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June 21, 2011

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

Julie P. Orchard  
Commission Secretary  
Public Service Commission of Utah  
Heber M. Wells Building, 4<sup>th</sup> Floor  
160 East 300 South  
Salt Lake City, Utah 84111

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

Dear Ms. Orchard:

This letter will serve as notice pursuant to Commitment U3(1) and U3(2), incorporated in the Public Service Commission of Utah's *Report and Order* approving the *Acquisition of PacifiCorp by MidAmerican Energy Holdings Company*, issued January 27, 2006, as amended March 14, 2006, and June 5, 2006, of PacifiCorp's intent to form an affiliate, Fossil Rock Fuels, LLC, a Delaware limited liability company ("Fossil Rock") for the purpose of transacting business with PacifiCorp's regulated operation and document an affiliate transaction by virtue of an Operating Agreement that will be entered into by and between PacifiCorp and Fossil Rock in the near future. A copy of the draft Operating Agreement is included as Attachment A. Rocky Mountain Power requests confidential treatment of Attachment A, and is filing it under seal.

Fossil Rock will be formed as a wholly-owned direct subsidiary of PacifiCorp. Therefore, PacifiCorp's ownership interest in Fossil Rock may create an affiliated interest in certain PacifiCorp jurisdictions.

PacifiCorp intends to make a capital contribution to Fossil Rock in the amount of \$20,020,000. Fossil Rock will use the contribution to acquire two leases related to the Cottonwood coal mine. PacifiCorp received the right to mine the coal minerals in the Cottonwood mine as part of a settlement of litigation PacifiCorp brought against Arch Coal Sales Company (Arch Coal) pertaining to the coal supply agreement Arch Coal has with PacifiCorp. Fossil Rock is scheduled to accept transfer of the coal leases for the purchase price payment of \$20,020,000 and assumption of remaining lease payments in the amount of \$5 million. This purchase price is equivalent to Arch Coal's original bid and obligations for these coal leases when Arch Coal acquired them from the Utah State Institutional Trust Lands Administration (SITLA). The coal lease tracts are adjacent to the Company's existing, but inactive, Trail Mountain Mine federal coal leases. These reserves will be used to supply coal to PacifiCorp coal fired generation plants.

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Purchase of the Cottonwood mine leases is in the public interest to ensure the Company has access to quality fuel supplies necessary for the operation of its generation plants. The creation of a regulated subsidiary to administer these contracts is also in the public interest, as it benefits the Company and its customers since the coal mine is located adjacent to the Company's existing Trail Mountain mine. PacifiCorp is forming Fossil Rock as a regulated subsidiary solely for the purpose of administering the Cottonwood mine leases. Fossil Rock's business activities will be consolidated into PacifiCorp's results of operations for reporting purposes.

Please do not hesitate to contact me at the above number or Dave Taylor at (801) 220-2923 if you have any questions regarding this filing.

Very Truly,

A handwritten signature in blue ink that reads "Mark C. Moench". The signature is written in a cursive style with a long horizontal flourish at the end.

Mark C. Moench  
Senior Vice President and General Counsel  
PacifiCorp

cc: DPU  
OCS