

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.

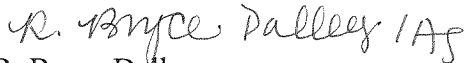
It is respectfully requested that all formal correspondence and Staff requests regarding this material be addressed to:

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



March 28, 2016

Cottonwood Creek Consolidated Irrigation Company
Attn: Clyde Magnuson – President
P.O. Box 678
Orangeville, Utah 84537

Subject: 2016 Water Use Letter Agreement

Dear Mr. Magnuson,

Subject to the terms and conditions specified in this Letter Agreement, PacifiCorp hereby agrees to make available to Cottonwood Creek Consolidated Irrigation Company (CCCIC) up to all of its 2016 CCCIC Primary water allotment in exchange for CCCIC's agreement to begin its irrigation season on April 10, 2016.

Whereas, PacifiCorp owns shares in CCCIC which provides PacifiCorp with a proportionate amount of CCCIC's annual water rights, herein referred to as "Primary Water Allotment";

Whereas, PacifiCorp holds rights to water in Joes Valley Reservoir (JVR) through certain water supply contracts with Emery Water Conservancy District, herein referred to as "Project Water";

Whereas, PacifiCorp's unused Project Water in JVR is allowed to be carried over from one year to the next as long as JVR does not fill and spill (as more fully outlined in the 1982 Cottonwood Creek Operating Criteria). PacifiCorp's unused Project Water that is allowed to be carried over for future use when the reservoir does not spill is herein referred to as "Project Water Carry-Over";

Whereas, PacifiCorp's Project Water Carry-Over account balance in JRV as of March 1, 2016 was approximately 16,600 acre-feet, which does not include PacifiCorp's 2016 Project Water allotment.

Whereas, PacifiCorp desires to manage its water supplies in such a manner to reduce the risk of JVR filling and spilling this run-off season, which would in turn result in PacifiCorp's loss of its current Project Water Carry-Over balance.

Whereas, PacifiCorp can reduce the risk of JVR spilling by allowing CCCIC to use PacifiCorp's Primary Water Allotment and thereby protect and maintain PacifiCorp's Project Water Carry-Over balance.

As such, effective April 10, 2016 through October 31, 2016, the following provisions will be used in the management, delivery, use and recordkeeping of water resources between PacifiCorp and CCCIC.

1. PacifiCorp will allow the use of up to all of its 2016 CCCIC Primary Water Allotment by CCCIC shareholders for irrigation purposes. CCCIC will pay PacifiCorp \$0.50 for each acre-foot of PacifiCorp's Primary Water Allotment it uses under this letter agreement, as determined by PacifiCorp's Primary Water Allotment, as allocated by CCCIC.



2. CCCIC will begin its irrigation season on April 10, 2016 and at such time CCCIC will call for deliveries of its Primary Water, including PacifiCorp’s Primary Water Allotment from JVR.
3. CCCIC shall be solely responsible for all Primary Water CCCIC diverts and uses from JVR.
4. Any water PacifiCorp diverts from Adobe Wash Reservoir from April 1 up through the time JVR either spills or reaches maximum pool elevation (in the event it does not spill) will be deducted from PacifiCorp’s current Project Water Carry-Over account.
 - a. CCCIC’s agrees and understands that its use of PacifiCorp’s Primary Water Allotment under this Letter Agreement is subject to the condition that JVR does not fill and spill, and PacifiCorp shall not be liable in any manner to CCCIC in the event JVR does fill and spill
 - b. If JVR spills, then from July 1, 2016 to the end of the 2016 irrigation season, PacifiCorp will resume access to and use of all of its remaining 2016 Primary Water Allotment and CCCIC will no longer have the use of PacifiCorp’s Primary Water.
 - c. If JVR does not spill and PacifiCorp maintains access to its block of Project Water Carry-Over, then CCCIC will continue to be allowed to use PacifiCorp’s Primary Water Allotment for the remainder of the 2016 irrigation season – and any water PacifiCorp diverts from Adobe Wash Reservoir for the remainder of the 2016 season will be deducted from its Project Water Carry-Over account.
5. Paragraph 7 of the Cottonwood Creek Operating Criteria states [*“...and project power water utilizing space in the irrigation pools will be the first water spilled when spills occur or releases are made in anticipation of spills.”*] Nothing in this 2016 Water Use Letter Agreement will be construed as “releasing water in anticipation of a spill” which would otherwise qualify for the zeroing out of PacifiCorp’s Project Water Carry-Over account pursuant to the Operating Criteria.
6. The provisions outlined in this Letter Agreement will apply only during the 2016 irrigation season and in no way will establish a precedent for future arrangements/practices between PacifiCorp and CCCIC.

Please indicate your agreement with the above provisions by your signature and date below.

Sincerely,

Laren Huntsman
 Managing Director,
 Hunter Plant

Agreed:
 Cottonwood Creek Consolidated Irrigation Company

By: _____

Its: _____

Date signed:

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.

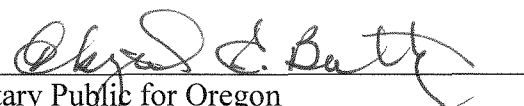
I declare upon the penalty of perjury, that the foregoing is true and correct.

Executed on April 7, 2016 at Portland, Oregon.



Jeffery B. Erb
Assistant General Counsel
Pacific Power

Subscribed and sworn to me on this 7th day of April, 2016.



Notary Public for Oregon

My Commission expires: November 12, 2018

