

 February 17, 2011

***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 (or Company), files one verified copy of the Construction Funding and Share Assessment Agreement (Agreement) by and between PacifiCorp and Cottonwood Creek Consolidated Irrigation Company (CCCIC), which is included as Attachment A. CCCIC is a non-profit company that holds water rights in the Cottonwood Creek drainage, located in Utah. The Company currently owns approximately 26 percent of the shares of CCCIC. Additionally, CCCIC helps to manage 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 CCCIC creates an affiliated interest.

The Company uses the water obtained through CCCIC as part of the supply to its Hunter Plant located in Emery County, Utah. While the Company has owned a certain percentage of shares in CCCIC since the early 1970’s, a recent review of the ownership structure led to the conclusion that PacifiCorp’s relationship with CCCIC creates an affiliated interest. The water obtained through CCCIC is used in a generation plant that is 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.

Under the Agreement, CCCIC will construct a new regulating reservoir, the Adobe Wash Reservoir, which will provide unique benefits to PacifiCorp. The Company expects increased water availability, decreased operation and maintenance costs by $250,000 per year, and redundancy in water delivery systems to the Hunter Plant. With the Agreement, PacifiCorp will receive a long-term controlled and regulated rate assessment structure, year-round use of a new regulating reservoir, a reduction in an annual water conveyance

loss obligation, and a position on CCCIC’s Board of Directors. In exchange, PacifiCorp will provide up to $6.6 million in capital costs for the construction of the Adobe Wash Reservoir and certain easements that may be necessary for the construction project.

The Agreement is in the public interest because it will provide a more reliable and long-term source of water for the Hunter Plant and will reduce operation and maintenance costs.

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

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**

**CONSTRUCTION FUNDING AND SHARE ASSESSMENT 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 Construction Funding and Share Assessment Agreement, I verify that Construction Funding and Share Assessment 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 \_\_\_\_\_\_\_\_\_\_\_ \_\_, 2011 at Portland, Oregon.

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Natalie Hocken

Vice President & General Counsel

Subscribed and sworn to me on this \_\_\_ day of \_\_\_\_\_\_\_, 2011.

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Notary Public for Oregon

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