

September 18, 2017

***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: DO NOT REDOCKET—Docket UE-151959—Affiliated Interest Filing—Kern River Gas Transmission 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 Kern River Gas Transmission Company (Kern River), relating to certain post-construction amendments to real estate easement agreements between the companies. The contracts underlying the current proposed amendments were allowed to become effective per the November 13, 2015 Public Meeting¹. The proposed amendments relate solely to change in the legal description, and map, of the subject property.

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

Kern River owns and operates the Kern River pipeline system, which transports natural gas to California, Nevada, and Utah. Certain of Kern River’s Utah pipelines are in an area being used by the Utah Department of Transportation (UDOT) as part of its Mountain View Corridor Project.² Kern River has two pipelines (Pipelines) that encumber PacifiCorp rights of way by virtue of existing permanent easement agreements entered into by PacifiCorp and Kern River in 1991 and 2002. As detailed in the Company’s October 8, 2015 filing, UDOT required Kern River to relocate portions of these Pipelines to accommodate the Mountain View Corridor. To allow Kern River to accommodate UDOT’s directive, in 2015 the Company executed amendments to the permanent easement agreements to reflect the relocation alignment. Also in 2015, PacifiCorp executed two new easement agreements with respect to adjacent PacifiCorp parcels that were not previously encumbered.

¹ The issue was listed as a “no-action” item on the agenda for the November 13, 2015 public meeting.

² The Mountain View Corridor is a planned freeway, transit and trail system project in western Salt Lake and northwestern Utah counties. See <http://www.udot.utah.gov/mountainview/>.

Subsequently, during construction of Kern's pipeline relocation, a previously unknown sewer line was discovered by Kern and UDOT, requiring a slight adjustment to the designed pipeline location. As a result, the easement locations amended in 2015 require additional amending to facilitate "truing" up of the final as-built location. The true-up involves amending the legal description and map for the four previously executed amendments.

These amended easement agreements (collectively, the Agreements) are attached to this letter as Exhibits A through D.

After giving effect to the transactions contemplated in the Agreements, the Pipelines will continue to encumber approximately 5.1 acres of PacifiCorp property. No dollars were exchanged for the original 2015 amendment, and no monetary compensation is proposed for the necessary post-construction amendments.

The Pipeline easements (both as currently granted, and after giving effect to the Agreements) are subject to terms, conditions, and restrictions to protect PacifiCorp's ability to provide safe and reliable service. The total amount of PacifiCorp property encumbered by the Pipelines will not change by virtue of the Agreements. Accordingly, execution of the Agreements is in the public interest.

The acreage involved in the Agreements is not included in Washington rates since this Utah land is not included in the west control area under the Commission-approved 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 Jeffery B. Erb, Chief Corporate Counsel and Corporate Secretary for PacifiCorp, regarding the Agreements.

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 Jason Hoffman, Regulatory Project Manager, at 503-331-4474 if you have any informal questions.

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Sincerely,

 /s/
Etta Lockey

Vice President, Regulation

Pacific Power & Light Company

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Enclosures