



825 NE Multnomah, Suite 2000
Portland, Oregon 97232

March 20, 2018

VIA ELECTRONIC FILING

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

Attn: Filing Center

RE: UI ___/UPN___—PacifiCorp's Application for Approval

PacifiCorp d/b/a Pacific Power encloses for filing its Application for Approval of an Affiliated Interest Transaction with Bridger Coal Company and Notice of Property Disposition for the Sale of an Ash Analyzer.

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, Suite 2000
Portland, OR 97232

Please direct any informal questions concerning this filing to me at (503) 813-6583.

Sincerely,

A handwritten signature in black ink, appearing to read "Natasha Siores".

Natasha Siores
Manager, Regulatory Affairs

Enclosures

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UI ____/UPN ____

In the Matter of

PACIFICORP d/b/a PACIFIC POWER

Application for Approval of an Affiliated
Interest Transaction with Bridger Coal Company
and Notice of Property Disposition for the Sale
of an Ash Analyzer.

**PACIFICORP'S APPLICATION
FOR APPROVAL**

Under ORS 757.495 and in accordance with OAR 860-027-0040, PacifiCorp d/b/a Pacific Power seeks approval from the Public Utility Commission of Oregon (Commission) of an affiliate transaction in which PacifiCorp will transfer to its affiliate Bridger Coal Company (BCC) certain coal analyzing equipment (Thermo-Fisher Elemental Cross-belt Analyzer) owned by PacifiCorp and previously used at the Deer Creek mine operated by Energy West Mining Company (Energy West). Because BCC is an affiliate, PacifiCorp seeks approval of the transfer as an affiliated interest transaction.

Under ORS 757.480(2), PacifiCorp also provides notice of the disposition of property necessary or useful in the provision of utility service.

PacifiCorp notes that this transaction may qualify for a waiver of the OAR 860-027-0040 filing requirements based on the dollar amount of the transaction. OAR 860-027-0043 allows for the waiver of the rules governing affiliate interest transactions upon petition by a utility and approval by the Commission for transactions valued at less than 0.1 percent of the utility's Oregon operating revenues for the previous calendar year.

I. BACKGROUND

BCC is the primary supplier of coal to the Jim Bridger generating plant located in southwest Wyoming. The Jim Bridger Power Plant is designed to burn coal within specific parameters to maximize generation output. Coal outside of these parameters may cause the plant to be de-rated and reduce generation output. In an effort to maximize quality of coal deliveries, samples are currently taken and analyzed via a Thermo-Fisher CQM Analyzer as coal exits the mine to determine quality characteristics before shipment to the power plant. The data from these samples provides the flexibility to blend varying qualities of coal to improve overall quality delivered to the plant. In addition, BCC operates a Scantech Coal Scan over-the-belt coal analyzer (SCS analyzer) at the underground mine. Currently, the SCS analyzer is not reliable and cannot be recalibrated accurately due to operational constraints. The SCS analyzer is failing to provide accuracy for the Jim Bridger plant blending requirements, leaving shipments from the mine to the Jim Bridger plant vulnerable to being reduced and/or potentially de-rating generation at the plant. To improve coal quality analysis for blending purposes, BCC purchased the idled Thermo-Fisher Elemental Cross-belt Analyzer (ECA) from PacifiCorp's Deer Creek mine in Utah that meets the specification requirements for the project and results in substantial cost savings versus the purchase of a new unit. The ECA accurately measures the coal quality of all underground mine coal, including coal shipped directly to the plant, blended coal with the surface mine, and coal stockpiled for later blending purposes.

PacifiCorp holds a 66.67 percent interest in BCC through its direct, wholly-owned subsidiary Pacific Minerals, Inc. (a subsidiary of Idaho Power Company holds the remainder). "Affiliated interest," as defined in ORS 757.015(3), includes every corporation

five percent or more of whose voting securities are owned by any corporation or person owning five percent of the voting securities of a public utility or in any successive chain of ownership of a public utility. Therefore, PacifiCorp's ownership interest in BCC via Pacific Minerals, Inc. creates an affiliated interest relationship between PacifiCorp and BCC.

The transaction closed on January 30, 2018. A copy of the Bill of Sale is included with this Application as Attachment A. The Commission approved Idaho Power's application for approval of the transaction in docket UP 357 in Order No. 18-018, entered January 18, 2018.

II. COMPLIANCE WITH OAR 860-027-0040 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. Communications and Notices

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

Jeffery B. Erb
Chief Corporate Counsel
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 information 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 inquires may also be directed to Natasha Siores at (503) 813-6583.

C. Relationship between PacifiCorp and Affiliated Interest

As noted above, PacifiCorp holds a 66.67 percent interest in BCC through its direct, wholly-owned subsidiary Pacific Minerals, Inc. Therefore, BCC is an “affiliated interest” of PacifiCorp as set forth in ORS 757.015(3).

D. Voting Securities

Pacific Minerals, Inc. is a direct, wholly-owned subsidiary of PacifiCorp. Pacific Minerals, Inc., holds a 66.67 percent interest in BCC.

E. Common Officers and Directors

Cindy Crane is President and CEO of Rocky Mountain Power, an unincorporated division of PacifiCorp, and is President of Pacific Minerals, Inc. Nikki Kobliha is Vice President and Treasurer of PacifiCorp and Pacific Minerals, Inc. Jeffery B. Erb is Secretary of PacifiCorp and Pacific Minerals, Inc.

F. Pecuniary Interest

No officer or director of PacifiCorp or BCC is a party to, or has a pecuniary interest in, the contemplated business transaction between PacifiCorp and BCC.

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

The ECA will be located immediately downstream from the truck dump station #2 stockpile, which is approximately six miles upstream from the CQM analyzer located at the surface mine discussed previously. The ECA will measure the coal quality of all

underground mine coal. This includes coal shipped directly to the plant, blended coal with the surface mine, and coal stockpiled for later blending purposes. The addition of the ECA will accurately determine the quality of the underground mine coal. The SCS analyzer currently in use at the underground mine does not provide the same level of accuracy for plant blending requirements.

The transfer of the ECA is supported by both joint owners of BCC. Two appraisals were obtained by BCC to determine the fair market value of the ECA. Appraisals were performed by recognized and highly regarded engineering/consulting firms in the mining and geology industry. The average of the two appraisals, \$29,850, was used as the transaction price.¹

H. Estimate of Amount PacifiCorp will Pay or Collect Annually

BCC agreed to pay PacifiCorp a one-time payment of \$29,850 for the Thermo-Fisher Elemental Cross-belt Analyzer.

I. Reasons Relied Upon for Providing the Proposed Services, and Benefits to the Public

Transacting with BCC is in the public interest. The transfer will not have a negative effect on PacifiCorp's ability to serve its customers or otherwise affect the public. The ECA has been idle since the Deer Creek mine ceased operations in 2015, and does not have a likely re-use potential within PacifiCorp. This piece of equipment was slated to be disposed of through a public auction at some future date. Amounts received at a previous auction of other Deer Creek mine equipment were equivalent to scrap value, which is generally less than market value. PacifiCorp, its customers, and the public will benefit from the improved

¹ The transfer of the ECA is subject to a six percent Wyoming sales tax that will be paid by BCC.

coal quality analysis and improved flexibility to blend varying qualities of coal to improve the overall quality delivered to the Jim Bridger Plant. Purchasing the used ECA provides significant savings over purchasing new equipment. Additionally, PacifiCorp will be able to more efficiently and effectively manage its fuel costs.

J. Description of the Procurement Process

See Section II.G above.

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

The payment received by PacifiCorp is at market, as outlined above.

L. Contract between Affiliated Interest and PacifiCorp

See Attachment A for a copy of the Bill of Sale.

M. Copy of Board Resolutions

This transaction did not require approval from PacifiCorp's Board of Directors.

III. PRAYER FOR RELIEF

PacifiCorp respectfully requests a Commission order (1) finding that the sale of the Thermo-Fisher Elemental Cross-belt Analyzer is consistent with the public interest; and (2) approving the Bill of Sale as an affiliated interest agreement.

Respectfully submitted this 20th day of March, 2018,

By: 

Jeffery B. Erb, #95259
Chief Corporate Counsel
PacifiCorp

ATTACHMENT A

Bill of Sale

Check one of the following

- Donation
- Employee Sale
- Outside Sale

PACIFICORP
dba Rocky Mountain Power/Pacific Power

Date 09/20/2017

Control No: BS17- 0017

BILL OF SALE AND DISCLAIMER

In consideration of removal from property Rocky Mountain Power/Pacific Power, the undersigned, herein referred to as Seller/Donor, hereby sells/donates To BRIDGER COAL COMPANY the following material:

Description of Material Sold	Stock or Serial No.	Qty	Unit Price	Total Amount
2013 Thermo Scientific Model FCA Cross Belt Sampler	SN 861063	1	\$ 29,850	\$ 29,850

DISCLAIMER OF WARRANTIES: Buyer/Donor acknowledges that it is buying/accepting the material "AS IS", AND WITH ALL FAULTS. SELLER/DONOR MAKES NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING ANY WARRANTIES OF MERCHANTABILITY OR FITNESS, EXCEPT THAT SELLER/DONOR WARRANTIES THAT IT HAS TITLE TO THE MATERIAL AND/OR HAS THE RIGHT TO SELL/DONATE IT AND THAT IT IS FREE FROM ALL LIENS OR ENCUMBRANCES.

INSPECTION/REPRESENTATIONS: Buyer/Donor acknowledges that it has thoroughly inspected the material and that it is buying/accepting the material solely in reliance upon such inspection, and not in reliance upon any express, implied, or prospective warranties or representations by Seller/Donor. Seller/Donor makes no representation that any lift equipment, either as an assembled package in any form or as individual pieces, is appropriate for use of integration with any particular vehicle chassis or equipment.

IDEMNITY: Buyer/Donor agrees to defend, protect, indemnify, and hold harmless Seller/Donor, its directors, officers, employees, agents, and their representatives against and from any and all loss, claims, actions, or suits, including cost and attorney's fees, both at trial and on appeal, for or on account of any economic or personal injury or death to any persons, or any damage to or destruction of any property belonging to Seller/Donor or others, resulting from arising out of, or in any way connected with the design, manufacture, condition, maintenance, use, or operation of the materials sold/donated hereunder, excepting only such injury or harm as may be caused solely by the gross negligence of Seller/Donor, its directors, officers, employees, or agents.

LIMITATION OF LIABILITY: SELLER/DONOR SHALL NOT BE LIABLE FOR ANY CONSEQUENTIAL DAMAGES WHATEVER, INCLUDING WITHOUT LIMITATION, LOSS OF USE, LOST PROFITS, OR LIABILITY TO THIRD PARTIES, AND WHETHER SUCH LIABILITY ARISES OUT OF TORT (INCLUDING NEGLIGENCE), WARRANTY, CONTRACT, OR STRICT LIABILITY. BRIDGER COAL COMPANY DOES HEREBY UNDERSTAND AND AGREE TO THE ABOVE DISCLAIMERS, LIMITATIONS, AND INDEMNITY PROVISIONS.

BRIDGER COAL COMPANY
Agreed and Noted by Buyer/Donor

By: M. Williams

PACIFICORP
(Seller/Donor)

By: [Signature]
Employee Name

Dated 1/30/18
Employee No. 36699

Date Material Received 1/26/2018

SAP ACCOUNT DISTRIBUTION		
<i>Check one of the following</i>		PROVIDE COST CENTER #
<i>ALSO work order # if applicable</i>		
<input type="checkbox"/> Salvage Sale: Computer/Furniture/Other	g/l 516390, Order	Sub Total \$ 29,850.00
<input checked="" type="checkbox"/> Salvage Sale: Distribution Equip	g/l 516390, Order	Sales Tax Exempt \$ 0
<input type="checkbox"/> Sale of Capital Item (if greater than \$500 at time of purchase)		TOTAL \$ 29,850.00
COST CENTER # _____	ORDER # _____	

Send signed Bill of Sale & check to:
Internal Mail: CCO, ATTN: SAP, 1033 Bldg.

External Mail: PacifiCorp, Attn: Central Cashiers/SAP
P.O. Box 5504, Portland OR 97228-5504