

October 8, 2015

***VIA ELECTRONIC FILING***

***AND OVERNIGHT DELIVERY***

Steven V. King
Executive Director and Secretary

Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive S.W.
P.O. Box 47250
Olympia, WA 98504‑7250

**RE: Docket UE-15\_\_\_\_—Affiliated Interest Filing—Kern River Gas Transmission Company**

Under the provisions of RCW 80.16.020 and in accordance with WAC 480-100-245, Pacific Power & Light Company, a division of PacifiCorp (Pacific Power or Company), provides notice of an affiliated interest transaction with Kern River Gas Transmission Company (Kern River), relating to certain proposed real estate easement agreements between the companies.

PacifiCorp is a wholly-owned indirect subsidiary of Berkshire Hathaway Energy Company (BHE). BHE is a subsidiary of Berkshire Hathaway, Inc. Kern River is also a subsidiary of BHE. 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, Berkshire Hathaway, Inc.’s ownership interest in BHE and Kern River creates an affiliated interest relationship between the Company and Kern River.

Kern River owns and operates the Kern River pipeline system, which transports natural gas to California, Nevada, and Utah. Certain Kern River pipelines located in Utah are in an area being used by the Utah Department of Transportation (UDOT) as part of its Mountain View Corridor Project.[[1]](#footnote-1) Kern River has two pipelines (Pipelines) that currently encumber PacifiCorp rights of way by virtue of existing permanent easement agreements entered into by PacifiCorp and Kern River in 1991 and 2002. UDOT is requiring Kern River to relocate portions of these Pipelines to accommodate the Mountain View Corridor. To allow Kern River to accommodate UDOT’s directive, the Company will execute amendments to the permanent easement agreements to reflect the relocation alignment. PacifiCorp will also execute two new easement agreements with respect to adjacent PacifiCorp parcels that have not been previously encumbered. These amendments and new easement agreements (collectively, the Agreements) are attached to this letter as Exhibits A through D.

As currently configured, the Pipelines encumber approximately 6.6 acres of PacifiCorp property. After giving effect to the transactions contemplated in the Agreements, the Pipelines will encumber approximately 5.1 acres of PacifiCorp property. Because the net encumbrance upon PacifiCorp property is decreasing, there will be no additional real estate charge associated with the Agreements. However, Kern River will pay PacifiCorp $28,822 pursuant to a separate Temporary Construction Workspace Easement (Construction Agreement) to compensate PacifiCorp for the construction access and impact associated with relocation. The Construction Agreement was the subject of a separate notice filed by PacifiCorp on September 8, 2015.

The Pipeline easements (both as currently granted, and after giving effect to the Agreements) are subject to terms, conditions, and restrictions to protect PacifiCorp’s ability to provide safe and reliable service. The total amount of PacifiCorp property encumbered by the Pipelines will be reduced by virtue of the Agreements. Accordingly, execution of the Agreements is in the public interest.

The acreage involved in the Agreements is not included in Washington rates since this Utah land is not included in the west control area under the Commission-approved West Control Area Inter-jurisdictional Allocation Methodology. 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.

Also included with this filing is a notarized verification from Jeff Erb, Assistant General Counsel, Pacific Power, regarding the Agreements.

Please contact Ariel Son, Manager, Regulatory Projects, at 503-813-5410 if you have any questions.

Sincerely,

R. Bryce Dalley

Vice President, Regulation

Enclosures

**WASHINGTON AFFILIATED INTEREST FILING**

**ATTACHMENT A**

**EXCLUSIVE RIGHT-OF-WAY AND EASEMENT**

**PARCEL NO. 4009:E**

**WASHINGTON AFFILIATED INTEREST FILING**

**ATTACHMENT B**

**EXCLUSIVE RIGHT-OF-WAY AND EASEMENT**

**PARCEL NO. 4009:11E**

**WASHINGTON AFFILIATED INTEREST FILING**

**ATTACHMENT C**

**2015 AMENDED RIGHT-OF-WAY
AND
EASEMENT AGREEMENT
(AMENDMENT TO 1991 KERN RIVER TRANSMISSION COMPANY RIGHT-OF-WAY AND EASEMENT AGREEMENT)**

**WASHINGTON AFFILIATED INTEREST FILING**

**ATTACHMENT D**

**2015 AMENDED RIGHT-OF-WAY
AND
EASEMENT AGREEMENT
(AMENDMENT TO 2002 KERN RIVER TRANSMISSION COMPANY RIGHT-OF-WAY AND EASEMENT AGREEMENT)**

**WASHINGTON AFFILIATED INTEREST FILING**

**VERIFICATION**

**VERIFICATION**

I, Jeffery B. Erb, am Assistant General Counsel of Pacific Power and am authorized to make this verification on its behalf. Based on my personal knowledge about the attached Agreements, I verify that the Agreements are true and accurate copy of the originals.

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

Executed on \_\_\_\_\_\_\_\_\_\_\_ \_\_, 2015 at Portland, Oregon.

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

Jeffery B. Erb

Assistant General Counsel

Pacific Power

Subscribed and sworn to me on this \_\_\_ day of \_\_\_\_\_\_\_, 2015.

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

Notary Public for Oregon

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

1. The Mountain View Corridor is a planned freeway, transit and trail system project in western Salt Lake and northwestern Utah counties. See <http://www.udot.utah.gov/mountainview/>. [↑](#footnote-ref-1)