

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UP 241

In the Matter of	)	
	)	
IDAHO POWER COMPANY	)	ORDER
	)	
Application for an Order Approving the Sale	)	
of the American Falls Office Property.	)	

**DISPOSITION: APPLICATION APPROVED WITH CONDITIONS**

On August 6, 2007, 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, requesting approval of the sale of the American Falls office property to Sunset Development.

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 October 23, 2007, the Commission adopted Staff's recommendation to approve Idaho Power's application with certain conditions. Staff's recommendation is attached as Appendix A and is incorporated by reference.

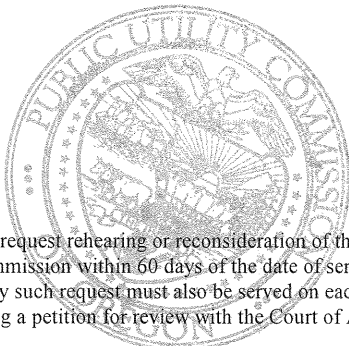
**ORDER**

IT IS ORDERED that the application of Idaho Power Company to sell the American Falls office property to Sunset Development is approved, subject to the conditions contained in the Staff's recommendation, attached as Appendix A.

Made, entered, and effective OCT 29 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.

PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: October 23, 2007

REGULAR \_\_\_\_\_ CONSENT X EFFECTIVE DATE \_\_\_\_\_

DATE: October 8, 2007

TO: Public Utility Commission

FROM: Dustin Ball <sup>DB</sup>

THROUGH: Lee Sparling, <sup>LS</sup> Marc Hellman, <sup>A</sup> and Michael Dougherty <sup>M</sup>

SUBJECT: IDAHO POWER COMPANY: (Docket No. UP 241) Application for an Order Approving the Sale of the American Falls Office Property.

**STAFF RECOMMENDATION:**

The Commission should approve Idaho Power Company's (Idaho Power or Company) application to sell the American Falls Office Property, subject to the following conditions:

1. Idaho Power 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 alternate form of regulation.
3. Idaho Power 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 extend 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. The final journal entries recording the transaction will be submitted to the Commission within 60 days of the final journal entries.

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**DISCUSSION:**

This application was filed on August 6, 2007, pursuant to ORS 757.480 and OAR 860-027-0025.

The subject property (119 Harrison in America Falls, Idaho) was purchased by Idaho Power in 1987 and the Company's cost basis at the time of sale was \$248,838.07. The Company has allocated \$228,872.41 of the cost basis to the improvements and the remaining \$19,965.66 to the land. Idaho Power has used the property as a customer service office. However, due to consolidation of customer service operations across their service territory, it was determined that the office should be closed.

On June 1, 2007, Idaho Power entered into a Real Estate Sales Agreement with Sunset Development, in which Sunset Development agreed to purchase the subject property for \$129,000. The transaction was subsequently closed on July 18, 2007.

Issues

1. Scope and terms of the Real Estate Sales Agreement
2. Allocation of Proceeds
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 Integrity Appraisal, which reported a value of \$120,000, as of March 5, 2007. Idaho Power has agreed to dispose the property at a price above the appraised value.

Allocation of Proceeds

Idaho Power estimates accumulated depreciation for the improvements in the amount of \$127,355, which results in an approximate net book value of \$121,483. Idaho Power will incur approximately \$11,691.86 of selling expenses and receive sale proceeds of \$129,000. The sale will result in a net loss of approximately -\$4,175, and after factoring in the Oregon allocation percentage of 4.95%, the loss allocated to Oregon is immaterial and does not warrant an adjustment to the excess power deferral account.

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.

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Records Availability, Audit Provisions, and Reporting Requirements

Order Conditions Number 1 and Number 4, listed above in the Staff recommendations, afford the necessary Commission examination of Idaho Power's books and records concerning the sale.

**PROPOSED COMMISSION MOTION:**

The requested sale of the American Falls Office Property to Sunset Development should be approved subject to the four conditions stated in Staff's recommendations in this memorandum.

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