

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UP 240

In the Matter of)	
)	
PORTLAND GENERAL ELECTRIC)	
COMPANY)	ORDER
)	
Application for Approval of the Sale of)	
Property in Damascus.)	

DISPOSITION: APPLICATION APPROVED WITH CONDITIONS

On July 25, 2007, 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 authorization from the Commission to sell a 1.94 acre unimproved tract of land located one block North of Highway 212 in the city of Damascus.

OPINION

Under ORS 757.480 and OAR 860-027-0025, 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 September 20, 2007, the Commission adopted its Staff’s recommendation to approve the sale subject to five conditions stated in the relevant Staff Report. Staff’s Report 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. PGE shall provide the Commission access to all books of account, as well as all documents, data, and records that pertain to the transfer of 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. PGE shall notify the Commission in advance of any substantive changes to the transfer of 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 form) in this docket.
4. PGE will record the gain on the sale to the Property Sale Balancing Account for subsequent refund to customers with accrued interest calculated using the applicable Commission approved rate of return from the date of the sale.
5. The final journal entry recording the transaction will be submitted to the Commission with the appropriate semiannual report.

Made, entered, and effective SEP 25 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. CA1

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: September 20, 2007

REGULAR _____ CONSENT X EFFECTIVE DATE _____

DATE: August 16, 2007

TO: Public Utility Commission

FROM: Dustin Ball *DB*

THROUGH: *u* Lee Sparling, *st* Marc Hellman, and *m* Michael Dougherty

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. UP 240) Application for Approval of the Sale of Property in Damascus.

STAFF RECOMMENDATION:

The Commission should approve Portland General Electric's (PGE or Company) application to sell the 1.94 acre unimproved tract of land located one block North of Highway 212 in the City of Damascus to Gramor Development, subject to the following conditions:

1. PGE shall provide the Commission access to all books of account, as well as, all documents, data, and records that pertain to the transfer of 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. PGE shall notify the Commission in advance of any substantive changes to the transfer of 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 form) in this docket.
4. PGE will record the gain on the sale to the Property Sale Balancing Account for subsequent refund to customers with accrued interest calculated using the applicable Commission approved rate of return from the date of sale.

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5. The final journal entry recording the transaction will be submitted to the Commission with the appropriate semiannual report.

DISCUSSION:

This application was filed on July 25, 2007, pursuant to ORS 757.480 and OAR 860-027-0025.

The subject property was purchased by PGE in December 2003, for the price of \$454,435, with the intention of building a substation. Prior to development of the property, surrounding landowners and developers objected to the site being used for a substation and asked PGE to consider an alternative site. PGE agreed to locate another site for the substation and subsequently purchased property in another location, within the City of Damascus, for a price of \$521,000. The 1.94 acre tract of land originally purchased for the substation is currently vacant, with the exception of a gravel surface, and is now surplus to the Company's needs and is not necessary for serving the public.

On May 25, 2007, through a sealed bidding process, PGE received a bid from Gramor Development to purchase the surplus 1.94 acre tract of land in Damascus for a price of \$1,250,000.

Issues

Staff investigated the following issues:

1. Scope and Terms of the Real Estate Sales Agreement
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

There does not appear to be any unusual or restrictive terms to the agreement. The value of the property was based on an appraisal submitted by Real Property Consultants, Inc., which reported a value of \$1,000,000, as of February 28, 2007. PGE has agreed to dispose the property at a price above the appraised value.

Allocation of Gain

The property's book value and proceeds from the sale were \$454,435 and \$1,250,000, respectively. PGE will incur approximately \$5,000 of selling expenses and will credit

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approximately \$790,565, to Account 254 – Deferred Gain on Property Sale, for later refund to customers.

Public Interest Compliance

The sale conforms to the no harm standard used by the Commission because the property at issue was determined to no longer be used and useful. In addition, the gain from the sale will be returned to customers.

Records Availability, Audit Provisions, and Reporting Requirements

Order Conditions Numbers 1 and 5, listed above in the staff recommendations, afford the necessary Commission examination of PGE's books and records concerning the sale.

PROPOSED COMMISSION MOTION:

The requested sale of the 1.94 acre unimproved tract of land located one block North of Highway 212 in the City of Damascus to Gramor Development be approved subject to the five conditions stated in Staff's recommendations in this memorandum.

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