



825 NE Multnomah, Suite 2000
Portland, Oregon 97232

January 18, 2007

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

Oregon Public Utility Commission
550 Capitol Street NE, Suite 215
Salem, OR 97301-2551

Attention: Vikie Bailey-Goggins
Administrator, Regulatory Operations

Re: Docket No. UI-____
In the Matter of the Application of PACIFICORP Requesting Approval to
Continue Purchasing Gas Transportation Service from Kern River Gas
Transmission Company

PacifiCorp hereby submits for electronic filing an Application for Approval to Continue Purchasing Gas Transportation Service from Kern River Gas Transmission Company. A signed original letter, application and five (5) copies will be provided via overnight delivery.

It is respectfully requested that all formal correspondence and Staff requests regarding this material be addressed to:

By E-Mail (preferred): datarequest@pacificorp.com

By regular mail: Data Request Response Center
PacifiCorp
825 NE Multnomah, Suite 2000
Portland, Oregon, 97232

By fax: (503) 813-6060

Informal questions should be directed to Laura Beane at (503)-813-5542.

Sincerely,

Andrea L. Kelly
Vice President, Regulation

Enclosure

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UI _____

In the Matter of the Application of)	APPLICATION OF
PACIFICORP Requesting Approval to)	PACIFICORP
Continue Purchasing Gas Transportation)	
Service From Kern River Gas)	
Transmission Company)	

Pursuant to ORS 757.495 and OAR 860-027-0040, PacifiCorp requests approval from the Public Utility Commission of Oregon (the "Commission") of (1) a Transportation Services Agreement dated July 16, 2002, between PacifiCorp and Kern River Gas Transmission Company ("Kern")("Contract #3017") and (2) an Interruptible Back-haul Transportation Services Agreement dated July 19, 2002, between PacifiCorp and Kern ("Contract #6017") (collectively, the "Agreements"). The Agreements are attached hereto as Exhibits A and B. Kern and PacifiCorp are both subsidiaries of MidAmerican Energy Holdings Company ("MEHC") and therefore PacifiCorp's relationship with Kern establishes an "affiliated interest," as defined in ORS 757.015(3). Under OAR 860-027-0040(3)(b) the type of services provided pursuant to a filed and approved Federal Energy Regulatory Commission ("FERC") rate schedule would generally not require Commission approval; however, PacifiCorp and MEHC agreed to a different affiliate transaction standard as part of PacifiCorp's acquisition by MEHC. In Commission Order No. 06-121 granting approval of the acquisition of PacifiCorp by MEHC, the Commission adopted Commitment No. O3 which provides as follows:

MEHC and PacifiCorp commit that they will interpret Oregon Revised Statutes Sections 757.015 and 757.495 to require Commission approval of any contract between PacifiCorp and (i) any affiliate of MEHC or (ii) any affiliate of Berkshire Hathaway. This shall include the IASA. MEHC and PacifiCorp intend that by obtaining Commission approval of the IASA, PacifiCorp will avoid the need to seek individual

approval of affiliate transactions which are subject to that agreement. The IASA is expected to address the provision of electric service to affiliates of MEHC or Berkshire Hathaway under tariff approved by state or federal authorities.

Therefore, PacifiCorp is making this affiliate application consistent with Oregon Commitment O3. Because these Agreements existed prior to MEHC's acquisition of PacifiCorp, PacifiCorp respectfully requests that the Commission approve these as affiliated interest transactions and allow PacifiCorp to continue purchasing transportation service pursuant to these Agreements.

I. Background

Kern is a general partnership, which is a wholly-owned subsidiary of MEHC. Kern is a natural gas pipeline company which owns and operates the Kern River pipeline system, which is a vital artery transporting natural gas to California, Nevada and Utah. Pursuant to the terms of the Agreements, PacifiCorp is authorized to use natural gas transportation service on Kern's natural gas transmission system.

With this Application, PacifiCorp requests Commission authorization to continue to engage in business transactions with Kern as described herein.

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

A. Address

The applicant's exact name and address 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:

Laura Beane
Manager, Regulation
PacifiCorp
825 NE Multnomah Street, Suite 2000
Portland, OR 97232
Tel. (503) 813-5542

Natalie L. Hocken
Vice President and General Counsel
PacifiCorp
825 NE Multnomah Street, Suite 1800
Portland, OR 97232
Tel. (503) 813-7205

Fax (503) 813-6060
laura.beane@pacificorp.com

Fax (503) 813-7252
natalie.hocken@pacificorp.com

In addition, 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

By facsimile

(503) 813-6060

Informal inquires may also be directed to Laura Beane, Manager, Regulation at (503) 813-5542.

C. Relationship Between PacifiCorp and Kern River Gas Transmission Company

PacifiCorp and Kern are both indirect, wholly-owned subsidiaries of MEHC.

Accordingly, Kern is an “affiliated interest” of PacifiCorp as defined in ORS 757.015(3).

D. Voting Securities

PacifiCorp and Kern do not own voting stock in each other.

E. Common Officers and Directors

PacifiCorp and Kern do not share any common officers. Gregory E. Abel, Douglas L. Anderson and Patrick J. Goodman serve as executive committee members of Kern and directors of PacifiCorp.

F. Pecuniary Interest

No officer or director of either Kern or PacifiCorp is a party to or has a pecuniary interest in the contemplated business transactions between Kern and PacifiCorp.

G. Description of Goods and Services Provided

Under the terms of Contract #3017, PacifiCorp is authorized to use natural gas transportation service on Kern's natural gas transmission system. Under the terms of Contract #6017, PacifiCorp purchases natural gas back-haul transportation service from Kern with a maximum volume of up to 60,000 Dth per day. The Agreements are subject to the provisions of Kern's Rate Schedule KRI-1 and the General Transportation Terms and Conditions applicable thereto and on file with FERC. Copies of the Agreements are attached to this Application as Exhibits A and B. Kern's Rate Schedule KRI-1 currently effective rates are attached to this Application as Exhibit C.

H. Estimate of Amount PacifiCorp will Pay Annually for Services

Under the terms of Contract #3017, PacifiCorp pays Kern a charge as set forth in Kern's Rate Schedule KRI-1, attached hereto as Exhibit C. Under the terms of Contract #6017, PacifiCorp pays Kern a discounted rate of \$0.12 per Dth actually transported for the entire term of the agreement for interruptible back-haul transportation from the Goshen receipt point to the West Valley delivery point on Kern's system, exclusive of surcharges.

PacifiCorp estimates its annual charges for services pursuant to the Agreements are \$600,000. PacifiCorp records all charges related to the Agreements to FERC Account 547, Fuel – Other Power Generation.

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

To transport natural gas to its West Valley facility, PacifiCorp procures the natural gas transportation service from Kern. The service procured under the Agreements is the least cost option available to PacifiCorp, which benefits PacifiCorp's customers. This transportation

service helps assure that the West Valley facility is not rendered unavailable for generating power to serve load due to a lack of transportation service.

J. Description of the Procurement Process and Why No Competitive Bid Was Utilized

Natural gas transportation service is a federally regulated product offered pursuant to terms and conditions approved by FERC. Procurement of transportation service is not conducive to a competitive bidding process. However, alternatives to this transportation service were considered, but found to be more expensive, less reliable, and/or less flexible.

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

As described above, this transportation service is offered pursuant to the terms and conditions of Kern's FERC Gas Tariff and Kern's Rate Schedule KRI-1. Kern provides services under Contract #3017 at a rate set forth in Kern's Rate Schedule KRI-1, attached hereto as Exhibit C. Kern provides services under Contract #6017 at a discounted tariff rate as described above.

L. Agreements Between Kern and PacifiCorp

The executed Agreements are attached as Exhibits A and B to this Application.

M. Copy of Board Resolutions

Authorization to do business with Kern does not require approval of PacifiCorp's Board of Directors.

WHEREFORE, for the reasons set forth above, PacifiCorp respectfully requests that the Commission issue an order authorizing PacifiCorp to continue to do business with Kern River Gas Transmission Company pursuant to the provisions of ORS 757.495, OAR 860-027-0040 and Order No. 06-121.

DATED: January 18, 2007

Respectfully submitted,

/s/ Natalie L. Hocken p. r.

Natalie L. Hocken
Vice President and General Counsel
PacifiCorp
825 N.E. Multnomah St., Suite 1800
Portland OR 97232
Tel.: (503) 813-7205
Fax: (503) 813-7252
email: natalie.hocken@pacificorp.com

EXHIBIT A
TRANSPORTATION SERVICES AGREEMENT

CONTRACT #3017

LETTER AGREEMENT

PACIFICORP
825 NE Multnomah Street
Suite 600
Portland, OR 97232

Attention: Heather Sixkiller

RE: Transportation Services Agreement – Contract # 3017

PACIFICORP (“Shipper”) and KERN RIVER GAS TRANSMISSION COMPANY (“Transporter”) have entered into the above-referenced Transportation Service Agreement (“Agreement”) which authorizes Shipper to use natural gas transportation service on Transporter’s natural gas transmission system.

Transporter and Shipper acknowledge that back-haul transportation* service will be provided in accordance with the terms and conditions of the Agreement and Transporter’s FERC Gas Tariff.

In order for the Rapids II System to process back-haul nominations without adding a fuel usage charge, Transporter has assigned a second contract number to the Agreement (“back-haul contract number”) to be used exclusively for back-haul nominations. This will allow Shipper to easily calculate the fuel gross-up required.

For purposes of back-haul transportation from Goshen (014010) to West Valley (024019) only, the back-haul contract number is 6017.

By signing below, Shipper acknowledges that this Letter Agreement does not change or alter the terms and conditions of the Agreement and that no new or additional rights are created by establishing the second contract number.

Sincerely,



Lynn Dahlberg
Manager Marketing & Customer Services

Agreed to this 16th day of July 2002.

PACIFICORP

By: John A Apperson

Name: John A Apperson

Title: Director, Energy Trading

ORIGINAL

*Back-haul transportation is any transportation that is not flowing in the same direction as gas flowing from Opal to the terminus of the system.

Exhibit A

EXHIBIT B
WEST VALLEY CITY BACKHAUL

CONTRACT #6017



295 Chipeta Way
P.O. Box 682000
Salt Lake City, UT 84158-2000

July 19, 2002

Sent Via Facsimile – (503) 813-6260

Ms. Heather Sixkiller
Pacifcorp
825 NE Mulanomah Street
Suite 600
Portland, OR 97232

Subject: Kern River Back-haul Interruptible Service

Dear Heather:

This letter agreement is for interruptible back-haul transportation from the Goshen receipt point to the West Valley delivery point on Kern River Gas Transmission's ("Kern River") system. The term, rate and other specifics are outlined below:

West Valley City backhaul contract #6017:

Volume	Maximum volume of up to 60,000 dth/day
Path	Goshen receipt point to West Valley City delivery point.
Term	July 19, 2002 – October 31, 2002
Evergreen	Day to Day, 24-hour written termination notice by either party
Rate	\$0.12, exclusive of surcharges

The above rate does not include lost and unaccounted for fuel costs and the ACA surcharges outlined in Kern River's Tariff. The authorized discount rate is conditioned upon the receipt/delivery points being available.

Heather Sixkiller 7-19-02
PACIFICORP Date

[Signature]
Kern River Date

Exhibit B

EXHIBIT C

SCHEDULE

KRI-1



Services Home | KernRiverGas.com | Conta

Informational Postings Customer Activities Customer Information

>> L

[Table of Contents](#) | [Download/Entire Tariff](#) | [Sheet Ind](#)

[<Prev](#) [Next>](#)

TF0306 0160003P126Sixteenth Revised Sheet No. 6
 TF04 Fifteenth Revised Sheet No. 6
 TF05John Smith, Vice President
 TF06081106 100106
 TF07

STATEMENT OF RATES 1/
 RATE SCHEDULE KRI-1
 INTERRUPTIBLE SERVICE
 (RATES PER DTH)

	Base Tariff Rate	ACA Surcharge	Rate After Surcharges
2/	-----	-----	-----
Interruptible Transportation Rate:			
Maximum	\$ 0.7025	\$ 0.0016	\$ 0.7041
Minimum	\$ 0.0038	\$ 0.0016	\$ 0.0054

1/ All costs included in rates are transmission costs. Kern River provides no storage or gathering services.

2/ Transportation rates set forth herein are exclusive of fuel used and lost and unaccounted-for gas, which all Shippers must furnish in-kind each Day by applying a fuel reimbursement factor to Receipt Point nominations, pursuant to Section 12 of the General Terms and Conditions.

In addition, quantities of Gas scheduled for delivery downstream of the Daggett compressor station on an interruptible basis are subject to an

Exhibit C

electric compressor fuel surcharge of \$0.0008/Dth.

[<Prev](#) [Next>](#)

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Exhibit C