

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UP 251

In the Matter of

PACIFICORP, dba PACIFIC POWER

Application Requesting Approval of the
Sale of the E-Center Easements

ORDER

DISPOSITION: APPLICATION APPROVED WITH CONDITIONS

On May 22, 2009, the Public Utility Commission of Oregon (Commission) received an application from PacifiCorp, dba Pacific Power, requesting retroactive approval of the sale of easements over a transmission corridor in West Valley City, Utah. 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 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 28, 2009, the Commission adopted Staff's recommendation to approve, retroactively, the sale of the easements over the transmission corridor in West Valley City, Utah.

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 30 2009.

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.

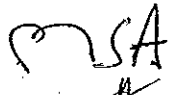
ITEM NO. CA6

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: July 28, 2009**

REGULAR _____ CONSENT X EFFECTIVE DATE _____ NA _____

DATE: June 29, 2009

TO: Public Utility Commission

FROM: Marion Anderson 

THROUGH: Lee Sparling, Marc Hellman, and Michael Dougherty 

SUBJECT: PACIFICORP DBA PACIFIC POWER: (Docket No. UP 251) Application for retroactive approval of the sale of Easements over a Transmission Corridor in West Valley City, UT.

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.

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DISCUSSION:

This application was filed on May 22, 2009, pursuant to ORS 757.480 and OAR 860-027-0025. While the underlying land remains the property of PacifiCorp, the two easements in this application allow parking access and an access road for a retail development. PacifiCorp had an interpretation of the applicable statute that categorized these assets as non-utility and therefore not subject to Commission review when sold. This is the third and final filing resulting from Staff's discovery of such transactions in an operational audit and dispute of such classification. The appropriate designation for these asset creations is utility service provision property deemed no longer used and useful. Therefore, the gain should be distributed to ratepayers.

PacifiCorp commissioned a market appraisal of these easements by a Certified Commercial/Investment Member broker from the real estate firm, Commerce CRG located in Salt Lake City, Utah. His valuation was \$9.90 per square foot. The sale compensation total was \$387,935.46 and was completed on January 30, 2008. 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

The assigned book value was \$11,520.27. The realized Oregon gain is \$104,861.52.

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.

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PROPOSED COMMISSION MOTION:

The 2008 sale of the easements on property in West Valley City, UT be approved with the conditions stated in this memorandum.

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