

April 7, 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 Cottonwood Creek Consolidated 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 Cottonwood Creek Consolidated Irrigation Company (CCCIC) for a Letter Agreement allowing CCCIC to use some or all of PacifiCorp’s CCCIC primary water allotment during the 2016 irrigation season in exchange for CCCIC’s agreement to begin its irrigation season on April 10, 2016. A verified copy of the Letter Agreement (Agreement), is included with this Notice as Attachment A.

CCCIC is a non-profit mutual irrigation company, which is a privately owned water stock company. PacifiCorp holds approximately 26 percent of the outstanding water stock in CCCIC. PacifiCorp pays annual assessment fees to CCCIC to help cover its operating and maintenance costs, as well as other costs pertinent to conducting its business, in exchange for receiving access to water used by PacifiCorp’s Hunter generating facility. PacifiCorp also previously made capital investments in CCCIC to ensure a long-term, firm water supply for its Hunter generating facility. PacifiCorp also appoints one member to CCCIC’s 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 CCCIC creates a potential affiliated interest relationship between the Company and CCCIC. PacifiCorp thereby submits this filing out of an abundance of caution.

PacifiCorp has determined that it does not need its 2016 CCCIC share water allocation. PacifiCorp wishes to lease its water share allocation back to CCCIC for the 2016 irrigation season, and CCCIC will, in turn, start its irrigation season on April 10, 2016, approximately two weeks earlier than usual. CCCIC will also pay PacifiCorp $0.50 per acre-foot of water it receives under the Agreement. The term of the Agreement is from April 10, 2016 through October 31, 2016 with no option for renewal.

The water received through PacifiCorp’s CCCIC water shares is used at PacifiCorp’s Hunter generation facility. Entering into this Agreement will reduce the risk of PacifiCorp losing approximately 16,000 acre-feet of water that has been carried over in Joes Valley Reservoir. If the reservoir spills, PacifiCorp will lose its carry-over water. CCCIC’s use of the water shares under the Agreement will decrease the risk of the reservoir spilling, thereby increasing the chance of PacifiCorp maintaining its 16,000 acre-foot of carry-over water required for the Hunter generation facility. Additionally, it is estimated that PacifiCorp will receive an aggregate amount of $4,000 in exchange for the water CCCIC receives under the Agreement. Entering into the Agreement is in the public interest because PacifiCorp’s effective use of water resources will maximize water availability at its Hunter generating facility, ensuring a long-term firm water supply that is necessary to meet its obligation to provide safe and reliable electric service. The Hunter Plant is not reflected in Washington rates under the 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.

Also included with this filing is a notarized verification from Jeff Erb, Assistant General Counsel regarding the Letter 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**

**letter 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 Letter Agreement, I verify that the Letter 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 April, 2016.

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Notary Public for Oregon

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