

March 1, 2016

***VIA ELECTRONIC FILING***

***AND OVERNIGHT DELIVERY***

Steven V. King

Executive Director and Secretary

Washington Utilities and Transportation Commission

1300 S. Evergreen Park Drive SW

P.O. Box 47250

Olympia, WA 98504-7250

**RE:** **WAC 480-143-190 Property Disclosure Report**

In accordance with WAC 480-143-190, Pacific Power & Light Company (Pacific Power or Company), a division of PacifiCorp, submits this report with the Washington Utilities and Transportation Commission (Commission) with a list of items transferred without commission approval during the previous calendar year, except items whose fair market value is less than the greater of 0.01 percent of the company’s last rate base or two thousand dollars.

Using rate base balances authorized by the Commission in Order 08 in Docket UE-140762,[[1]](#footnote-2) this threshold is approximately $82,000. Please note that only items allocated to Washington using the West Control Area inter-jurisdictional allocation methodology are considered in preparing this report.

On December 31, 2015, the Company finalized a sale of an onsite generation unit and transmission facilities to Georgia-Pacific Consumer Products LLC (GP Camas). The facilities transferred included a 50 megawatt steam turbine generator, electrical substation and step-up transformer (along with associated controls and equipment for the facilities) located at GP Camas’ facility in Camas, Washington, and a transmission line (along with associated controls and equipment for the facilities) from the GP Camas facilities in Camas, Washington to Pacific Power’s Troutdale Substation, located in Troutdale, Oregon.

PacifiCorp and James River Paper Company, Inc. (James River) originally entered into a Camas Development, Construction, Operations and Steam Supply Agreement (Development Agreement) dated January 13, 1993, under which the Company constructed the co-generation unit on James River-owned property to allow James River to use the steam output while PacifiCorp received the generation output. PacifiCorp and James River also entered into a lease agreement providing access to the James River-owned property to construct the co-generation unit. The terms of the lease agreement allowed James River the option to purchase the assets after the termination of the Development Agreement at fair market value.

Additionally, on January 13, 1993, PacifiCorp and James River entered into a Transmission Facilities Purchase, Easement and License Agreement (Transmission Agreement) under which PacifiCorp purchased certain transmission facilities. The transmission facilities included transmission lines, towers and associated components that start at the co-generation unit at the James River mill and extend across Lady Island as a double-circuit to PacifiCorp’s Troutdale substation in Troutdale, Oregon. The Transmission Agreement granted James River the option to purchase the transmission facilities back from PacifiCorp at a purchase price equal to the then book value.

Georgia-Pacific Consumer Products LLC (GP Camas) became the successor-in-interest to James River in 2000. GP Camas and PacifiCorp have since agreed not to extend the Development Agreement. GP Camas then exercised its options under the lease agreement and Transmission Agreement to purchase both the co-generation facilities and the transmission facilities. GP Camas intends to own and operate the co-generation unit and transmission facilities to satisfy its own power requirements and the facilities will no longer be available to PacifiCorp.

The parties negotiated the price for the sale based on terms of the original agreements between the parties providing for the development of the generation unit and transfer of the transmission facilities to Pacific Power in 1993. Due to the unique nature of the facilities, the negotiated price reflects the estimated fair market value less the costs for dismantling the unit while taking into consideration potential scrap value and certain avoided costs.

The Company provides the accounting details of the transaction in Attachment A. Provided as Attachment B, is the affidavit required per WAC 480-143-190. To the extent required, Pacific Power seeks waiver of the fair market value requirement in WAC 480-143-190. The sales price was negotiated under the terms of the 1993 agreements between the parties and determined to be the least cost, risk-adjusted option, given the unique nature and location of the facilities.

Please direct any inquiries regarding this filing to Ariel Son, Regulatory Projects Manager, at (503) 813-5410.

Sincerely,

R. Bryce Dalley

Vice President, Regulation

Enclosure

ATTACHMENT A

ATTACHMENT B

AFFIDAVIT

I, Nikki L. Kobliha, am an officer of PacifiCorp and am authorized to make this verification on its behalf. None of the items listed in the 2015 Property Transfer Report were necessary and useful for PacifiCorp’s performance of its public duties and that following an arm’s length negotiation, the parties agreed to the sales price under the terms of the 1993 agreements between PacifiCorp and the buyer.

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

Executed on March 1, 2016 at Portland, Oregon.

NIKKI L. KOBLIHA

Vice President and Chief Financial Officer

Subscribed and sworn to me on this 1st day of March, 2016

Notary Public for Oregon

My Commission expires:

1. *See* Washington Utils. & Transp. Comm’n v. PacifiCorp d/b/a Pacific Power & Light Company, Docket No.
UE-140762, Compliance Filing (March 27, 2015). [↑](#footnote-ref-2)