

July 11, 2016

VIA ELECTRONIC FILING

Public Utility Commission of Oregon
201 High Street SE, Suite 100
Salem, OR 97301-1166

Attn: Filing Center

RE: UI ___ —PacifiCorp's Application Requesting Approval of an Affiliate Interest Transaction with Huntington Cleveland Irrigation Company

PacifiCorp d/b/a Pacific Power encloses for filing its Application Requesting Approval of an Affiliate Interest Transaction with Huntington Cleveland Irrigation Company.

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 informal inquiries with respect to this filing to Natasha Siores at (503) 813-6583.

Sincerely,



R. Bryce Dalley
Vice President, Regulation

Enclosure

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UI _____

In the Matter of the Application of
PACIFICORP, d/b/a/ Pacific Power,
Requesting Approval of an Affiliate Interest
Transaction with Huntington Cleveland
Irrigation Company.

APPLICATION OF PACIFICORP

1 In accordance with ORS 757.495(1) and OAR 860-027-0040, PacifiCorp d/b/a
2 Pacific Power (PacifiCorp or Company) requests approval from the Public Utility
3 Commission of Oregon (Commission) of an affiliated interest transaction with Huntington
4 Cleveland Irrigation Company (HCIC) for a Non-Exclusive Pipeline Easement Agreement
5 (Agreement) allowing HCIC to access a small portion of PacifiCorp property to complete a
6 project to enclose existing open irrigation trenches in pressurized pipes in Emery County,
7 Utah. A verified copy of the Agreement is included with this Application as Attachment A.
8 PacifiCorp respectfully requests that the Commission approve the Agreement as an affiliated
9 interest agreement with HCIC.

10 **I. Background**

11 HCIC is a non-profit mutual irrigation corporation that owns water rights in the
12 Huntington Creek Drainage Basin located in Emery County, Utah. PacifiCorp currently
13 owns approximately one-third of the ownership shares of HCIC and receives an allocation of
14 water from HCIC based on such ownership. PacifiCorp also appoints one member to
15 HCIC’s ten-person board of directors.

16 While irrigation companies typically use “ownership by shares” exclusively to
17 allocate and grant water rights (and as such, they are not typical equity interests in the entity),

1 this ownership interest and appointment authority could be deemed to create an affiliate
2 interest in some PacifiCorp jurisdictions. Therefore, PacifiCorp's ownership interest in
3 HCIC creates a potential affiliated interest relationship between PacifiCorp and HCIC.
4 PacifiCorp thereby submits this filing out of an abundance of caution.

5 HCIC is constructing a project to enclose existing open irrigation trenches with
6 pressurized pipes. The project will decrease the water quantity and quality losses associated
7 with open trench irrigation and will thereby increase the value of the HCIC water rights for
8 the collective benefit of all HCIC shareholders. The project was jointly funded by HCIC
9 shareholders. In conjunction with the approval of the project, the shareholders all agreed not
10 to charge easement fees in conjunction with the land rights granted to facilitate the project.

11 The project requires a permanent pipeline easement across approximately 0.571 acres
12 (830 feet in length and 30 feet in width) of PacifiCorp property and a temporary construction
13 easement across approximately 0.667 acres of PacifiCorp property (830 feet in length and 35
14 feet in width). The subject property was acquired in conjunction with the acquisition of
15 water rights and is not used for power generation or delivery purposes. The value of the
16 easements has been internally estimated at \$320. This fee has been waived in accordance
17 with the above-described agreement.

18 The water received through HCIC constitutes the primary water supply for
19 PacifiCorp's Huntington Plant and a secondary water supply for PacifiCorp's Hunter Plant.
20 By improving efficiencies and minimizing waste, the project helps ensure an uninterrupted
21 water supply for these plants. Granting such easements is in furtherance of this objective.
22 The agreement to waive easement fees minimizes the overall project costs, a large portion of

1 which would be passed through to PacifiCorp as the largest shareholder in HCIC.

2 Accordingly, granting such easements without charge is in the public interest.

3 With this Application, PacifiCorp respectfully seeks Commission approval of the
4 Agreement.

5 **II. Compliance with OAR 860-027-0040 Filing Requirements**

6 **A. Address**

7 The Company's name and address of its principal business office are:

8 PacifiCorp
9 825 NE Multnomah Street
10 Portland, OR 97232

11 **B. Communications and Notices**

12 All notices and communications with respect to this Application should be addressed
13 to:

14 PacifiCorp Oregon Dockets
15 825 NE Multnomah Street, Suite 2000
16 Portland, OR 97232
17 OregonDockets@pacificorp.com

Jeffery B. Erb
Assistant General Counsel
Pacific Power
825 NE Multnomah Street, Suite 2000
Portland, OR 97232
Tel. (503) 813-5029
jeff.erb@pacificorp.com

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

23 By e-mail (**preferred**) datarequest@pacificorp.com

24 By regular mail Data Request Response Center
25 PacifiCorp
26 825 NE Multnomah, Suite 2000
27 Portland, OR 97232

28 Informal inquires may be directed to Natasha Siores at (503) 813-6583.

1 **C. Relationship Between PacifiCorp and Affiliated Interest**

2 HCIC is a non-profit mutual irrigation corporation that owns water rights in the
3 Huntington Creek Drainage Basin located in Emery County, Utah. PacifiCorp currently
4 owns approximately one-third of the ownership shares of HCIC and receives an allocation of
5 water from HCIC based on such ownership. PacifiCorp also appoints one member to
6 HCIC’s ten-person board of directors. Therefore, HCIC could be deemed an “affiliated
7 interest” of PacifiCorp as set forth in ORS 757.015(3).

8 **D. Voting Securities**

9 PacifiCorp and HCIC do not own “voting” securities in each other.

10 **E. Common Officers and Directors**

11 PacifiCorp and HCIC do not share any common officers or directors.

12 **F. Pecuniary Interest**

13 No officer or director of PacifiCorp or HCIC is a party to or has a pecuniary interest
14 in the business transaction between PacifiCorp and HCIC.

15 **G. Description of Goods and Services Provided; Cost(s) Incurred; Market**
16 **Value; Pricing Methods**

17 HCIC is constructing a project to enclose existing open irrigation trenches with
18 pressurized pipes. The project requires a permanent pipeline easement across approximately
19 0.571 acres (830 feet in length and 30 feet in width) of PacifiCorp property and a temporary
20 construction easement across approximately 0.667 acres of PacifiCorp property (830 feet in
21 length and 35 feet in width). The subject property was acquired in conjunction with the
22 acquisition of water rights and is not used by PacifiCorp for power generation or delivery
23 purposes. The value of the easements has been internally estimated by PacifiCorp to be
24 \$320. In conjunction with the approval of the project, the shareholders all agreed not to

1 charge easement fees in conjunction with the land rights granted to facilitate the project.
2 Accordingly, the \$320 fee has been waived in accordance with the above-described
3 agreement.

4 **H. Estimate of Amount PacifiCorp will Pay Annually for Services**

5 PacifiCorp will not be required to pay HCIC under the Agreement.

6 **I. Reasons Relied Upon for Procuring the Proposed Services, and Benefits**
7 **to the Public**

8 As noted above, HCIC is constructing a project to enclose existing open irrigation
9 trenches with pressurized pipes. The project will decrease the water quantity and quality
10 losses associated with open trench irrigation and will thereby increase the value of the HCIC
11 water rights for the collective benefit of all shareholders. The water received through HCIC
12 constitutes the primary water supply for PacifiCorp's Huntington Plant and a secondary
13 water supply for PacifiCorp's Hunter Plant. By improving efficiencies and minimizing
14 waste, the project helps ensure an uninterrupted water supply for these plants. Granting such
15 easements is in furtherance of this objective.

16 The agreement to waive easement fees minimizes the overall project costs, a large
17 portion of which would be passed through to PacifiCorp as the largest shareholder in HCIC.
18 Entering into the Agreement is in the public interest because PacifiCorp's effective use of
19 water resources will maximize water availability at its Huntington and Hunter generating
20 facilities, ensuring a long-term water supply that is necessary to meet its obligation to
21 provide safe and reliable electric service.

22 **J. Description of the Procurement Process**

23 Not applicable.

1 **K. Relationship of Cost of Provision of Services and Market Value**

2 As described above, PacifiCorp will not pay HCIC under the Agreement. The value
3 of the easements has been internally estimated by PacifiCorp to be \$320. In conjunction with
4 the approval of the project, the shareholders all agreed not to charge easement fees in
5 conjunction with the land rights granted to facilitate the project, as those fees would have
6 been passed back through to HCIC shareholders.

7 **L. Contracts Between Affiliated Interest and PacifiCorp**

8 A copy of the Agreement is included with this Application as Attachment A.

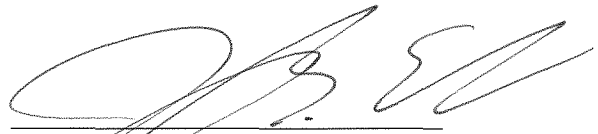
9 **M. Copy of Board Resolutions**

10 The Agreement did not require a resolution from PacifiCorp's board of directors.

11
12 WHEREFORE, for the reasons set forth above, PacifiCorp respectfully requests that
13 the Commission issue an order approving PacifiCorp's execution of the Agreement.

14
DATED: July 11th, 2016.

Respectfully submitted,



Jeffery B. Erb, #95259
Assistant General Counsel
Pacific Power

ATTACHMENT A

Non-Exclusive Pipeline Easement Agreement

WHEN RECORDED, RETURN TO:
PacifiCorp, an Oregon Corporation
Property Management Department
1407 West North Temple, Suite 110
Salt Lake City, Utah 84116
Attn: Erik Carlson

NON-EXCLUSIVE PIPELINE EASEMENT AGREEMENT

PacifiCorp, an Oregon Corporation, whose address is 1407 West North Temple, Salt Lake City, Utah 84116, (“Grantor”) for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, hereby grants to **Huntington Cleveland Irrigation Company, a non-profit mutual irrigation company organized under the laws of the State of Utah** (“Grantee”) a perpetual non-exclusive easement and right of way (“Easement”) over and across certain parcels of real property owned by Grantor (“Grantor’s Land”) located in Emery County, Utah, more particularly described in **Exhibit “A”** hereto, for the sole purpose of constructing, operating, maintaining, repairing, inspecting and replacing a single pressurized irrigation pipeline and related facilities (the “Pipeline”) subject to the terms and conditions set forth below, over and through Grantor’s Land, said easement lying within a strip thirty (30) feet wide and extending fifteen (15) feet on each side of and lying parallel and adjacent to the lines of reference and projections thereof described more particularly in **Exhibit “B”**, hereto.

1. Grantee’s Use.

a. Grantee shall have a non-exclusive right to install, operate, inspect, repair, replace, and maintain the Pipeline. During construction periods, not to exceed eighteen (18) months from the date of this Easement, Grantee and its agents may use thirty-five (35) additional feet of Grantor’s property along and adjacent to said Easement in connection with the construction of said facilities.

b. Grantee will not store materials or refuel vehicles or equipment on Grantor’s Land. The use of hazardous materials is prohibited on Grantor’s Land.

c. Grantee acknowledges that Grantor’s existing or future power lines are or may be located within the Easement boundaries and agrees to conduct its activities in strict compliance with all applicable laws, codes, rules, regulations, and standards regarding such power lines. Grantee’s use of Grantor’s Land shall comply in all respects with National Electric Safety Code, and OSHA clearance standards. Grantee shall not make or allow any use of Grantor’s Land that is inconsistent with or that may interfere with Grantor’s operation, maintenance, repair, or upgrade of its existing power line facilities and installations or any additional power line facilities or installations that may be constructed hereafter.

d. At no time shall Grantee place, use or permit to be used on said Easement construction cranes or other equipment having a boom or similar attachment which may come in

contact with Grantor's overhead electric lines. At no time shall Grantee place any equipment or material of any kind that exceeds fifteen (15) feet in height, or that creates a material risk of endangering Grantor's facilities, or that may pose a risk to human safety. Grantee shall maintain a minimum distance of twenty (20) feet between equipment and transmission line conductors (wires).

e. Grantee will not excavate within fifty (50) feet of Grantor's existing transmission structures. Grantee shall maintain a minimum distance of fifty (50) feet between the Pipeline and Grantor's structure(s) and transmission line conductors (wires). Grantee shall maintain a minimum distance of thirty-five (35) feet from finished grade to conductors. Grantee shall maintain a minimum distance of fifty (50) feet between approved facilities and the point where the transmission line (steel/wood pole/guy anchor/steel pole) enters the earth.

f. Grantee shall, at its own expense, promptly repair any damage to the Easement area or adjacent lands to Grantor's satisfaction caused by, or in any way arising out of, Grantee's use of the Easement, including replacing topsoil to the original surface contour or elevation. Grantee agrees to repair any surface damages due to erosion or settling that may occur due to natural precipitation events within the easement area. This commitment shall be for a period of ten (10) years or until native vegetation is established through natural processes. If Grantee fails to do so within a reasonable amount of time, Grantor may perform the restoration work at Grantee's expense.

g. This Easement is limited to the construction of the identified Pipeline along the route described herein. Grantee may not install laterals, taps, or subfeeds from the Pipeline without a separate grant of easement from Grantor.

h. Grantee shall be solely responsible for the cost of any cathodic or other protection of the Pipeline necessitated by its proximity to Grantor's existing or future electric power lines.

i. Grantor's maintenance and future construction of additional power lines and other facilities require the use and operation of equipment weighing twenty thousand (20,000) pounds per axle (including wire pullers and similar equipment weighing in excess of one hundred thousand (100,000) pounds and cranes weighing one hundred thirty thousand (130,000) pounds above and over the Pipeline. Grantee shall bury the Pipeline to a depth that is sufficient to protect the Pipeline from Grantor's use of equipment with weights identified above. Grantee shall be solely responsible for any damage to Grantee's facilities caused any failure to meet this standard.

j. Grantee shall fully restore and level the surface of Grantor's Land, as nearly as can reasonably be done, from any damage caused by construction, inspection, maintenance, repairs or removal of the Pipeline. If Grantee fails to do so within a reasonable amount of time, Grantor may perform the restoration work at Grantee's expense. Grantee shall compensate Grantor or its tenants for any damage caused by, or arising out of Grantees Use of Easement area, including without limitation, damage to fences, livestock, or crops and timber located anywhere on Grantor's property.

2. Right of Access. Grantee shall have the right of reasonable ingress and egress to and from said Easement over and across Grantor's Land at such locations as Grantor shall, from time to time designate, provided that such access does not interfere with Grantor's utility operations.

3. Grantor's Use. Grantor expressly reserves the right to use the Easement for any purpose that is not inconsistent with the purposes for which this Easement is granted, including the right to cross and re-cross the Easement with equipment, personnel, overhead or underground power lines, and access roads at any location or locations, and to grant or convey additional uses of the Easement to others for any purpose not inconsistent with the rights granted hereunder. Grantee will provide adequate protection for the Pipeline for such uses.

4. Use of Grantor's Remaining Property. This Easement shall impose no restrictions upon Grantor's use of Grantor's Land outside the Easement ("Grantor's Remaining Property.") Any uses of Grantor's Remaining Property, including but not limited to uses for electricity generation, transmission or other utility purposes, shall not be deemed to interfere with Grantee's uses under this Easement. Any use by Grantee of Grantor's Remaining Property shall be strictly limited to access as provided in this Easement. This Easement confers no secondary rights upon Grantee with respect to Grantor's Remaining Property.

5. Relocation. In the event the Pipeline interferes with Grantor's use of the Easement or Grantor's Land, Grantee shall relocate the pipeline to a location mutually agreeable to Grantor and Grantee, all at Grantee's sole cost and expense. Such relocation shall be completed within a reasonable time after notice by Grantor.

6. Indemnification. Grantee shall protect, indemnify and hold harmless Grantor, its officers, directors, employees, subsidiaries and affiliates (collectively "Indemnitees") from and against any losses, claims, liens, demands and causes of action of every kind, including the amount of any judgment, penalty, interest, court cost or legal fee incurred by the Indemnitees or any of them in the defense of same, arising in favor of any party, including governmental agencies or bodies, on account of taxes, claims, liens, debts, personal injuries, death or damages to property, violations of Environmental Laws and Regulations, and all other claims or demands of every character arising directly or indirectly out of Grantee's use of or activities on or around Grantor's Land, except to the extent such losses, claims, liens, demands and causes of action are directly or indirectly caused by the Indemnitees. For purposes of this agreement, "Environmental Laws and Regulations" shall mean all present and future federal, state and local laws and all rules and regulations promulgated thereunder, relating to pollution or protection of the environment.

6. Damages. In addition to the general indemnification provisions above, Grantee agrees that if Grantee or its activities under this Easement cause any damage to Grantor's utility equipment or facilities, whether above or below ground, Grantee will reimburse Grantor for all costs incurred by Grantor to repair or replace such damaged equipment or facilities and all loss of income suffered by Grantor as a result of such damage. As used in this Easement, any reference to Grantor's equipment or facilities shall include any equipment or facilities owned by

third parties that are lawfully located on the Grantor's Land, whether by easement, license, lease, or otherwise.

7. Abandonment. If Grantee ceases to use the Easement for a period of one year, this Easement shall terminate thirty (30) days thereafter. Upon termination Grantee shall remove its Pipeline and restore the land as near as possible to its condition prior to Grantee's entry thereon; or, with Grantor's prior written permission, leave all or a portion of its Pipeline in place and relinquish all right, title, and interest to the Pipeline to Grantor. In the event Grantee should leave its Pipeline in place, Grantee shall nevertheless continue to indemnify Grantor as provided in paragraph 6.

8. Taxes and Assessments. Grantee shall pay all taxes and assessments of any kind which shall be levied against the Easement by reason of Grantee's use or occupancy thereof, except those being contested in good faith, and shall keep the Easement free from any liens that may attach thereto by reason of Grantee's use or occupancy thereof.

9. Litigation Expense. If any suit or action arising out of or related to this Easement is brought by any party, the prevailing party or parties shall be entitled to recover the costs and fees (including, without limitation, reasonable attorneys' fees, the fees and costs of experts and consultants, copying, courier and telecommunication costs, and deposition costs and all other costs of discovery) incurred by such party or parties in such suit or action, including, without limitation, any post-trial or appellate proceeding, or in the collection or enforcement of any judgment or award entered or made in such suit or action.

10. Waiver of Jury Trial. To the fullest extent permitted by law, each of the parties hereto waives any right it may have to a trial by jury in respect of litigation directly or indirectly arising out of, under or in connection with this agreement. Each party further waives any right to consolidate any action in which a jury trial has been waived with any other action in which a jury trial cannot be or has not been waived.

IN WITNESS WHEREOF, this Easement shall be dated and effective upon the date of the last signature below:

Grantor:

PacifiCorp, an Oregon corporation

By: [Signature]

Its: UP COAL GEN T MOUNTAIN

Dated: 4/15/16

Grantee:

Huntington Cleveland Irrigation Company, a non-profit mutual irrigation company organized under the laws of the State of Utah

By: [Signature]

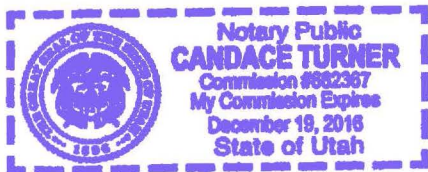
Its: President

Dated: 2/4/16

ACKNOWLEDGMENT

STATE OF Utah)
) ss.
COUNTY OF Salt Lake)

On this 15th day of April, 2016, personally appeared before me Dana Ralston, who being by me duly sworn, did say that he/she is the signer of the within instrument on behalf of **PacifiCorp, an Oregon corporation**, and that the within and foregoing Non-Exclusive Pipeline Easement Agreement was signed on behalf of PacifiCorp by actual authority.



Candace Turner
Notary Public

My commission expires: December 19, 2016

ACKNOWLEDGMENT

STATE OF UTAH)
) ss.
COUNTY OF Cedar)

On this 4 day of April, 2016, personally appeared before me _____, who being by me duly sworn, did say that he/she is the signer of the within instrument on behalf of **Huntington Cleveland Irrigation Company, a non-profit mutual irrigation company organized under the laws of the State of Utah**, and that the within and foregoing Non-Exclusive Pipeline Easement Agreement was signed on behalf of Huntington Cleveland Irrigation Company by actual authority.



[Signature]
Notary Public

My commission expires: 7-9-2016

Exhibit "A"
Description of Grantor's Land

County Parcel No. U3-0058-0005 [PacifiCorp Parcel No UTEM-0036]

Township 17 South, Range 9 East, SLB&M

Section 9: S/N 9-300-55 (232) #9534 XREF 5132 N/4 NE/4, ALSO BEG SW COR: E 1120 FT; N0°51'49"W 855.62 FT TO CENTER OF N DITCH; N61°09'57"W 135.9 FT; N60°21'14"W 101.96 FT; N76°30'09"W 111.74 FT ALONG DITCH; S7°15'28" W 185.56 FT; S89°50'57"W 800 FT M/L TO SEC LINE; S0°54'55"W 809.8 FT TO BEG. (63.37 ACRES)

County Parcel No. U3-0065-0022 [PacifiCorp Parcel No UTEM-0036]

Township 17 South, Range 9 East, SLB&M

Section 16: S/N 9-300-55 (232) #6408 XREF 5132 N/2 NE/4, S., ALSO BEG NW COR, NW/4 NW/4; E 1120 FT; S 289.58 FT; E 200 FT; S 370.42 FT; W 1320 FT; N 660 FT TO BEG. (100.91 ACRES)

Exhibit "B"

**Description of Easement
Page 1 of 2**

County Parcel No. U3-0058-0005 [PacifiCorp Parcel No UTEM-0036]

Township 17 South, Range 9 East, SLB&M

Section 9: Beginning from a point on the South line of the GRANTOR's property, said point lying East 15 feet, more or less, from the Southwest corner of said GRANTOR's property; running thence North 77 feet, more or less, to the a point in the GRANTOR's property said point lying North 77 feet, more or less, and East 15 feet, more or less from the Southwest corner of said GRANTOR's property.

County Parcel No. U3-0065-0022 [PacifiCorp Parcel No UTEM-0036]

Township 17 South, Range 9 East, SLB&M

Section 16: Beginning from a point on the North line of the GRANTOR's property, said point lying East 15 feet, more or less, from the Northwest corner of said GRANTOR's property; running thence Southeasterly 741 feet, more or less, to the South line of the GRANTOR's property said point lying East 340 feet, more or less from the Southwest corner of said GRANTOR's property.

Exhibit "B"
Description of Easement
Page 2 of 2

