

February 8, 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—PacifiCorp and Huntington Cleveland Irrigation 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 Huntington Cleveland Irrigation Company (HCIC) for a Non-Exclusive Pipeline Easement Agreement allowing HCIC to access a small portion of PacifiCorp property to complete a project to enclose existing open irrigation trenches in pressurized pipes in Emery County, Utah. A verified copy of the Non-Exclusive Pipeline Easement Agreement (Easement) is included with this Notice as Attachment A.

HCIC is a non-profit mutual irrigation corporation that owns water rights in the Huntington Creek Drainage Basin located in Emery County, Utah. PacifiCorp currently owns approximately one-third of the ownership shares of HCIC and receives an allocation of water from HCIC based on such ownership. PacifiCorp also appoints one member to HCIC’s ten-person board of directors.

While irrigation companies typically use “ownership by shares” exclusively to allocate and grant water rights (and as such, they are not typical equity interests in the entity), this ownership interest and appointment authority could be deemed to create an affiliate interest in some PacifiCorp jurisdictions. 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, PacifiCorp’s ownership interest in HCIC creates a potential affiliated interest relationship between the Company and HCIC. PacifiCorp thereby submits this filing out of an abundance of caution.

HCIC is constructing a project to enclose existing open irrigation trenches in pressurized pipes. The project will decrease the water quantity and quality losses associated with open trench irrigation and will thereby increase the value of the HCIC water rights for the collective benefit of all shareholders. The project was jointly funded by HCIC shareholders. In conjunction with the approval of the project, the shareholders all agreed not to charge easement fees charges in conjunction with the land rights granted to facilitate the project.

The project requires a permanent pipeline easement across approximately 0.571 acres (830 feet in length and 30 feet in width) of PacifiCorp property and a temporary construction easement across approximately 0.667 acres of PacifiCorp property (830 feet in length and 35 feet in width). The subject property was acquired in conjunction with the acquisition of water rights and is not used for power generation or delivery purposes. The value of the easements has been internally estimated at $320. This fee has been waived in accordance with the above-described agreement. A copy of the Non-Exclusive Pipeline Easement Agreement is included with this notice as Attachment A.

The water received through HCIC constitutes the primary water supply for PacifiCorp’s Huntington Plant and a secondary water supply for PacifiCorp’s Hunter Plant. By improving efficiencies and minimizing waste, the project helps ensure an uninterrupted water supply for these plants. Granting such easements is in furtherance of this objective. The agreement to waive easement fees minimizes the overall project costs, a large portion of which would be passed through to PacifiCorp as the largest shareholder in HCIC. Accordingly, granting such easements without charge is in the public interest. The Huntington and Hunter Plants are not reflected in Washington rates under the West Control Area inter-jurisdictional allocation methodology (WCA). 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.

Also included with this filing is a notarized verification from Jeff Erb, Assistant General Counsel regarding the Non-Exclusive Pipeline Easement 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, Regulatory Projects Manager, at 503-813-5410 if you have any informal questions.

Sincerely,

R. Bryce Dalley

Vice President, Regulation

Enclosure

**WASHINGTON AFFILIATED INTEREST FILING**

**ATTACHMENT A**

**Non-Exclusive Pipeline Easement Agreement**

**WASHINGTON AFFILIATED INTEREST FILING**

**VERIFICATION**

**VERIFICATION**

I, Jeffery B. Erb, am Assistant General Counsel of Pacific Power and am authorized to make this verification on its behalf. Based on my personal knowledge about the attached Non-Exclusive Pipeline Easement Agreement, I verify that the Non-Exclusive Pipeline Easement 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 \_\_\_\_\_\_\_\_\_\_\_ \_\_, 2016 at Portland, Oregon.

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Jeffery B. Erb

Assistant General Counsel

Pacific Power

Subscribed and sworn to me on this \_\_\_ day of February, 2016.

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Notary Public for Oregon

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