

March 26, 2019

***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

PacifiCorp d/b/a Pacific Power encloses for filing with the Public Utility Commission of Oregon (Commission) its Application for Approval of an Amended Lease Agreement with STC Five, LLC.


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

By email (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 Jason Hoffman at (503) 331-4474.

Sincerely,


Etta Lockey
Vice President, Regulation

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 Sprint.

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 Fifth Amended Lease Agreement (Amended Agreement) between PacifiCorp and STC Five, LLC (STC), a Delaware limited liability company, for continued lease of certain defined transmission substation real property located in Salt Lake County, Utah.

The original lessee for this property was Sprint Spectrum L.P., a Delaware limited liability partnership. STC is the current lessee as successor in interest to the Original Lessee. Since June 2006, PacifiCorp has leased to STC a small portion of the PacifiCorp property for the operation of certain communication equipment and facilities, including an antenna support structure, used in the connection with its business operations. In support of this Application, PacifiCorp states the following:

I. BACKGROUND

PacifiCorp owns transmission property located at 5292 South 2700 West, Taylorsville, Utah, which is associated with its Taylorsville Substation. PacifiCorp and Sprint Spectrum L.P. (Sprint) entered into a Premises Lease Agreement (Lease Agreement) dated June 19, 2001, involving 35,211 square feet or 0.81 of an acre “ground space” portion

of PacifiCorp's transmission substation property (Company Property) and an access road for ingress and egress. The Lease Agreement had an initial term of five years from the commencement date of June 19, 2001, and expired June 18, 2006. The second amendment to the Lease Agreement with STC, the successive lessee, provided four additional five-year terms, extending the Lease Agreement term to June, 2026. The original Lease Agreement would be amended several times to increase rent or allow for additional equipment be installed on the Company Property. STC approached PacifiCorp to request an amendment to the Lease Agreement that would allow STC the option to extend the lease for eight additional five-year renewal terms. With the additional renewal terms the lease would expire in June 2066. STC has leased the Company Property since 2006 without incident.

The value of the proposed Amended Agreement over its initial five-year term, commencing June 18, 2026, is approximately **[Begin Confidential]** \$ **[REDACTED]** **[End Confidential]** plus an additional one-time payment in the amount of **[Begin Confidential]** \$ **[REDACTED]** **[End Confidential]** payable within 60 days of the full execution of the Amended Agreement. The Company Property proposed is classified as transmission property and is system-allocated. The value of the Amended Agreement to Oregon will be approximately **[Begin Confidential]** \$ **[REDACTED]** **[End Confidential]** over the initial five-year extension 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 contains terms and

conditions resulting from negotiations between the parties, the disclosure of which could erode PacifiCorp's bargaining power in the future.

Confidential Attachment B is a draft copy of the Amended Agreement between PacifiCorp and STC, which is intended to be executed by the parties as soon as possible but with closing subject to Commission approval of the transaction. It is expected that the terms of the draft Amended Agreement will not change in substance, although minor edits may be included.

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:

Robert Betcone Jr.
Senior Attorney
825 NE Multnomah Street, Suite 1800
Portland, OR 97232
Telephone: 503.813.5620
Email: bob.betconejr@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 email (**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 Jason Hoffman at (503) 331-4474.

D. Principal officers

NAME	TITLE
William H. Fehrman	Chairman of the Board & Chief Executive Officer of PacifiCorp
Stefan Bird	President & Chief Executive Officer, Pacific Power
Gary W. Hooegeveen	President & Chief Executive Officer, Rocky Mountain 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 Sprint Spectrum LLC entered into a Lease Agreement in June 2001 involving property owned and associated with PacifiCorp's Taylorsville Substation, a transmission substation located in Taylorsville, Utah. STC, the successive lessee, approached PacifiCorp to request an amendment to the Lease Agreement that would allow STC the option to extend the lease for eight five-year renewal terms.

STC has leased the Company Property since June 2006 without incident. The value of the proposed Amended Agreement is based on the base rate amount of the original Lease Agreement with an increase in rent and the allowance of additional equipment on the Company Property. PacifiCorp will collect approximately **[Begin Confidential]** \$ [REDACTED] **[End Confidential]** 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 Transmission Substation in Taylorsville, Utah. STC intends to use the Company Property for the operation of certain communication equipment and facilities used in the connection with its business operations and add a carrier to the existing pole. This use will not interfere with PacifiCorp's operation and maintenance of service. PacifiCorp has leased the Company Property to STC since June 2006 without incident.

Continuing to lease the Company Property to STC 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 \$60,371.

K. Required filings with other state or federal regulatory bodies

This transaction does not require approvals from the Utah Public Service Commission or any other state or federal regulatory bodies.

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 STC does not contain PacifiCorp substation facilities or assets, and PacifiCorp maintains access to its substation facilities. Additionally, STC’s use will not interfere with PacifiCorp’s ability to operate and maintain the Taylorsville Transmission Substation.

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.

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).

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.

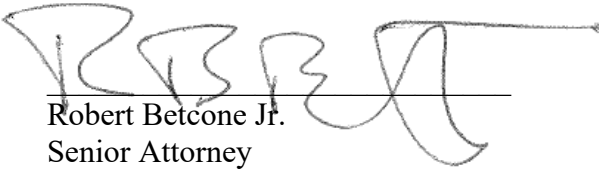
K. Exhibit K. Copy of each supporting schedule showing the benefits, if any, which each applicant relies upon to support the facts required by (1)(l) of this rule and reasons as required by (1)(m)

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 Amended 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.

Respectfully submitted this 26th day of March 2019,

By: 
Robert Betcone Jr.
Senior Attorney
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**