

December 5, 2011

***VIA ELECTRONIC MAIL***

***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 & Light Company (or Company), files one verified copy of the Property Lease (Lease) by and between PacifiCorp and Cottonwood Creek Consolidated Irrigation Company (CCCIC). The Lease 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.

 CCCIC requested to lease certain property from PacifiCorp for the purpose of storing pipe to be used in construction of the Adobe Wash Reservoir. The Adobe Wash Reservoir, which will uniquely benefit PacifiCorp, is part of the “Cottonwood Project,” which will convert CCCIC’s delivery system from “open-ditch” to a pressurized pipeline delivery/irrigation system. This is currently under construction in the Cottonwood Creek

drainage area in Utah.[[1]](#footnote-1) Pursuant to the lease, CCCIC may use five acres of PacifiCorp’s property solely for the purpose of storing pipe for use in construction of the Adobe Wash Reservoir for a period of one year with the option to renew the lease for up to four additional years.

CCCIC is purchasing a large quantity of pipe to be used over the course of constructing the Adobe Wash Reservoir, which is currently taking place and is scheduled to be completed by the end of 2012. The property to be leased is vacant; therefore CCCIC’s use of the property will not interfere with the Company’s ability to provide safe and reliable electric service. CCCIC will pay $750 annual rent based on the fair market rental value ($1500 per acre[[2]](#footnote-2) x 5 acres = $7500 x 0.10 rental rate = $750).

 The Property Lease is in the public interest because it is part of a project to provide a more reliable and long-term source of water for the Hunter Plant and reduce operation and maintenance costs.

Also included with this filing is a notarized verification from Michelle Mishoe, Legal Counsel, Pacific Power, regarding the Agreement.

Please do not hesitate to contact me if you have any questions (503) 813-6043.

Sincerely,

Andrea L. Kelly

Vice President, Regulation

Pacific Power

Enclosures

**WASHINGTON AFFILIATED INTEREST FILING**

**PROPERTY LEASE**

**ATTACHMENT A**

**WASHINGTON AFFILIATED INTEREST FILING**

**VERIFICATION**

**VERIFICATION**

I, Michelle R. Mishoe, am an authorized representative of PacifiCorp and am authorized to make this verification on its behalf. Based on my personal knowledge about the attached Property Lease, I verify that the Property Lease 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.

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

Michelle R. Mishoe

Legal Counsel

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

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

Notary Public for Oregon

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

1. PacifiCorp previously provided information regarding the Adobe Wash Reservoir in its notice of affiliated interest with CCCIC, filed February 17, 2011, which became Docket UE-110309. Additionally, PacifiCorp provided notice of several easements granted to CCCIC as part of the Adobe Wash Reservoir construction, filed September 21, 2011, which became Docket UE-111711. [↑](#footnote-ref-1)
2. The $500 per acre value was derived from an appraisal performed by a licensed appraiser for a property located approximately one mile south of the property to be leased. [↑](#footnote-ref-2)