

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UP 257

In the Matter of

AVISTA CORPORATION, dba AVISTA  
UTILITIES

Application for approval of the sale of the  
Klamath Falls former service center located  
in Klamath Falls.

ORDER

**DISPOSITION: APPLICATION APPROVED WITH CONDITIONS**

On January 21, 2010, the Public Utility Commission of Oregon (Commission) received an application from Avista Corporation, dba Avista Utilities (Avista), requesting approval of the sale of the Klamath Falls former service center located 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 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 March 30, 2010, the Commission adopted Staff's recommendation to approve the sale of the former service center located in Klamath Falls, Oregon.

**ORDER**

IT IS ORDERED that the application of Avista Corporation, dba Avista Utilities, is approved, subject to the following conditions:

1. Avista Utilities shall provide the Commission access to all books of account, as well as all documents, data, and records that pertain to the transfer of gas 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. Avista Utilities shall notify the Commission in advance of any substantive changes to the transfer of gas properties, including any material changes in price.
4. Per Order No. 91-671, dated May 16, 1991, regarding sales of any portion of the CP National operating system, Avista Utilities will apply the gain realized on this transaction to the Oregon acquisition adjustment.

Made, entered, and effective APR 06 2010

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. CALL

PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: March 30, 2010

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

DATE: March 5, 2010

TO: Public Utility Commission

FROM: Marion Anderson *MSA*  
*LS* *NA*

THROUGH: Lee Sparling, Marc Hellman, and Michael Dougherty *MD*

SUBJECT: AVISTA CORPORATION: (Docket No. UP 257) Application for approval of the sale of property in Klamath Falls, Oregon.

STAFF RECOMMENDATION:

1. Avista shall provide the Commission access to all books of account, as well as all documents, data, and records that pertain to the transfer of gas 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. Avista shall notify the Commission in advance of any substantive changes to the transfer of gas properties, including any material changes in price.
4. Per Order No. 91-671, dated May 16, 1991, regarding sales of any portion of the CP National operating system, Avista will apply the gain realized on this transaction to the Oregon acquisition adjustment.

DISCUSSION:

This application was filed for retroactive approval of the transaction on January 21, 2010, pursuant to ORS 757.480 and OAR 860-027-0025. The sale was made to LTH Properties, LLC and finalized on December 31, 2009. The property is located at 456 Market Street and is an office building with storage and fenced parking facilities used as a service center. A larger service center has been constructed as a replacement.

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March 5, 2010  
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The sale price for the property was \$139,500 before closing costs deductions. The associated 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

The property contains a fenced in natural gas regulator station for which Avista will retain an easement.

Allocation of Gain

The gain of \$88,685.03 in the proposed journal entry is treated in accord with Staff Recommendation Condition No. 4.

Public Interest Compliance

A copy of a summary report valuing this industrial property at \$143,000 was forwarded to Staff. This appraisal was performed by an MAI designate employed by Real Property Consultants-Klamath Falls as of March 10, 2005. The 2009 sale price represents 97.6% of that 2005 valuation. While Staff was unable to obtain any authoritative reference for the industrial property valuation trend in Klamath County over the 2005-2010 period, one Klamath Falls realtor volunteered an estimate of a 35% decline. The sale price is considered to demonstrate more than current fair market value. Therefore, this sale conforms to the no harm standard used by the Commission because the property at issue is no longer used and useful, and was 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, reasonable, and not contrary to the public interest.

**PROPOSED COMMISSION MOTION:**

The sale of the property in Klamath Falls, Oregon be approved with the conditions stated in this memorandum.

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APPENDIX <sup>A</sup>  
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