



Pacific Power
Rocky Mountain Power
PacifiCorp Transmission

October 5, 2015



California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Utah Public Service Commission
Heber M. Wells Building, 4th Floor
160 East 300 South
Salt Lake City, UT 84111

Idaho Public Utilities Commission
472 W. Washington
Boise, ID 83702

Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive S.W.
P.O. Box 47250
Olympia, WA 98504-7250

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

Public Service Commission of Wyoming
2515 Warren Avenue, Suite 300
Cheyenne, WY 82002

**RE: PacifiCorp—Idaho Power Asset Exchange Update
Docket No. 14-035-150**

In December 2014, PacifiCorp¹ and Idaho Power Company filed applications with each of their state commissions and Federal Energy Regulatory Commission (FERC) for approval of an exchange of certain transmission assets. PacifiCorp and Idaho Power are pleased to notify the commissions that they have now obtained necessary approvals, with the docket numbers and the approval dates shown below.

FERC—Docket Nos. EC15-54-000, ER15-683-000, ER15-686-000, ER15-680-000, and ER15-681-000—June 17, 2015

California—Application (A.)14-12-022—August 27, 2015

Idaho—Case Nos. PAC-E-14-11 and IPC-E-14-41—June 5, 2015

Oregon—Docket No. UP 315—June 9, 2015

Utah—Docket No. 14-035-150—Notice; No commission approval required

Washington—Docket UE-144136—September 24, 2015

Wyoming—Docket Nos. 20000-465-EA-14 and 20005-35-EA-14—August 7, 2015

PacifiCorp and Idaho Power plan to close the transaction on October 30, 2015. This will allow the companies to begin operating under the new agreements by November 4, 2015.

¹ PacifiCorp does business in California, Oregon, and Washington as Pacific Power and in Idaho, Utah, and Wyoming as Rocky Mountain Power.

Within 60 days after closing, there will be a net book value true-up and the companies will provide final accounting entries to FERC and the Oregon, Washington, and Wyoming state commissions as required by the approval orders. PacifiCorp and Idaho Power recently became aware of guidance issued by the Internal Revenue Service (IRS) relating to §1031 tax-deferred like-kind exchange transactions (§1031 Exchange). The IRS advised utility taxpayers who are parties to a §1031 Exchange to remove the tax-depreciation-related accumulated deferred income tax liability (ADIT) associated with the exchanged assets from rate base to avoid non-compliance with existing IRS normalization requirements. PacifiCorp, Idaho Power, and their respective external auditors and tax advisors agree that the final accounting for the associated transmission asset exchange will require entries to comply with the new IRS guidance. The expected practical effect of the entries will be an increase of rate base resulting from the removal of ADIT related to the exchanged assets, and no change to the calculation of the income tax provision for regulatory or financial accounting purposes. These anticipated entries will be reflected in the final accounting entries associated with the transaction, and will be filed with FERC and certain state commissions as required in the final orders approving the transaction.

For questions regarding this matter, please contact Bryce Dalley at Pacific Power, Jeff Larsen at Rocky Mountain Power, or Tim Tatum at Idaho Power. Our contact information is shown below.

Sincerely,

R. Bryce Dalley
Vice President, Regulation
Pacific Power
503-813-6389

Jeffrey K. Larsen
Vice President, Regulation
Rocky Mountain Power
801-220-4097

Tim Tatum
General Manager,
Regulatory Affairs
Idaho Power Company
208-388-5515