

ORDER NO. 14 279

ENTERED AUG 05 2014

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UP 303

In the Matter of

PORTLAND GENERAL ELECTRIC  
COMPANY,

Application for Approval of Sale of Lone Fir  
Substation.

ORDER

**DISPOSITION: STAFF'S RECOMMENDATION ADOPTED**

At its public meeting on August 5, 2014, 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*  
**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.

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ITEM NO. CA3

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: August 5, 2014**

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

DATE: July 16, 2014

TO: Public Utility Commission

FROM: Linnea Wittekind 

THROUGH: Jason Eisdorfer, Maury Galbraith, and Marc Hellman  

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. UP 303) Application for the sale of certain property located in Portland, Oregon, to a private third party purchaser.

**STAFF RECOMMENDATION:**

The Public Utility Commission (Commission) should approve the application by Portland General Electric (PGE or Company) to sell its property located at 503 SE 29<sup>th</sup> Ave, Portland, Oregon to a private third party purchaser, subject to the following conditions:

1. PGE shall notify the Commission in advance of any substantive change to this sale, 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. PGE shall submit the final journal entry recording the transaction to the Commission with the appropriate semi-annual report.

**DISCUSSION:**

PGE filed this application on June 24, 2014, pursuant to ORS 757.480 and OAR 860-027-0025.

PGE is requesting approval from the Commission for an order authorizing the sale of property located in Portland, Oregon at 503 SE 29<sup>th</sup> Avenue (Lone Fir Substation). The property is zoned CN-1<sup>1</sup> under the jurisdiction of the City of Portland. The proposed

<sup>1</sup> CN1 stands for the "Neighborhood Commercial 1 zone," intended for small spaces in or near dense residential neighborhoods. (City of Portland Zoning Code Chapter 33.130.030.)

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sale consists of 6,000 square feet of land. The Company purchased the property in September 1945 from the General Petroleum Corporation of California and the property served as the location for PGE's Lone Fir Substation. As a result of PGE's 4kV Feeder Conversion Project, PGE determined that the Lone Fir Substation was no longer required. PGE decommissioned the substation in 2011 and in November 2013, finished removing all equipment and cleaning the site.

#### 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

Based on an independent third-party appraisal, the market value of this property is \$240,000. PGE issued a solicitation for bids for the property. PGE selected a bid from a third party (William-Allen LLC) of \$365,000. There does not appear to be any unusual or restrictive terms to the agreement between buyer and seller.

#### Allocation of Gain

The net book value (cost) included in Electric Plant in Service, FERC account 101, of the Lone Fir Substation is \$1,711. Based on the selling price of \$365,000, and closing costs of \$28,000 the net proceeds from the sale will be approximately \$335,289. The entire gain which is well in excess of the appraised value is allocated to Oregon and will be entered into the property sales balancing account.

#### Public Interest Compliance

In 2011, PGE decommissioned the Lone Fir Substation and in November 2013, PGE finished cleaning up the site. According to the Company, the sale of Lone Fir Substation is consistent with public interest because the rights given up are now surplus to PGE's needs and not necessary for serving PGE's duty to the public.

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Records Availability, Audit Provisions, and Reporting Requirements

Condition Numbers 1, and 2 listed in the Staff recommendations afford the necessary Commission examination of PGE's books and records concerning the sale. Condition Number 2 is a post-sale condition.

**PROPOSED COMMISSION MOTION:**

PGE's application for the sale of property located in Portland, Oregon, be approved subject to the two conditions stated in Staff's recommendations in the memorandum.

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