

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 21, 2004**

REGULAR _____ **CONSENT** X **EFFECTIVE DATE** _____ N/A

DATE: December 10, 2004

TO: Lee Sparling through Marc Hellman and Rebecca Trujillo

FROM: Marion Anderson

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. UP 216) Application for approval to sell property located in the City of Milwaukie.

STAFF RECOMMENDATION:

The Commission should approve the sale of land by Portland General Electric Company to Oliver Rose Investments, LLC with 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. Written confirmation that the proposed journal entry recording the transaction has been made will be submitted to the Commission with the appropriate periodic report.

DISCUSSION:

This application was filed on November 18, 2004, pursuant to ORS 757.480 and OAR 860-027-0025. The property designated for sale is located at 16750 SE Ken's Court and consists of 91,824 square feet not required for utility functions and no longer used and useful property in the provision of Portland General Electric's services. The purchaser is Oliver Rose Investments, LLC, under an agreement signed October 22, 2004.

The property has a net book value of \$148,547. A copy of the appraisal, performed by Real Estate Analysis Northwest, was submitted showing a fair market value of \$395,000. The sale amount is \$399,300. Deduction of the \$45,558 estimated selling expenses of this transaction results in a gain of \$205,195. The proposed entry was submitted with the application and met with staff's approval.

Staff investigated the following issues:

1. Scope and Terms of the Real Estate Sales Agreement with Addendum
2. Allocation of Gain
3. Public Interest Compliance
4. Records Availability, Audit Provisions, and Reporting Requirements

Scope and Terms of the Real Estate Sales Agreement with Addendum

There do not appear to be any unusual or restrictive terms harmful to ratepayers.

Allocation of Gain

Portland General Electric has agreed to credit the gain to account 254 – Deferred Gain on Property Sale.

Public Interest Compliance

The sale conforms to the no harm standard used by the Commission because the property at issue is no longer used and useful, and is being sold at a gain.

Records Availability, Audit Provisions, and Reporting Requirements

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

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

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PROPOSED COMMISSION MOTION:

The requested sale of property by Portland General Electric Company to Oliver Rose Investments, LLC be approved with the conditions stated in this memorandum.