



825 NE Multnomah, Suite 2000
Portland, Oregon 97232

March 28, 2014

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

Public Utility Commission of Oregon
3930 Fairview Industrial Dr. S.E.
Salem, OR 97302-1166

Attn: Filing Center

**RE: UI ___—Affiliated Interest Application Requesting Approval of an Affiliated
Interest Agreement with BNSF Railway Company**

PacifiCorp d/b/a Pacific Power submits for filing its Application Requesting Approval of an Affiliated Interest Agreement with BNSF Railway Company. An original and three copies will be provided by overnight delivery.

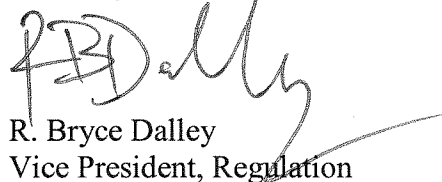
PacifiCorp respectfully requests that all data requests regarding this matter be addressed to:

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 questions concerning this filing may be directed to Gary Tawwater, Regulatory Affairs Manager, at (503) 813-6805.

Sincerely,



R. Bryce Dalley
Vice President, Regulation

Enclosures

**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 Affiliated
Interest Agreement with BNSF Railway
Company.

APPLICATION OF PACIFICORP

1 Under the provisions of ORS 757.495(1) and in accordance with OAR 860-027-0040,
2 PacifiCorp d/b/a Pacific Power (PacifiCorp or Company) requests approval from the Public
3 Utility Commission of Oregon (Commission) for the coal transportation agreement entered
4 into by and between BNSF Railway Company (BNSF) and PacifiCorp. A copy of the BNSF
5 Railway Company Common Carrier Pricing Authority 90068 Attachment A—Coal Unit
6 Train Commitment Certificate Number BNSF 90068-0072 (Agreement), effective January 1,
7 2014, is included with this Application as Attachment A. The Company respectfully requests
8 that the Commission approve the Agreement as an affiliated interest agreement and allow
9 PacifiCorp to purchase services in accordance with the Agreement.

10 **I. Background**

11 PacifiCorp is a wholly owned, indirect subsidiary of MidAmerican Energy Holdings
12 Company (MEHC). MEHC is a subsidiary of Berkshire Hathaway, Inc. (Berkshire
13 Hathaway). BNSF is also a subsidiary of Berkshire Hathaway. “Affiliated interest,” as
14 defined in ORS 757.015(3), includes every corporation five percent or more of whose voting
15 securities are owned by any corporation or person owning five percent of the voting
16 securities of a public utility or in any successive chain of ownership of a public utility.
17 Therefore, Berkshire Hathaway’s ownership interest in BNSF creates an affiliated interest for

1 PacifiCorp through Berkshire Hathaway’s ownership interest in MEHC and MEHC’s
2 ownership interest in the Company.

3 BNSF provides rail transportation services for coal sourced from three different
4 regions of mines located in the Wyoming Power River Basin to PacifiCorp’s Dave Johnston
5 Steam Plant (Dave Johnston) near Glenrock, Wyoming. With this Application, the Company
6 requests Commission authorization to engage in business transactions with BNSF under the
7 terms and conditions of the Agreement.

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

9 **A. Address**

10 The Company’s name and address of its principal business office are:

11 PacifiCorp
12 825 NE Multnomah Street
13 Portland, OR 97232

14 **B. Communications and Notices**

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

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

Michelle R. Mishoe
Senior Counsel
Pacific Power
825 NE Multnomah Street, Suite 1800
Portland, OR 97232
Tel. (503) 813-5977
michelle.mishoe@pacificorp.com

23 In addition, PacifiCorp respectfully requests that all data requests regarding this
24 matter be addressed to:

25 By e-mail (**preferred**)

datarequest@pacificorp.com

26 By regular mail

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

1 Informal inquiries may be directed to Gary Tawwater, Regulatory Affairs Manager,
2 at (503) 813-6805.

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

4 PacifiCorp is a wholly-owned, indirect subsidiary of MEHC. MEHC is a subsidiary
5 of Berkshire Hathaway. BNSF is also a subsidiary of Berkshire Hathaway. Therefore,
6 BNSF is an “affiliated interest” of the Company as set forth in ORS 757.015(3).

7 **D. Voting Securities**

8 The Company and BNSF do not own voting securities in each other.

9 **E. Common Officers and Directors**

10 The Company and BNSF do not share any officers or directors.

11 **F. Pecuniary Interest**

12 No officer or director of either the Company or BNSF is a party to or has a pecuniary
13 interest in the contemplated business transactions between the Company and BNSF.

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

16 Through the Agreement, BNSF provides rail transportation services for coal sourced
17 from three different regions of mines located in the Wyoming Powder River Basin to the
18 Dave Johnston coal-fired-generating plant (Dave Johnston plant). Under the Agreement,
19 BNSF will transport a minimum of three million tons of coal per year to the Dave Johnston
20 plant. Each year PacifiCorp will determine and nominate a fixed tonnage volume of coal for
21 the Dave Johnston plant’s consumption requirements. Additionally, PacifiCorp will provide
22 a monthly schedule to BNSF for the monthly coal volumes to be delivered. PacifiCorp will
23 retain the responsibility of unloading the unit coal train deliveries at the Dave Johnston plant.

1 PacifiCorp owns and operates many generation facilities, some of them fueled by
2 coal. Coal-fired generation facilities may be located near mine heads or may be located far
3 away from a coal source. In situations where coal must travel a great distance to reach the
4 generation plant, such as from the Wyoming Powder River Basin to the Dave Johnston plant,
5 railroad transportation service is less expensive than other potential transportation sources
6 such as transporting coal in 38-ton haul trucks. Rail service providers can be likened to
7 electric utilities in that they usually serve exclusive service territories with rates governed by
8 the Surface Transportation Board (STB). The Dave Johnston plant is captive to the BNSF
9 railroad meaning that the BNSF is the only railroad company that can provide coal
10 transportation services to Dave Johnston.

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

12 PacifiCorp anticipates spending up to \$23 million each year for coal transportation
13 services from BNSF.

14 **I. Reasons Relied Upon for Procuring the Proposed Services, and Benefits** 15 **to the Public**

16 As explained in Section II.G. above, PacifiCorp relies on BNSF to transport large
17 quantities of fuel for some of its steam generation plants. This particular Agreement allows
18 for the transportation of coal from three regions in Wyoming to the Dave Johnston plant in an
19 economical manner. The Agreement serves the public interest by ensuring PacifiCorp
20 obtains fuel supplies for its coal-fired baseload generation plants at rates overseen by the
21 STB.

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

23 BNSF is the designated rail transportation provider to the Dave Johnston plant.

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

2 BNSF transportation rates are overseen by the STB.

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

4 A copy of the BNSF Railway Company Common Carrier Pricing Authority 90068
5 Attachment A—Coal Unit Train Commitment Certificate Number BNSF 90068-0072 is
6 included with this Application as Attachment A.

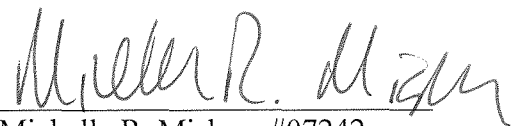
7 **M. Copy of Board Resolutions**

8 The Agreement with BNSF did not require a resolution from PacifiCorp’s Board of
9 Directors.

10 WHEREFORE, for the reasons set forth above, PacifiCorp respectfully requests that
11 the Commission issue an order authorizing PacifiCorp to conduct business with BNSF
12 Railway Company, under the provisions of ORS 757.495 and OAR 860-027-0040.

13 DATED: March 28, 2014.

Respectfully submitted,



Michelle R. Mishoe, #07242
Senior Counsel
Pacific Power

ATTACHMENT A

Coal Transportation Agreement