the time this docket has remained open.

On March 14, 2007, the Idaho Power Regulatory Affairs Representative who submitted the application informed me by e-mail of the finalization of the process. Subsequently, an Oregon Assistant Attorney General furnished me with a confirming copy of the case's stipulated general judgment (Case No. 05124848L) signed by the judge on February 27, 2007.

Allocation of Gain

The Company submitted tentative entries to account for the sale. As system distribution property, Staff used a 4.81 per cent proxy administrative and general allocation factor (2005 FERC Form 1 Report). The calculation is: $\$123,612.90 * .0481 = \$5,945.78$. Staff Recommendation Condition No. 4 dictates the treatment of the gain.

Public Interest Compliance

The sale conforms to the Commission's no harm standard because the State of Oregon has declared a need for the property.

Records Availability, Audit Provisions, and Reporting Requirements

Staff Recommendation Condition No. 1 listed above affords the necessary Commission examination.

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PROPOSED COMMISSION MOTION:

The sale of a portion of the property surrounding the Ontario Substation to the State of Oregon be approved subject to the conditions stated in this memorandum.

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