

 December 20, 2010

***VIA ELECTRONIC FILING***

***AND OVERNIGHT DELIVERY***

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

Attention: David W. Danner
 Executive Director and Secretary

RE: Affiliated Interest Filing for PacifiCorp

Dear Mr. Danner:

 Pursuant to the provisions of RCW 80.16.020 and WAC 480-100-245, PacifiCorp, d.b.a. Pacific Power (PacifiCorp or Company), files one verified copy of the Memorandum of Agreement Huntington Creek Wildlife Habitat Replacement Project (MOA) to be executed by and between PacifiCorp, the United States Bureau of Reclamation and Huntington Cleveland Irrigation Company (HCIC), a copy of which is included as Attachment A.[[1]](#footnote-1)

HCIC is a non-profit company that holds water rights in the Huntington Creek drainage, located in Utah. The Company currently owns approximately one-third of the shares of HCIC. Additionally, HCIC manages access to certain water supplies on behalf of PacifiCorp. RCW 80.16.010 includes in its definition of “affiliated interest,” “every corporation or person with which the public service company has a management or service contract.” Therefore, PacifiCorp’s ownership interest in HCIC creates an affiliated interest.

The Company uses the water obtained through HCIC as part of the supply to its Huntington Plant and Hunter Plant located in Emery County, Utah. While the Company has owned a certain percentage of shares in HCIC since the 1960’s, a recent review of the ownership structure led to the conclusion that PacifiCorp’s relationship with HCIC creates an affiliated interest. The water obtained through HCIC is used in generation plants that are not included in the West Control Area allocation methodology and therefore not included in 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.

 HCIC, along with PacifiCorp, the Bureau of Reclamation, the Utah Department of Food and Agriculture, and the Natural Resources Conservation Service are jointly funding and

constructing a federally-sponsored salinity control project in the Upper Colorado River basin. As a condition for approval of the salinity control project, the Bureau of Reclamation is requiring HCIC to replace wildlife habitat value that will be impaired by the construction of the salinity control project. PacifiCorp owns significant amounts of land in the area due to requirements associated with purchasing water rights to supply the Huntington and Hunter Plants. PacifiCorp typically either leases these lands to farmers or allows them to remain in their natural state; no facilities used to provide retail electric service to customers are located on these lands.

 The MOA will allow HCIC to use approximately 100 acres of PacifiCorp-owned land near the location of the salinity control project to comply with the requirement to develop and replace wildlife habitat. Under the terms of the MOA, HCIC will be granted access to the land to develop the wildlife habitat, essentially managing the land. The Company will continue to be able to lease the land for livestock grazing, as is the current practice. Additionally, PacifiCorp will be a member of the wildlife habitat team managing the property. HCIC is responsible for all costs associated with the wildlife habitat replacement project.

 PacifiCorp and its customers will realize benefits from this arrangement through HCIC’s management of the land and installation of improvements to the land. Further, the habitat replacement will aid in the conservation of wildlife.

Also included with this filing is a notarized verification from Natalie Hocken, Vice President and General Counsel, Pacific Power, regarding the Contracts.

Please do not hesitate to contact me if you have any questions.

Sincerely,

Andrea L. Kelly

Vice President, Regulation

Pacific Power

Enclosures

**WASHINGTON AFFILIATED INTEREST FILING**

**MEMORANDUM OF AGREEMENT**

**WASHINGTON AFFILIATED INTEREST FILING**

**VERIFICATION**

**VERIFICATION**

I, Natalie L. Hocken, am an officer of PacifiCorp and am authorized to make this verification on its behalf. Based on my personal knowledge about the attached Memorandum of Agreement Huntington Creek Wildlife Habitat Replacement Project, I verify that the Memorandum of Agreement Huntington Creek Wildlife Habitat Replacement Project is true and accurate copies of the originals.

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

Executed on \_\_\_\_\_\_\_\_\_\_\_\_\_, 2010 at Portland, Oregon.

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

Natalie Hocken

Vice President & General Counsel

Subscribed and sworn to me on this \_\_\_ day of \_\_\_\_\_\_\_, 2010.

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

Notary Public for Oregon

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

1. The Company previously submitted contracts with HCIC to the Washington Utilities and Transportation Commission, which became Docket UE-100802. [↑](#footnote-ref-1)