

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UP 268

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY

Request to Transfer Land to the City of
Sherwood.

ORDER

DISPOSITION: APPLICATION APPROVED WITH CONDITIONS

On October 6, 2010, Portland General Electric Company (PGE or Company) filed a request for approval of the transfer of approximately 4.62 acres along SW Tualatin-Sherwood Road to the City of Sherwood, Oregon. The application is filed under 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 must 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 November 23, 2010, the Commission adopted Staff's recommendation to approve the requested transfer of property with the conditions stated in the Staff Report attached as Appendix A.

ORDER

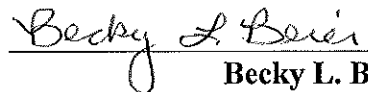
IT IS ORDERED that the application of Portland General Electric Company is approved, subject to the following conditions:

1. Portland General Electric Company will 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 alternative form of regulation.
3. Portland General Electric Company will 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 extent of activities under the agreement from those approved herein will be submitted for approval in an application for a supplemental order (or other appropriate format) in this docket.
4. The final journal entry recording the transaction will be submitted to the Commission with the appropriate semiannual report.

Made, entered, and effective NOV 30 2010.

BY THE COMMISSION:




Becky L. Beier
Commission Secretary

A party may request rehearing or reconsideration of this order under 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 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480 through 183.484.

ITEM NO. CA11

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: November 23, 2010

REGULAR _____ CONSENT X EFFECTIVE DATE _____ N/A

DATE: November 12, 2010

TO: Public Utility Commission

FROM: Danielle Sander *DS*

THROUGH: *W* Lee Sparling, *A* Marc Hellman, and *M. B. M.* Michael Dougherty

SUBJECT: PORTLAND GENERAL ELECTRIC COMPANY: (Docket No. UP 268) Request to transfer land from Portland General Electric Company to the City of Sherwood.

STAFF RECOMMENDATION:

Pursuant to ORS 757.480 and OAR 860-027-0025, Staff recommends that the Commission approve the transfer of land from Portland General Electric Company (Company or PGE) to the City of Sherwood subject to 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 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 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 form) in this docket.
4. The final journal entry recording the transaction will be submitted to the Commission with the appropriate semiannual report.

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DISCUSSION:

Background

PGE owns property located in the City of Sherwood, County of Washington, Oregon (hereinafter referred to as the "Property"). The Property consists of five parcels of land in Tax Lots 1100, 1600, 1800, and 1900 for a total of approximately 73 acres. PGE's Sherwood Transmission Facility and line crew training site occupy approximately 25 acres and a majority of the remaining land is encumbered with transmission lines and easements. Total Property to be transferred is a small part of the total PGE property and totals approximately 4.62 acres along SW Tualatin-Sherwood Road ("Transfer Property"). The Transfer Property is no longer needed for utility purposes and is not necessary or useful in the performance of PGE's duties to the public, except for the use and maintenance of transmission lines. Once the transfer of property is completed, the remaining amount of land surrounding the Transfer Property is approximately 68 acres.

Issues

Staff investigated the following issues:

1. Scope and Terms of the Agreement
2. Allocation of Gain/Loss
3. Public Interest Compliance
4. Records Availability, Audit Provisions, and Reporting Requirements

Scope and Terms of the Agreement

There do not appear to be any unusual or restrictive terms to the agreement. PGE is requesting to transfer 4.62 acres to the City of Sherwood to be used for construction of a new road that will connect SW Tualatin-Sherwood Road to Pacific Highway West (Highway 99). PGE will retain the property surrounding the proposed road, which totals approximately 68 acres. In exchange for the land transfer, the City of Sherwood will work to re-zone PGE's remaining land from industrial use to commercial use land. The City of Sherwood has submitted a Resolution (Resolution 2008-049) and Memorandum of Understanding (Exhibit 1 – Adams North MOU with PGE) that outlines the City's intent of re-zoning. Please refer to Docket No. UP 268 application filing for Resolution 2008-049 and Exhibit 1 for a complete description of re-zoning agreement.

For valuation purpose, an independent MAI appraiser inspected the Property and researched general market conditions. According to the appraisal, after transferring the 4.62 acres and re-zoning the remaining property to commercial use land, the market value of the Property increases by approximately \$1.95 million. See table below for a description of the gain by tax lot. The valuations are for the total property and not for the 4.62 acreage and the increase in value could be thought of as the increase in value commensurate with the transfer of the 4.62 acres.

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Tax Lot	Date of Change	Before Dedication & Zone Change	After Dedication & Zone Change	Net Change in Value
1100	01/12/10	\$1,345,000	\$1,295,000	(\$50,000)
1600 & 1800	01/11/10	\$5,590,000	\$6,320,000	\$730,000
1900	01/6/10	\$3,070,000	\$4,335,000	\$1,265,000

Allocation of Gain/Loss

With this transaction there is a minor effect to PGE's balance sheet and income statement. There is a loss of \$17,953, which includes conveyance costs and value of the transferred property. PGE agrees to adhere to the Commission's desired treatment of gains/losses on any future sale of the Property.

Public Interest Compliance

The proposed transaction conforms to the no harm standard used by the Commission. Customers will benefit from any subsequent sale of commercial land as a result of the land transfer to the City of Sherwood. Additionally, this is in the public's best interest because the transfer of the Property results in the connection of two busy roadways, SW Tualatin-Sherwood Road and Pacific Highway West (Highway 99).

Records Availability, Audit Provisions, and Reporting Requirements

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

PROPOSED COMMISSION MOTION:

Pursuant to ORS 757.480 and OAR 860-027-0025, Portland General Electric Company's request to transfer land to the City of Sherwood be approved.

pmm UP 268 Portland General Electric Company