

December 17, 2013

***VIA ELECTRONIC FILING***

***AND OVERNIGHT DELIVERY***

Washington Utilities & Transportation Commission

1300 S. Evergreen Park Drive SW

P.O. Box 47250

Olympia, WA 98504-7250

Attn: Steven V. King

Executive Director and Secretary

**RE: Docket No. UE 13-\_\_\_\_\_\_—Affiliated Interest Filing—PacifiCorp and Kern River Gas Transportation Company**

Dear Mr. King:

Under the provisions of RCW 80.16.020 and in accordance with WAC 480-100-245, PacifiCorp d/b/a Pacific Power & Light Company (PacifiCorp or Company) provides notice of an affiliate interest transaction between Kern River Gas Transportation Company (Kern River) and PacifiCorp for an exchange of rights-of-way interests. A copy of the Right-of-Way Exchange Agreement (Agreement) by and between PacifiCorp and Kern River is included with this Notice as Attachment A.

The Company and Kern River are both wholly owned, indirect subsidiaries of MidAmerican Energy Holdings Company (MEHC). RCW 80.16.010 includes in its definition of “affiliated interest,” “every corporation five percent or more of whose voting securities are owned by any person or corporation owning five percent or more of the voting securities of such public service company or by any person or corporation in any such chain of successive ownership of five percent or more of voting securities.” Therefore, MEHC’s ownership interest in the Company and Kern River creates an affiliated interest.

PacifiCorp and Kern River entered that certain Kern River Right-of-Way and Easement Agreement dated August 5, 2002,[[1]](#footnote-1) (2002 Easement) whereby PacifiCorp conveyed to Kern River an easement for the location and construction of a 36” natural gas pipeline within a certain parcel of real property owned by PacifiCorp held for the construction, operation, and maintenance of high voltage transmission lines, including the construction of a future 345,000 kilovolt transmission line referred to as the Terminal-to-Oquirrh 3-4 Transmission Line. Under its terms, the 2002 Easement required a defined separation distance between the natural gas pipeline and PacifiCorp’s future Terminal-to-Oquirrh 3-4 Transmission Line.

The Terminal-to-Oquirrh 3-4 Transmission Line is not included in the Commission-approved West Control Area Inter-jurisdictional Allocation Methodology and therefore does not affect Washington rates. Notwithstanding, the Company is providing this notice out of an abundance of caution to ensure consistent treatment of affiliate contracts under the requirements of RCW 80.16.

PacifiCorp, in planning for the construction of the Terminal-to-Oquirrh 3-4 Transmission Line, discovered that the natural gas pipeline was constructed in an alignment that did not allow sufficient clearance for two transmission structures that will be constructed for the future Terminal-to-Oquirrh 3-4 Transmission Line, requiring the need for additional right of way for the new transmission line. PacifiCorp also has the need to obtain rights of way over and across lands encumbered by exclusive utility easements held by Kern River for its natural gas lines. PacifiCorp and Kern River have agreed to enter into an agreement whereby PacifiCorp would acquire the additional right of way needed for the construction of the future Terminal-to-Oquirrh 3-4 Transmission Line in exchange for Kern River relinquishing its exclusive easement rights and allowing PacifiCorp to construct PacifiCorp’s future Terminal-to-Oquirrh 3-4 Transmission Line. The value of the additional right of way has been determined to be roughly equivalent to the value of obtaining right of way within Kern River’s exclusive easements.

The Agreement is in the public interest because it provides PacifiCorp the ability to obtain legal property rights from Kern River for the future Terminal-to-Oquirrh 3-4 Transmission Line in exchange for the acquisition of a small segment of right of way that is roughly equivalent in value to the rights obtained from Kern River.

Also included with this filing is a notarized verification from Michelle Mishoe, Senior Counsel, Pacific Power, regarding the Right-of-Way Exchange Agreement.

Please contact Bryce Dalley at (503) 813-6389 if you have any questions.

Sincerely,

William R. Griffith

Vice President, Regulation

Enclosures

**WASHINGTON AFFILIATED INTEREST FILING**

**RIGHT-OF-WAY EXCHANGE AGREEMENT**

**WASHINGTON AFFILIATED INTEREST FILING**

**VERIFICATION**

**VERIFICATION**

I, Michelle R. Mishoe, am legal counsel for Pacific Power and am authorized to make this verification on its behalf. Based on my personal knowledge about the attached Right-of-Way Exchange Agreement, I verify that the Right-of-Way Exchange Agreement is a true and accurate copy of the original.

I declare upon the penalty of perjury, that the foregoing is true and correct.

Executed on \_\_\_\_\_\_\_\_\_\_\_ \_\_, 2013 at Portland, Oregon.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Michelle Mishoe

Legal Counsel

Pacific Power

Subscribed and sworn to me on this \_\_\_ day of \_\_\_\_\_\_\_, 2013.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Notary Public for Oregon

My Commission expires: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. Prior to the existence of an affiliate relationship. [↑](#footnote-ref-1)