

ORDER NO. 13 372

ENTERED OCT 16 2013

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UP 292

In the Matter of

PORTLAND GENERAL ELECTRIC  
COMPANY,

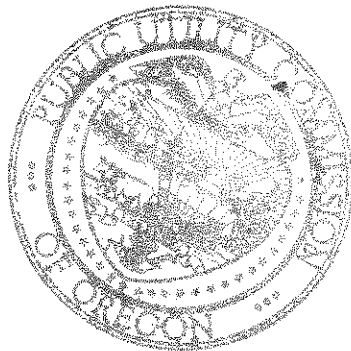
Application for Approval of Sale of Property  
in the City of Woodburn.

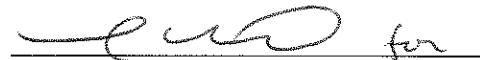
ORDER

**DISPOSITION: STAFF'S RECOMMENDATION ADOPTED**

At its public meeting on October 15, 2013, the Public Utility Commission of Oregon adopted Staff's recommendation in this matter. The Staff Report with the recommendation is attached as Appendix A.

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.

ORDER NO

13 372

ITEM NO. CA5

**PUBLIC UTILITY COMMISSION OF OREGON**

**STAFF REPORT**

**PUBLIC MEETING DATE: October 15, 2013**

REGULAR \_\_\_\_\_ CONSENT X EFFECTIVE DATE \_\_\_\_\_ N/A \_\_\_\_\_

DATE: September 20, 2013

TO: Public Utility Commission

FROM: Brian Bahr <sup>BB</sup>  
<sub>JE</sub>

THROUGH: Jason Eisdorfer, Maury Galbraith, and Marc Hellman <sup>ME</sup> <sup>A</sup>

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. UP 292) Requests  
Approval of the sale of certain property to City of Woodburn.

**STAFF RECOMMENDATION:**

The Public Utility Commission of Oregon (Commission) should approve the application by Portland General Electric Company (PGE or Company) to sell certain street lighting poles (Poles) to the City of Woodburn, Oregon (City or Woodburn), subject to the following conditions:

1. 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.
2. The final journal entry recording the transaction shall be submitted to the Commission within 60 days after the transaction closes.

**DISCUSSION:**

This application was filed on September 4, 2013, pursuant to ORS 757.480 and OAR 860-027-0025. The Company seeks Commission approval of the sale of 513 street lighting poles located throughout Woodburn to the City for a sale price of \$421,263.55.

The City recently communicated to PGE its desire for its new and existing street lighting to be on Schedule 91-A for street lighting poles and 95-A for street lighting fixtures as

Docket No. UP 292  
September 20, 2013  
Page 2

an initial step to eventually converting the street lights to LEDs (Schedule 95). Under schedule 95, option A allows PGE to own and maintain the street lighting poles. As an initial step to converting the Poles, which were being served under Schedule 91-B at the time, PGE agreed to purchase them from the City and move them to Schedule 91-A. The Poles were purchased by PGE from the City on June 18, 2013, for the price of \$421,263.55.

Subsequent to the sale, PGE was made aware that the City officials who signed the deal had not been properly authorized to enter into said agreement by the City Council. The original purchase agreement could not be merely voided because the Poles had already been booked into FERC Account 101, Electric Plant in Service; in accordance with ORS 757.480, the Company must apply for approval from the Commission before selling the Poles.

With this application, PGE requests Commission approval to sell the 513 Poles back to the City at the same amount as the original purchase price.

#### Issues

Staff investigated the following issues:

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

#### Scope and Terms of the Asset Purchase Agreement

The property includes the 513 Poles originally sold to PGE by the City. The Poles are located throughout the City and are to be sold back to the City in "as is, where is" condition. Though the original price was based on an estimated cost of making necessary repairs to the Poles and was to be tried up at a later date, PGE has not performed any actual repairs on the Poles. Based on Staff's review of both the original purchase agreement and the current purchase agreement, there do not appear to be any unusual or restrictive terms to the agreement.

#### Allocation of Gain

The sale price of the property is \$421,263.55, which is the same as the original price for which PGE purchased the Poles and was agreed upon by the buyer and seller. No appraisal was conducted or necessary due to the circumstances of the sale. As the property has been held only a very short time and the sale price is the same as the original purchase price, PGE will reverse the small amount of depreciation recorded on its books (approximately \$3,000) and there will be no gain or loss on the sale.

Docket No. UP 292  
September 20, 2013  
Page 3

Public Interest Compliance

The Commission customarily applies a no harm standard with regard to the public interest compliance of property sales. This sale reverses a recent purchase of property by PGE that, unbeknownst to PGE, had not been duly authorized by the City Council. There is no loss on the sale, and customers are not harmed by this transaction; therefore, Staff concludes that the sale is in the public interest.

Records Availability, Audit Provisions, and Reporting Requirements

Staff notes that the Commission retains the ability to review all property sales of the Company through general rate case filings. Staff's recommended Conditions 1 and 2 provide for documentation of this property sale. PGE has reviewed this memo and has no objections or concerns.

**PROPOSED COMMISSION MOTION:**

PGE's application for approval to sell certain property to the City of Woodburn, Oregon, be approved subject to Staff's recommended conditions.

UP 292