

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UP 258

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY

Application for Approval to Sell a
Helicopter.

ORDER

DISPOSITION: APPLICATION APPROVED WITH CONDITIONS

On March 29, 2010, the Public Utility Commission of Oregon (Commission) received an application from Portland General Electric Company (PGE or Company), requesting approval of the sale of a twin-turbine engine helicopter purchased in 1980 to Tactical Helicopters, LLC. It has been replaced by a new helicopter with a January 2010 in-service date and is no longer being used by the Company. 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 May 11, 2010, the Commission adopted Staff's recommendation to approve the requested helicopter sale with the conditions stated in the Staff Report attached as Appendix A.

ORDER

IT IS ORDERED that the application of Portland General Electric Company is approved, subject to the following conditions:

1. Portland General Electric Company 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. Portland General Electric Company shall notify the Commission in advance of any substantive changes to the transfer of electric 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 format) in this docket.
4. In accordance with the Docket UE 115 stipulation, the gain on the sale will be directed to a balancing account for subsequent refund to ratepayers.
5. The final journal entry recording the transaction will be submitted to the Commission with the appropriate semiannual report.

Made, entered, and effective MAY 13 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. CA6

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: May 11, 2010

REGULAR _____ CONSENT X EFFECTIVE DATE _____ N/A _____

DATE: May 4, 2010

TO: Public Utility Commission

FROM: Marion Anderson *MSA*

THROUGH: *u* Lee Sparling through *A* Marc Hellman and *AK* Michael Dougherty

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. UP 258) Application for approval to sell a helicopter.

STAFF RECOMMENDATION:

The Commission should approve the sale of the Eurocopter helicopter by Portland General Electric Company (PGE) to Tactical Helicopters, LLC with 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 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. PGE shall notify the Commission in advance of any substantive changes to the transfer of electric 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 format) in this docket.
4. In accordance with the Docket UE 115 stipulation, the gain on the sale will be directed to a balancing account for subsequent refund to ratepayers.
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 March 30, 2010, pursuant to ORS 757.480 and OAR 860-027-0025. The sale item is a twin-turbine engine helicopter purchased in 1980. It has been replaced by a new helicopter with a January 2010 in-service date and is no longer being used.

Staff investigated the following issues:

- Allocation of Gain
- Public Interest Compliance
- Records Availability, Audit Provisions, and Reporting Requirements

Allocation of Gain

An appraisal was secured from HeliValue\$, Inc. best known for The Official Helicopter Blue Book. This company is the only full-time helicopter industry appraisal service. A copy of the ten page appraisal report was submitted with the application and reviewed by Staff.

The fair market valuation determination utilized by HeliValue\$, Inc. considers three methodologies – income, sales comparison, and cost – and is satisfactorily explained in the report. The information needed to make the net present valuation required for the income method is not available. The sales comparison and cost method analyses were performed and included in the report. The calculated values were sufficiently close so as to make a combination possible for the appraisal. The resultant fair market value for the helicopter as of May 7, 2009, was \$310,000.

PGE placed the helicopter for sale at \$350,000 in May 2009, with initial offers thereon in the range of \$200,000 to \$225,000. PGE ultimately accepted a \$260,000 offer in December 2009. With consideration of the accumulated depreciation, there is a recognized gain on this sale of \$115,828.

Public Interest Compliance

The sale conforms to the no harm standard used by the Commission because the property at issue is being sold at a gain and is not used in the utility's provision of service.

Records Availability, Audit Provisions, and Reporting Requirements

Order Condition Number 1, listed previously in the staff recommendation, affords the necessary Commission examination.

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After review of the filing, staff concludes that the application is fair and reasonable and not contrary to the public interest.

PROPOSED COMMISSION MOTION:

The requested helicopter sale by Portland General Electric Company to Tactical Helicopters, LLC be approved with the conditions stated in this memorandum.

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