



*R. Jeff Richards
Vice President and General Counsel
201 S. Main Street, Suite 2400
Salt Lake City, UT 84111
801-220-4734 Office
801-220-4058 Fax
jeff.richards@pacificorp.com*

July 17, 2015

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

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

Re: PacifiCorp Notice of Affiliate Transaction
Docket No. 05-035-54

Dear Mr. Widerburg:

Pursuant to Commitment U3(2), incorporated in the Public Service Commission of Utah's *Report and Order* approving the *Acquisition of PacifiCorp by MidAmerican Energy Holdings Company* (now known as Berkshire Hathaway Energy Company or BHE), issued January 27, 2006, as amended March 14, 2006, and June 5, 2006, Rocky Mountain Power d.b.a. PacifiCorp hereby provides written notice of an affiliate interest transaction with Bridger Coal Company (BCC) for the sale of certain mining longwall section equipment (the Joy Longwall).¹

BCC is a joint venture. PacifiCorp, through its direct wholly-owned subsidiary, Pacific Minerals, Inc., owns a 66.67 percent interest in BCC. The remaining 33.33 percent interest in BCC is owned by Idaho Power Company, an unaffiliated corporation. BCC operates the Bridger Coal Mine (Bridger Mine) in southwest Wyoming. The Bridger Mine is the primary supplier of coal to the Jim Bridger generating plant (Plant).

Historically, the Joy Longwall was used to extract coal at PacifiCorp's Deer Creek Mine in Utah. With the closure of the Deer Creek Mine, the Joy Longwall is no longer needed at that location.

To extract coal at the Bridger Mine, BCC currently uses longwall equipment originally manufactured by DBT America, Inc. (the DBT Longwall). The DBT Longwall was initially selected by BCC based on pre-operational feasibility evaluations. Those evaluations indicated that the DBT Longwall would have a cutting height well-suited for the projected coal seam thickness. However, the actual coal seam thickness in many mined areas has been less than projections. Accordingly, relatively higher amounts of rock (also known as ash) are extracted by the DBT Longwall. This higher ash content decreases the efficiency of mined coal. To maintain

¹ "Joy" refers to the original equipment manufacturer for this equipment, Joy Global, Inc.

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the coal quality necessary to maximize boiler combustion efficiency, coal extracted from the Bridger Mine is often blended with coal obtained from other sources.

The available Joy Longwall meets the operating requirements for the Bridger Mine. Accordingly, PacifiCorp and BCC have agreed to a *Sale and Purchase Agreement for Joy Longwall and Support Equipment* (Agreement). A copy of the Agreement is included with this notice as Attachment A. The Agreement has the support of both joint owners of BCC.

Pursuant to the Agreement, PacifiCorp will convey title to the Joy Longwall to BCC in exchange for a purchase price of \$13.3 million (rounded). The purchase price was determined to be fair market value based on three independent appraisal reports. PacifiCorp will also incur additional expenses for refurbishing the Joy Longwall and shipping it to BCC. These expenses are estimated to \$4.6 million, and will be reimbursed by BCC at cost (in addition to the purchase price). PacifiCorp will also convey title to certain additional coal mining support equipment (including material haulage equipment, feeder breakers and high voltage electric cable; hereinafter collectively referred to as the Support Equipment). The purchase price for the Support Equipment is \$1.2 million (rounded), plus reimbursement of PacifiCorp's shipping costs. This amount was determined based on an average of informal appraisals.² BCC will also pay applicable sales taxes incurred with regard to the Agreement.

The Agreement is in the public interest. The cutting height of the Joy Longwall is better suited to the coal seam thickness at the Bridger Mine, and will reduce the ash content of coal supplied to the Plant. PacifiCorp, its customers and the public will benefit from the extraction of coal with reduced ash content, which will better meet the operational needs of the Plant. The Plant will be able to produce the same number of megawatt hours with less fuel and will avoid certain logistics costs associated with handling, staging and blending the higher ash coal. PacifiCorp will therefore be able to more efficiently and effectively manage fuel costs at the Plant. The Agreement will also allow BCC to avoid a costly refurbishment of DBT Longwall at this time.

Please do not hesitate to contact me if you have any questions.

Best Regards,



R. Jeff Richards
Vice President and General Counsel
PacifiCorp

Enclosures

cc: Chris Parker, DPU
Michele Beck, OCS

² PacifiCorp received informal valuations from five vendors. Not all vendors supplied valuations for all components of the Support Equipment. PacifiCorp averaged the supplied values where applicable to determine fair market value.