

October 4, 2016

***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-16 _____—Affiliated Interest Filing—Kern River Gas Transportation Company

Under the provisions of RCW 80.16.020 and in accordance with WAC 480-100-245, Pacific Power & Light Company (Pacific Power or Company), a division of PacifiCorp, provides notice of an affiliated interest transaction with Kern River Gas Transportation Company (Kern River), specifically a new general electric service agreement between the parties (Agreement). A copy of the Confidential Agreement is included with this Notice as Attachment A (see confidentiality provisions below).

PacifiCorp and Kern River are both wholly-owned, indirect subsidiaries of Berkshire Hathaway Energy Company (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, BHE’s ownership interest in Pacific Power and Kern River creates an affiliated interest relationship between Pacific Power and Kern River.

Kern River is a natural gas transportation pipeline company that owns and operates the Kern River pipeline system. Kern River operates a facility near Almy, Wyoming, at which it has historically received electric service from the Company under a “deduct arrangement.” Under a deduct arrangement, the Company measures the power provided to a third party facility’s owner, and Kern River’s electric load is metered and then deducted from the facilities owner’s load. The deduct arrangement is sometimes used for rural facilities.

Facilities are currently under construction, which obviates the need for the deduct arrangement. The parties now wish to terminate the deduct arrangement and replace it with a more traditional electric service agreement. Accordingly, Kern River and the Company are entering into the Agreement, which includes construction of new electric facilities at Kern River’s expense, to ensure long-term permanent power to Kern River’s facilities.

Under the Agreement, Kern River will pay PacifiCorp approximately \$13,964.94 for the construction of the facilities, and will pay a contract minimum billing for five (5) years after service begins under the new agreement. The contract minimum billing amounts are shown in Section 4 of Attachment A. Entering into the Agreement will allow PacifiCorp to continue to provide Kern River with reliable service at standard tariff rates, and is in the public interest.

The facilities involved in the Agreement are not included in Washington rates since Kern River's facility near Almy, Wyoming, is not located 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.

Pacific Power requests confidential treatment for Attachment A in accordance with WAC 480-07-160. The attachment contains commercially sensitive pricing information that could expose the Company and Kern River to competitive injury if disclosure is unrestricted. The Company requests confidential treatment on the basis that the document contains "valuable commercial information, including trade secrets or confidential marketing, cost, or financial information, or customer-specific usage and network configuration and design information," as provided in RCW 80.04.095 and in accordance with WAC 480-07-160(2)(c).

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

It is respectfully requested that all formal correspondence and Staff requests regarding this material be addressed to:

By E-Mail (preferred): datarequest@pacificorp.com

By regular mail: Data Request Response Center
 PacifiCorp
 825 NE Multnomah Street, Suite 2000
 Portland, Oregon, 97232

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

Sincerely,



R. Bryce Dalley
Vice President, Regulation

Enclosures

CONFIDENTIAL PER WAC 480-07-160

WASHINGTON AFFILIATED INTEREST FILING

ATTACHMENT A

**This attachment is confidential in its entirety and will be provided
under separate cover.**

WASHINGTON AFFILIATED INTEREST FILING

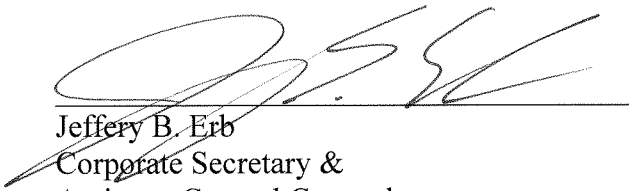
VERIFICATION

VERIFICATION

I, Jeffery B. Erb, am the elected Corporate Secretary of PacifiCorp and am authorized to make this verification on its behalf. Based on my personal knowledge about the attached Agreement, I verify that it 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 October 4, 2016 at Portland, Oregon.



Jeffery B. Erb
Corporate Secretary &
Assistant General Counsel
PacifiCorp

Subscribed and sworn to me on this 4th day of September, 2016.



Notary Public for Oregon

My Commission expires: 3/12/19

