



December 21, 2017

VIA ELECTRONIC FILING

Steven V. King
Executive Director and Secretary
Washington Utilities and Transportation Commission
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 COMMISSION

RE: Docket UE-17_____—Affiliated Interest Filing—PacifiCorp and BNSF Railway Company

Under the provisions of RCW 80.16.020 and in accordance with WAC 480-100-245, Pacific Power & Light Company (Pacific Power), a division of PacifiCorp, provides notice of an affiliated interest transaction with BNSF Railway Company (BNSF) for coal transportation services, from BNSF-served mines in New Mexico to the Cholla Generating Station near Joseph City, Arizona.

A verified copy of the BNSF Railway Common Carrier Pricing Authority 90068 Attachment A Coal Unit Train Commitment Certificate Number BNSF 90068-0080 (Agreement) is included with this Notice as Attachment A (see confidentiality protections sought below).

PacifiCorp is a wholly-owned indirect subsidiary of Berkshire Hathaway Energy Company (BHE). BHE is a subsidiary of Berkshire Hathaway, Inc. BNSF is also a subsidiary of Berkshire Hathaway, Inc. 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, Berkshire Hathaway, Inc.’s ownership interest in BHE and BNSF creates an affiliated interest relationship between PacifiCorp and BNSF.

The current coal transportation contract for the Cholla Generating Station expires on December 31, 2017. The rail agreement is a joint agreement between BNSF, Arizona Public Service Company (APS), and PacifiCorp. APS is the operator of the Cholla plant. APS also has ownership in Cholla Unit 1, Unit 2 (retired 10/2015), and Unit 3. PacifiCorp owns Unit 4. The Cholla plant is not reflected in Washington rates under the Commission-approved West Control Area Inter-jurisdictional Allocation Methodology. Notwithstanding, Pacific Power is providing this notice out of an abundance of caution to ensure consistent treatment of affiliate contracts under the requirements of RCW 80.16.

The coal-transport rail agreement is a two-year rail agreement for 2018 and 2019. The agreement also has a unilateral extension option for one additional year 2020, if triggered by either APS or PacifiCorp or both. The new Agreement has been negotiated at arms-length, and the value will vary depending on the source mine for the coal. PacifiCorp’s share of the cost is currently estimated to be \$ [REDACTED] for the two-year Agreement through December 31, 2019.

Entering into the new Agreement is in the public interest because it allows for the continued efficient operation of Cholla Unit 4. Without the new Agreement, PacifiCorp would not be able to obtain the coal needed to continue operating the plant at a reasonable cost. BNSF is the only entity that can provide the coal to the Cholla Generating Station via rail.

While Pacific Power considers the Agreement to be of utmost commercial sensitivity and *highly* confidential, it is requesting confidential treatment for Attachment A in accordance with WAC 480-07-160. The attachment contains commercially sensitive pricing information that could expose Pacific Power and BNSF to competitive injury if disclosure is unrestricted. Pacific Power requests confidential treatment, at a minimum, on the basis that the document contains “valuable commercial information, including trade secrets or confidential marketing, cost, or financial information, or customer-specific usage and network configuration and design information,” as provided in RCW 80.04.095 and in accordance with WAC 480-07-160(2).¹

Also included with this filing is a notarized verification from Jeffery B. Erb, Chief Corporate Counsel and Corporate Secretary for PacifiCorp, regarding the 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 me at 503-813-5410 if you have any informal questions.

Sincerely,

 /s/
Ariel Son
Regulatory Affairs Manager
Pacific Power & Light Company
825 NE Multnomah Street, Suite 2000
Portland, OR 97232
(503) 813-5410
ariel.son@pacificorp.com

Enclosures
NEW-PPL-Attachment-A-12-21-17 (R).pdf

¹ Due to the highly confidential nature of the Agreement, in the event it is included as part of an adjudicative proceeding, or if intervening parties request a copy outside of an adjudicative proceeding, PacifiCorp may seek a protective order authorizing highly confidential treatment or enter into non-disclosure agreements with parties, as appropriate, prior to any disclosure of the Agreement.

Washington Utilities and Transportation Commission

December 21, 2017

Page 3

NEW-PPL-Attachment-A-12-21-17 (C).pdf

NEW-PPL-Verification-Erb-12-21-17.pdf