

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UP 249

In the Matter of

PACIFICORP, dba PACIFIC POWER

Application Requesting Approval of the
Sale of Sportsman Park Property.

ORDER

DISPOSITION: APPLICATION APPROVED WITH CONDITIONS

On May 14, 2009, the Public Utility Commission of Oregon (Commission) received an application from PacifiCorp, dba Pacific Power, requesting approval of the sale of the Sportsman Park Property. The Sportsman Park Property is the designated name for approximately 346 acres located on three lots in Klamath Falls, Oregon. The application is filed pursuant to ORS 757.480 and OAR 860-027-0025. A description of the filing and its procedural history is contained in the Staff Report, attached as Appendix A, and incorporated by reference.

OPINION

Under ORS 759.375, 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 16, 2009, the Commission adopted Staff's recommendation to approve, retroactively, the sale of the Sportsman Park Property in Klamath Falls, Oregon.

ORDER

IT IS ORDERED that the application of Pacific Power, is approved, subject to the following conditions:

1. Pacific 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 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. Pacific Power shall notify the Commission in advance of any substantive changes to the transfer of electric properties, including any material changes in price.
4. Pacific Power will direct the gain on the sale to the property sales account for refund to ratepayers with interest accrual from the date of sale using the Commission approved rate of return until amortization begins.
5. The final journal entry recording the transaction will be submitted to the Commission with the appropriate semiannual report.

Made, entered, and effective JUL 21 2009.



BY THE COMMISSION:

Becky L. Beier

Becky L. Beier
Commission Secretary

ITEM NO. CA4

PUBLIC UTILITY COMMISSION OF OREGON

STAFF REPORT

PUBLIC MEETING DATE: July 16, 2009

REGULAR _____ CONSENT X EFFECTIVE DATE _____ NA _____

DATE: June 24, 2009

TO: Public Utility Commission

FROM: Marion Anderson *MSA*

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

SUBJECT: PACIFICORP DBA PACIFIC POWER: (Docket No. UP 249) Application for retroactive approval of the sale of the Sportsman Park property in Klamath Falls, OR.

STAFF RECOMMENDATION:

The Commission should approve the subject application by PacifiCorp with the following conditions:

1. PacifiCorp 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. PacifiCorp shall notify the Commission in advance of any substantive changes to the transfer of electric properties, including any material changes in price.
4. PacifiCorp will direct the gain on the sale to the property sales account for refund to ratepayers with interest accrual from the date of sale using the Commission approved rate of return until amortization begins.
5. The final journal entry recording the transaction will be submitted to the Commission with the appropriate semiannual report.

Docket No. UP 249
June 24, 2009
Page 2

DISCUSSION:

This application was filed on May 14, 2009, pursuant to ORS 757.480 and OAR 860-027-0025. The Sportsman Park Property is the designated name for approximately 346 acres located on three lots in Klamath Falls. The original purchase was made as part of a hydroelectric dam and reservoir project. The three lots were later judged to be superfluous and leased to Klamath Sportsman's Park Association, the eventual purchaser. PacifiCorp reclassified the Sportsman Park Property as non-utility and therefore not subject to Commission review when sold. This filing resulted from Staff's uncovering the transaction in an operational audit and disputing the reclassification. The appropriate designation is utility service provision property deemed no longer used and useful. Therefore, the gain should be distributed to ratepayers. The sale closed on November 30, 2007.

The Sportsman Park Property received a \$750,000 appraisal (the sales price) from Real Property Consultants in a report dated January 24, 2005. The proposed accounting entries were submitted and reviewed by Staff.

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 with Addendum

There do not appear to be any unusual or restrictive terms harmful to ratepayers.

Allocation of Gain

Actual sale compensation was \$748,648.79. The property book value was \$28,580.16. The realized Oregon gain is \$201,964.85.

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.

Docket No. UP 249
June 24, 2009
Page 3

PROPOSED COMMISSION MOTION:

The 2007 sale of the Sportsman Park property in Klamath Falls, OR be approved with the conditions stated in this memorandum.

UP 249