

ORDER NO. 99-543

ENTERED SEP 17 1999

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**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UI 175/UP 156/UM 814

In the Matter of the Application of Portland)
General Electric Company for Approval of the) ORDER
Transfer of Rights to Segmented Pipeline Capacity)
and Repurchase Thereof from Portland General)
Transport Corp., an Affiliated Interest.)
)

DISPOSITION: APPLICATION APPROVED WITH CONDITIONS

On February 3, 1999, the Commission received an application from Portland General Electric Company (PGE or the Company), filed pursuant to ORS 757.480 and 757.495, requesting approval of the disposition of property and affiliated interest transactions between PGE and its wholly-owned subsidiary, Portland General Transport Corp. (PGT), involving the release and potential repurchase of interstate pipeline capacity. PGE and PGT are affiliated interests under ORS 757.015. PGE also requested limited waiver of merger condition 15 established in Order No. 97-196, docket UM 814. On July 27, 1999, Commission Staff and PGE entered into a stipulation regarding the waiver of merger conditions 15 and 16.

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 September 7, 1999, the Commission adopted the Staff's recommendation to approve the application with conditions. Staff's recommendation is attached as Appendix A and is incorporated by reference.

OPINION

Jurisdiction

ORS 757.005 defines a public utility as anyone providing heat, light, water, or power service to the public in Oregon. The Company is a public utility subject to the Commission's jurisdiction.

Affiliation

An affiliated interest relationship exists under ORS 757.015.

Applicable Law

ORS 757.495 requires public utilities to seek approval of contracts with affiliated interests within 90 days after execution of the contract. The intent of the statute is to protect ratepayers from abuses which may arise from less than arm's length transactions.

ORS 757.480 provides that a public utility doing business in Oregon shall first obtain Commission approval for any transaction to sell, lease, assign or otherwise dispose of property of such public utility necessary or useful in the performance of its duties to the public or any part thereof of a value in excess of \$10,000.

PGE is a public utility subject to the Commission's jurisdiction. The proposed transaction involves the transfer of rights to PGT. There is no indication that the proposed transfer will impair the Company's ability to provide public utility service in Oregon.

CONCLUSIONS

1. PGE is a public utility subject to the jurisdiction of the Public Utility Commission of Oregon.
2. The Company's proposed transaction meets the requirements of ORS 757.480.
3. An affiliated interest relationship exists between PGE and PGT.
4. The application should be granted subject to conditions.

ORDER

IT IS ORDERED that the application of Portland General Electric Company for approval of the transfer of rights to segmented pipeline capacity and repurchase thereof from Portland General Transport, Corp., an affiliated interest, is granted, subject to the conditions stated in Appendix A.

Made, entered, and effective _____ .

BY THE COMMISSION:

Vikie Bailey-Goggins
Commission Secretary

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A party may appeal this order pursuant to ORS 756.580.

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Appendix A

ITEM NO. CA 2

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: SEPTEMBER 7, 1999**

REGULAR AGENDA__ CONSENT AGENDA_X EFFECTIVE DATE_____

DATE: August 11, 1999

TO: Bill Warren through Marc Hellman and Mike Myers

FROM: Marion Anderson

SUBJECT: UI 175/UM 814/UP 156 – Portland General Electric Company (PGE) Application for Approval of the Transfer of Rights to Segmented Pipeline Capacity and Repurchase Thereof from Portland General Transport Corporation (PGT), an Affiliated Interest

SUMMARY RECOMMENDATION:

I recommend approval with conditions.

DISCUSSION:

PERTINENT ISSUES:

I have investigated the following issues to determine if the agreement is fair and reasonable, and not contrary to the public interest.

1. Scope of Services
2. Transfer Pricing Methods and Cost Allocations
3. Determination of Public Interest Compliance
4. Records Availability, Audit Procedures and Reporting Requirements

A discussion and consideration of the pertinent issues are presented in the attached stipulation.

CONCLUSIONS:

Based on an investigation and review of this application, my conclusions are as follows:

1. Portland General Electric Company is a regulated electric company subject to the jurisdiction of the Public Utility Commission of Oregon.
2. An affiliated interest relationship exists between Portland General Electric Company and Portland General Transport Corporation.
3. The application appears to be fair and reasonable and not contrary to the public interest.

DETAILED RECOMMENDATION:

Based on the preceding discussion and conclusions, I recommend that the application presenting the agreement between Portland General Electric Company and Portland General Transport Corporation be approved with the conditions listed in the attached stipulation.

Attachment



BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UI 175

In the Matter of the Application of)	
PORTLAND GENERAL ELECTRIC)	
COMPANY for: (1) Approval to Transfer)	STIPULATION
Its Right to Segmented Pipeline Capacity)	
To, and Repurchase Pipeline Capacity from,)	
Portland General Transport Corp.; and (2))	
Limited Waiver of Merger Condition)	

RECITALS

1. On February 2, 1999, Portland General Electric Company ("PGE") filed an application for approval of an affiliate transaction.

2. In the application, PGE requested permission to release gas transportation capacity on the Williams Gas Pipeline -- West to an affiliate, Portland General Transport Corp. ("PGT"), in the same way and the same fashion as approved for Northwest Natural Gas in Docket UP 95/UI 133, OPUC Order No. 94-665.

3. Based on the conditions set forth below, staff will recommend in favor of Commission approval.

TERMS OF STIPULATION

PGE and Staff hereby agree as follows:

1. Merger condition 15 (Appendix A to Order No. 97-196) shall not apply to PGE pipeline capacity releases to PGT. PGE may release capacity from Williams Gas Pipeline -- West. PGT shall comply with merger conditions 15 and 16 as if such conditions were fully applicable to PGT.

2. PGE shall, on or before July, 2000, submit a report to the Commission regarding transactions of PGT demonstrating compliance with merger conditions Nos. 15 and 16.

3. The Commission approval of the application shall be for the period ending October 1, 2000, with PGE retaining the right to request annual renewals. PGE shall be granted necessary waivers to apply for renewals of Commission approval by letter request received by August 1st of each year.

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4. PGE will inform the Staff which FERC accounts will be charged with transactions regarding PGT. PGE will initially charge FERC account 456, Other Electric Revenues, for revenues received from PGT.

5. PGT shall provide staff access to all books of account as well as all documents, data, and records of PGT and PGT's affiliated interests which pertain to transactions between PGT and its affiliated interest, PGE.

6. The Commission reserves the right to review for reasonableness all financial aspects of this arrangement in any subsequent rate proceeding.

7. The parties have negotiated this Stipulation as an integrated document. Accordingly, if the Commission rejects all or any material part of this Stipulation, or adds elements to any final order which are not contemplated by this Stipulation, each party reserves the right to withdraw from the Stipulation upon written notice to the Commission and the other party within five (5) business days of service of the final order rejecting or changing the Stipulation.

8. This Stipulation may be signed in any number of counterparts, each of which will be an original for all purposes, but all of which taken together will constitute only one agreement.

9. The parties agree to submit this Stipulation to the Commission and recommend that the Commission adopt this Stipulation in its entirety and approve PGE's application.

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EXECUTED this 27th day of July, 1999.

Attorney for the Staff of the
Public Utility Commission

J. Jeffrey Dudley, Assistant General
Counsel

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