

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 its Application for Approval of an Amended Lease Agreement with New Cingular Wireless PCS, LLC d/b/a AT&T.

Confidential information in this application is provided in accordance with OAR 860-001-0070.


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

By email (preferred): [datarequest@pacificorp.com](mailto:datarequest@pacificorp.com)

By regular mail: Data Request Response Center  
PacifiCorp  
825 NE Multnomah Street, Suite 2000  
Portland, OR, 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 Sixth  
Amended Lease Agreement with New Cingular  
Wireless PCS, LLC.

**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 Sixth Amended Lease Agreement (Amended Agreement) between PacifiCorp and New Cingular Wireless PCS, LLC, dba AT&T, for AT&T's continued lease of certain defined distribution substation real property located in Salt Lake County, Utah. The property proposed to be leased under the Amended Agreement is Utah situs distribution and not included in Oregon rates. PacifiCorp files this Application in accordance with Order No. 14-254, following the Commission's directive to interpret ORS 757.480 as applying to the total value of an asset disposition rather than the Oregon-allocated value.

AT&T provides wireless telecommunications services and, since January 1, 2001, PacifiCorp has leased to AT&T a small portion of the PacifiCorp property for the operation of certain communication equipment and facilities, including an antenna support structure, used in connection with its business operations. In support of this Application, PacifiCorp states the following:

## I. BACKGROUND

PacifiCorp owns distribution property located at 800 N. University Ave, Provo, Utah, which is associated with its Hale Substation. PacifiCorp and AT&T entered into a Lease Agreement (Lease Agreement) dated August 31, 2000, involving 1,600 square feet or .037 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 has an initial term of 25 years from the commencement date of January 1, 2001, and expires December 31, 2025. AT&T approached PacifiCorp to request an amendment to the Lease Agreement that would allow AT&T the option to extend the lease for one additional 15-year renewal term and four, five-year renewal terms. With the additional renewal terms the lease would expire in December 2060. AT&T has leased the Company Property since 2001 without incident.

The value of the proposed Amended Agreement over its initial five-year term, commencing January 1, 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 to be leased to AT&T is classified as Utah situs distribution, meaning the Oregon allocation is zero percent and thus not included in Oregon rates. 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 copy of the executed Amended Agreement between PacifiCorp and AT&T, with closing subject to Commission approval of the transaction.

## **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](mailto:bob.betconejr@pacificorp.com)

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

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

By e-mail (**preferred**)

[datarequest@pacificorp.com](mailto: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. Hoogeveen	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 AT&T entered into a Lease Agreement in January 2001 involving property owned and associated with PacifiCorp's Hale Substation, a distribution substation located in Provo, Utah. AT&T approached PacifiCorp to request an amendment to the Lease Agreement that would allow AT&T the option to extend the lease for one fifteen-year term and four, five-year renewal terms.

AT&T has leased the Company Property since January 2001 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. PacifiCorp will collect approximately **[Begin Confidential]** \$ [REDACTED] **[End Confidential]** over the initial fifteen-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 Hale Substation in Provo, Utah. AT&T intends to use the Company Property for the operation of certain communication equipment and facilities used in the connection with its business operations. This use will not interfere with PacifiCorp's operation and maintenance of service. PacifiCorp has leased the Company Property to AT&T since January 2001 without incident.

Continuing to lease the Company Property to AT&T 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 36010 (distribution lands) is \$99.

**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.<sup>1</sup>

The proposed transaction will not harm customers. The portion of the Company Property occupied by AT&T does not contain PacifiCorp substation facilities or assets, and PacifiCorp maintains access to its substation facilities. Additionally, AT&T's use will not interfere with PacifiCorp's ability to operate and maintain the Hale 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.

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<sup>1</sup> 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).

**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 Distribution Lands (FERC Account 4540000 Rents from electric property) 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.

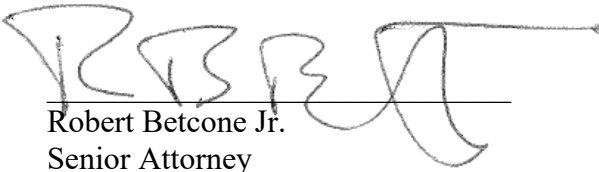
**K. Exhibit K—Copy of each supporting schedule showing the benefits, if any, which each applicant relies upon to support the facts required by (1)(l) of this rule and reasons as required by (1)(m)**

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 26<sup>th</sup> 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**