

January 21, 2015

***VIA ELECTRONIC FILING
AND HAND DELIVERY***

Utah Public Service Commission
Heber M. Wells Building, 4th Floor
160 East 300 South
Salt Lake City, Utah 84114

Re: Notice of Acquisition of Electrical Systems and Related Assets from Eagle Mountain City, Utah

Pursuant to Utah Administrative Code R746-401-3, an electric utility is required to file a notice with the Commission in advance of acquisitions that exceed certain dollar levels and involve specified transmission line or generation thresholds. Although not technically required to do so by that regulation, because the matter described herein does not exceed those regulated thresholds, PacifiCorp, doing business as Rocky Mountain Power (“Rocky Mountain Power” or “Company”), hereby provides this report (the “Report”) to the Utah Public Service Commission concerning the Company’s acquisition of certain electrical utility systems and facilities, easements, fleet inventory and equipment, and related real property used by Eagle Mountain City, Utah (the “City”) to provide retail electric service to customers located within the City’s municipal boundaries as a courtesy to the Commissioners.

Rocky Mountain Power is a division of PacifiCorp. PacifiCorp is an Oregon corporation that provides electric service to retail customers through its Rocky Mountain Power division in the states of Wyoming, Utah and Idaho. The Company is a regulated utility that serves approximately 840,000 customers and has approximately 2,400 employees in Utah. Rocky Mountain Power is authorized by the Utah Public Service Commission to generate, transmit and distribute electric energy to customers throughout Utah, including within the municipal boundaries of the City.

Currently, the City provides retail electric service to customers located within Eagle Mountain’s municipal boundaries (the “City Customers”). To provide this service, the City owns certain electrical systems and facilities, easements, fleet inventory and equipment, and real property (the “City Assets”). Recently, the City determined that it is in the City’s best interests to have Rocky Mountain Power provide retail electric service to the City’s Customers in lieu of the City providing those services. Rocky Mountain Power also believes that it is in the Company’s interests to purchase the City Assets and to provide electric service to the City Customers. On August 19, 2014, the City Council voted to accept the bid for the City Assets from Rocky Mountain Power. On November 4, 2014, the City held a public referendum that resulted in the approval of the sale by the residents of the City as required by Utah Code Ann. § 10-7-15.

The City now desires to sell the City Assets to Rocky Mountain Power, and Rocky Mountain Power desires to purchase the City Assets and to provide retail electric service to the City's Customers under terms negotiated between the City and Rocky Mountain Power. Specifically, the City and Rocky Mountain Power have negotiated a Purchase and Transfer Agreement (the "Agreement") pursuant to which, when executed and when certain conditions to closing have been fulfilled, Rocky Mountain Power would acquire the City Assets for \$21,000,000 (the "Purchase Price") and begin providing retail electric services to the City's Customers. Rocky Mountain Power's obligation to purchase the City Assets is subject to various conditions precedent that must be completed prior to closing. These conditions include, but are not limited to, that Rocky Mountain Power will have obtained all necessary permits, approvals and other consents, as well as any internal corporate, organizational, or other approvals pertaining to the transactions contemplated by the Agreement.

Under the Agreement, and subject to the satisfaction of all conditions precedent, closing of the purchase is scheduled to occur on or before February 24, 2015, or such other date as may be mutually agreed upon by the parties, but may be extended for up to 30 days upon written notice if a party has not received the approvals required by the Agreement and all conditions precedent identified in the agreement have been satisfied. Nevertheless, closing shall occur no later than June 1, 2015 unless otherwise mutually agreed upon by the parties.


Acquisition of the City Assets by Rocky Mountain Power will not conflict with or adversely affect Rocky Mountain Power's ability to provide electric utility service to its other customers in Utah. Nor will the acquisition otherwise impair Rocky Mountain Power's business. Moreover, the acquisition will not conflict with or adversely affect the operations of any existing certificated public utility that supplies electric power or other services and will not constitute an extension into the territory certificated to any existing public utility which supplies the same service to the City Customers. In fact, presently, the City is providing electric utility service to the City's Customers and, under the Agreement, Rocky Mountain Power would assume that responsibility.

Rocky Mountain Power has adequate assets necessary to fulfill its obligations under the Agreement, including purchasing the City Assets, and will not be financing any portion of the acquisition. The \$21,000,000 cost of the Eagle Mountain electric assets comprises about 2.1% of PacifiCorp's system-wide total 2015 capital budget. There should be no impact to credit ratings, bond ratings or ability to obtain capital because of this transaction based on the comparatively small amount of this acquisition in relation to PacifiCorp's system-wide annual capital needs.

Finally, Rocky Mountain Power will charge Eagle Mountain customers the same rates it charges all other similar Utah customers. We anticipate no immediate negative impacts on current Rocky Mountain Power customers' rates. In Rocky Mountain Power's next rate case the cost and revenue associated with the acquired assets and customers will be rolled into the Rocky Mountain Power's revenue requirement with only a de minimus impact.

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Sincerely,

A handwritten signature in blue ink, appearing to read "R. Jeff Richards". The signature is stylized and cursive.

R. Jeff Richards
Vice President and General Counsel
Rocky Mountain Power

