

February 2, 2018

***VIA ELECTRONIC FILING
AND OVERNIGHT DELIVERY***

Public Utility Commission of Oregon
201 High Street SE, Suite 100
Salem, OR 97301-3398

Attn: Filing Center

RE: UP ___ —PacifiCorp's Application for Approval of an Amended Lease Agreement with Verizon Wireless

PacifiCorp d/b/a Pacific Power encloses for filing its Application for Approval of an Amended Lease Agreement with Verizon Wireless. PacifiCorp requests confidential treatment for the application, including Attachment A and Attachment B, under OAR 860-001-0070.

Please note that Verizon Wireless and PacifiCorp wish to execute the amended agreement by April 1, 2018, therefore it is respectfully requested that the Commission approve the transaction by March 27, 2018.

PacifiCorp respectfully requests that all data requests regarding this matter 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 direct any informal inquiries regarding this filing to me at (503) 813-6583.

Sincerely,



Natasha Siores
Manager, Regulatory Affairs

Enclosure

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UP _____

In the Matter of

PACIFICORP d/b/a PACIFIC POWER

Application for an Order Approving First Amended Lease Agreement with Verizon Wireless.

APPLICATION OF PACIFICORP

Under ORS 757.480(1)(a) and in accordance with OAR 860-027-0025, PacifiCorp d/b/a Pacific Power seeks approval from the Public Utility Commission of Oregon (Commission) of the proposed First Amended Lease Agreement (Amended Agreement) between PacifiCorp and Verizon Wireless (VAW) LLC d/b/a Verizon Wireless, for Verizon Wireless' continued lease of certain defined transmission substation real property located in Salt Lake County, Utah.

Verizon Wireless provides wireless telecommunications services and, since September 2014, PacifiCorp has leased to Verizon Wireless a small portion of the PacifiCorp substation property for the operation of certain communication equipment and facilities, including an antenna support structure, used in the connection with its business operations.

Verizon Wireless and PacifiCorp wish to execute the amended agreement by April 1, 2018, therefore it is respectfully requested that the Commission approve the transaction by March 27, 2018.

I. BACKGROUND

PacifiCorp owns property located at 5200 South 2825 West, Taylorsville, Utah, which is associated with its Taylorsville Substation. PacifiCorp and Verizon Wireless entered into a Lease Agreement (Lease Agreement) dated June 20, 2014 involving a 32 foot

by 33 foot “ground space” portion of PacifiCorp’s substation property (Company Property) and an access road for ingress and egress. The Lease Agreement has an initial term of five years from the commencement date of September 22, 2014, and Verizon has the right to extend the term for three successive five-year terms on the same terms and conditions. If Verizon Wireless exercises all renewal options contained in the Lease Agreement, the Lease Agreement would expire on September 21, 2034. Verizon Wireless approached PacifiCorp to request an amendment to the Lease Agreement that would allow Verizon Wireless the option to extend the lease for six additional five-year renewal terms, beyond the existing renewal terms. Verizon Wireless has leased the Company Property since September 2014 without incident.

The value of the proposed Amended Agreement over its initial five-year term, commencing September 22, 2034, is approximately \$ [REDACTED] plus an additional one-time payment in the amount of \$ [REDACTED] payable within 30 days of the execution date. The Company Property is classified as transmission property and is system-allocated. The value of the Amended Agreement to Oregon will be approximately \$ [REDACTED] over the initial five-year term. As more fully explained below, this transaction will not affect PacifiCorp’s ability to perform its public duties.

PacifiCorp provides the Lease Agreement and Amended Agreement as confidential in accordance with OAR 860-001-0070 as Confidential Attachment A and Confidential Attachment B, respectively. PacifiCorp is required under each agreement to maintain the confidentiality of the entire agreement. Additionally, the agreements contain terms and conditions resulting from negotiations between the parties, the disclosure of which could erode PacifiCorp’s bargaining power in the future.

**II. COMPLIANCE WITH OAR 860-027-0025(1)
FILING REQUIREMENTS**

A. Name and Address

PacifiCorp's exact name and address of its principal business office are:

PacifiCorp
825 NE Multnomah Street
Portland, OR 97232

B. State in which incorporated; date of incorporation; other states in which authorized to transact utility business

PacifiCorp is a corporation organized and existing under and by the laws of the State of Oregon. PacifiCorp's date of incorporation is August 11, 1987. PacifiCorp is authorized to provide retail electric service in Oregon, California, Idaho, Utah, Washington, and Wyoming.

C. Communications and notices

All notices and communications with respect to this application should be addressed to:

Jeffery B. Erb
Chief Corporate Counsel and Corporate Secretary
PacifiCorp
825 NE Multnomah Street, Suite 1800
Portland, OR 97232
Telephone: 503.813.5029
Email: jeff.erb@pacificorp.com

PacifiCorp Oregon Dockets
825 NE Multnomah Street, Suite 2000
Portland, OR 97232
Email:
OregonDockets@pacificorp.com

Additionally, PacifiCorp respectfully requests that all data requests regarding this matter be addressed to:

By e-mail (**preferred**)

datarequest@pacificorp.com

By regular mail

Data Request Response Center
PacifiCorp
825 NE Multnomah St., Suite 2000
Portland, OR 97232

Informal inquiries should also be directed to Natasha Siores, Manager, Regulatory Affairs at (503) 813-6583.

D. Principal officers

| NAME | TITLE |
|--------------------|---|
| William H. Fehrman | Chairman of the Board & Chief Executive Officer of PacifiCorp |
| Cindy A. Crane | President & Chief Executive Officer, Rocky Mountain Power |
| Stefan Bird | President & Chief Executive Officer, Pacific Power |
| Nikki L. Kobliha | Vice President, Chief Financial Officer & Treasurer |

E. Description of business; designation of territories served

PacifiCorp engages in the generation, purchase, transmission, distribution, and sale of electric energy in Benton, Clackamas, Clatsop, Coos, Crook, Deschutes, Douglas, Gilliam, Hood River, Jackson, Jefferson, Josephine, Klamath, Lake, Lane, Lincoln, Linn, Marion, Morrow, Multnomah, Polk, Sherman, Tillamook, Umatilla, Wallowa, Wasco, and Washington Counties in Oregon. PacifiCorp also engages in the generation, purchase, transmission, distribution, and sale of electric energy in the states of California, Idaho, Utah, Washington, and Wyoming.

F. Statement showing for each class and series of capital stock: brief description; amount authorized; amount outstanding; amount held as required securities; amount pledged; amount owned by affiliated interests; amount held in any fund

Not applicable. This transaction does not involve the sale of financial instruments or PacifiCorp capital stock.

G. Statement showing for each class and series of long-term debt and notes: brief description of amount authorized; amount outstanding; amount held as required securities; amount pledged; amount held by affiliated interests; amount in sinking and other funds

Not applicable. This transaction does not involve the sale of long-term debt or notes.

H. Purpose of application; description of consideration and method of arriving at amount thereof

The purpose of this application is to satisfy ORS 757.480 and OAR 860-027-0025. PacifiCorp and Verizon Wireless entered into a Lease Agreement in June 2014 involving property associated with PacifiCorp's Taylorsville Substation, a transmission substation located in Taylorsville, Utah. Verizon Wireless approached PacifiCorp to request an amendment to the Lease Agreement that would allow Verizon Wireless the option to extend the lease for six additional five year renewal terms beyond the existing renewal terms.

If leasing property will not interfere with utility operations, PacifiCorp may grant requests to lease property. Verizon Wireless has leased the Company Property since September 2014 without incident. The value of the proposed Amended Agreement is based on base rate amount of the original Lease Agreement including the same rate of increases for each successive five year extension term. PacifiCorp will collect approximately \$ [REDACTED] over the initial five-year term of the Amended Agreement. The company files this Application to obtain Commission approval of the Amended Agreement.

I. Statement of facilities to be disposed of; description of present use and proposed use; inclusion of all operating facilities of parties to the transaction

As described above, this transaction involves the lease of certain PacifiCorp real property that supports the Taylorsville Substation in Salt Lake County, Utah. Verizon Wireless intends to use the Company Property for the operation of certain communication equipment and facilities, including an antenna support structure, used in the connection with its business operations. This use will not interfere with PacifiCorp's operation and maintenance of the Taylorsville Substation. PacifiCorp has leased the Company Property to Verizon Wireless since September 2014 without incident.

Continuing to lease the Company Property to Verizon Wireless under the Amended Agreement will not interfere with PacifiCorp's ability to provide reliable service to its customers after the effective date of the transaction.

J. Statement by primary account of cost of the facilities and applicable depreciation reserve

The applicable book value of the Company Property included in FERC Account 35010 (transmission lands) is \$70,318.

K. Required filings with other state or federal regulatory bodies

Not applicable. This transaction does not require any other regulatory filings.

L. Facts relied upon by applicant to show transaction is in the public interest

ORS 757.480 requires Commission pre-approval for sales of property necessary and useful in the performance of a utility's duties to the public with a value in excess of \$100,000. OAR 860-027-0025(1)(l) requires PacifiCorp to show that such a proposed sale is "consistent with the public interest." The Commission has previously held that this standard requires a "no harm" showing.¹ The proposed transaction will not harm customers. The portion of the Company Property occupied by Verizon Wireless does not contain PacifiCorp substation facilities or assets, and PacifiCorp maintains access to its substation facilities. Additionally, Verizon Wireless' use will not interfere with PacifiCorp's ability to operate and maintain the Taylorsville Substation.

¹ See, e.g., *In the Matter of a Legal Standard for Approval of Mergers*, Docket No. UM 1011, Order No. 01-778 (Sept. 4, 2001) ("The remainder of the statutory scheme, those statutes governing transfer, sale, affiliated interest transactions, and contracts, either expresses no standard (for instance, ORS 757.480, .485) and has been read to require a no harm standard, or contains a 'not contrary to the public interest' standard (ORS 757.490, .495.)") (emphasis added); *In the Matter of the Application of PacifiCorp*, Docket No. UP 168, Order No. 00-112, at 6 (Feb. 29, 2000) (regarding the sale of the Centralia generating plant); *In the Matter of Portland General Electric*, Docket No. UP 158, Order No. 00-111, at 2 (Feb. 29, 2000) (regarding the sale of the Colstrip generating units); *In the Matter of the Application of Portland General Electric*, Docket Nos. UP 165/UP 170, Order No. 99-730, at 7 (Nov. 29, 1999) (regarding the sale of the Centralia generating plant).

M. Reasons relied upon for entering into the proposed transaction; benefits to customers

Please refer to sections H. and L. above, as well as the Background section.

N. Amount of stock, bonds, or other securities, now owned, held or controlled by applicant, of the utility from which stock or bonds are proposed to be acquired

Not applicable. This transaction does not involve the sale of stock or other financial instruments.

O. Statement of franchises held; date of expiration; facilities of transferees

Not applicable. The transaction will not affect PacifiCorp's Oregon service territory in any way.

**III. COMPLIANCE WITH OAR 860-027-0025(2)
FILING REQUIREMENTS**

A. Exhibit A—Articles of Incorporation

Not applicable. Review of the Articles of Incorporation would not advance the Commission's analysis of this Application because the subject transaction involves the conveyance of utility property and does not affect PacifiCorp's corporate structure or governance.

B. Exhibit B—Bylaws

Not applicable. Review of PacifiCorp's bylaws would not advance the Commission's analysis of this application because the subject transaction involves the conveyance of utility property and does not affect PacifiCorp's corporate structure or governance.

C. Exhibit C—Resolution of directors authorizing transaction

Not applicable. This transaction did not require approval from the company's board of directors.

D. Exhibit D—Mortgages, trust, deeds or indentures securing obligation of each party

Not applicable.

E. Exhibit E—Balance sheet showing booked amounts, adjustments to record the proposed transaction and pro forma, with supporting fixed capital or plant schedules in conformity with the forms in the annual report

Not applicable. The transaction will not materially affect PacifiCorp's balance sheet.

F. Exhibit F—Known contingent liabilities

There are no known contingent liabilities associated with this transaction.

G. Exhibit G—Comparative income statements showing recorded results of operations, adjustments to record the proposed transaction and pro forma, in conformity with the form in the annual report

Not applicable. The transaction will not materially affect the company's income statement.

H. Exhibit H—Analysis of surplus for the period covered by income statements referred to in G

Not applicable. The transaction will not materially affect the company's income statement.

I. Exhibit I—Copy of contract for transaction and other written instruments

Copies of the Lease Agreement and the Amended Agreement are provided as Confidential Attachment A and Confidential Attachment B, respectively.

J. Exhibit J—Copy of each proposed journal entry to be used to record the transaction

At the time of invoicing for the rent due, PacifiCorp will debit the Lessee's Accounts Receivable account (FERC Account 1720000 Rents Receivable Current Asset) for the appropriate rental amount and credit to Rent Revenue Transmission Lands (FERC Account 4541000 Rents-Common Other Revenue) the same amount. After the company receives payment from the Lessee, Lessee's Accounts Receivable account will be credited the

payment amount and a debit will be made to Main Depository-Deposit Clearing Account (FERC Account 1310000 Cash Current Asset) in the same amount.

K. Exhibit K—Copy of each supporting schedule showing the benefits, if any, which each applicant relies upon to support the facts required by (1)(l) of this rule and reasons as required by (1)(m)

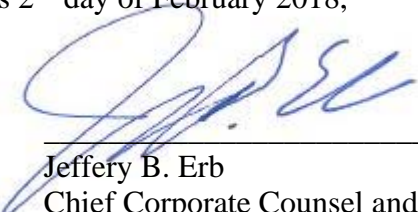
This application and attachments contain the necessary information to demonstrate the benefits of this transaction and for the Commission to base its decision. However, PacifiCorp is prepared to provide additional information as requested by the Commission.

IV. PRAYER FOR RELIEF

PacifiCorp respectfully requests a Commission order (1) finding that the Agreement, as described herein, will not harm the company's customers and is consistent with the public interest; and (2) granting other such relief as the Commission deems necessary and proper. Approval of this transaction is requested by March 27, 2018, to allow Verizon Wireless and PacifiCorp to fully execute the Amended Agreement by April 1, 2018.

Respectfully submitted this 2nd day of February 2018,

By: _____


Jeffery B. Erb
Chief Corporate Counsel and Corporate Secretary
PacifiCorp

**CONFIDENTIAL
ATTACHMENT A**

Lease Agreement

**THIS ATTACHMENT IS CONFIDENTIAL
IN ITS ENTIRETY AND IS PROVIDED
UNDER SEPARATE COVER**

**CONFIDENTIAL
ATTACHMENT B**

Amended Agreement

**THIS ATTACHMENT IS CONFIDENTIAL
IN ITS ENTIRETY AND IS PROVIDED
UNDER SEPARATE COVER**