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April 15, 2016

***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 84114

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* (MEHC), issued January 27, 2006, as amended March 14, 2006, and June 5, 2006, Rocky Mountain Power d.b.a. PacifiCorp hereby provides notice of an affiliated interest transaction with Ferron Canal & Reservoir Company ("FCRC") for a Share Assessment Agreement which will provide financial protection to PacifiCorp and will allow PacifiCorp to represent itself as a member of the FCRC Board of Trustees. A verified copy of the Share Assessment Agreement ("Agreement") is included with this Notice as Attachment A.

FCRC is a non-profit mutual irrigation company, which is a privately owned water stock company. PacifiCorp holds approximately 37% of the outstanding water stock in FCRC. FCRC holds water rights in the Ferron Creek drainage, of which PacifiCorp, by virtue of its share ownership, is entitled to a proportionate amount of FCRC's water right entitlements. FCRC manages the water rights on behalf of PacifiCorp and the other shareholders in the company.

While irrigation companies typically use "ownership by shares" exclusively to allocate and grant water rights (and as such, they are not typical equity interests in the entity), this ownership interest could be deemed to create an affiliate interest in some PacifiCorp jurisdictions. Rocky Mountain Power hereby submits this filing out of an abundance of caution.

PacifiCorp pays annual assessment fees to FCRC to help cover its operating and maintenance costs, as well as other costs pertinent to conducting its business, in exchange for receiving access to water used by PacifiCorp's Hunter generating facility, located in Emery County, Utah. PacifiCorp also contracts additional water from FCRC, which is made available to the Hunter generating facility through a long-term agreement between FCRC and PacifiCorp.

PacifiCorp, as an industrial water user, has historically been assessed equal rates by FCRC to those of its agricultural water users. However over the past six years, FCRC has steadily increased PacifiCorp's share assessment rate from an equal rate to a rate five times that of the agricultural rate. Under the Utah Share Assessment Act, FCRC's Board of Trustees sets the value of the share assessments for its water users, which are divided into different classes much like electric utilities. On February 11, 2016, the FCRC Board of Trustees passed a resolution formalizing the restructuring of its share assessments by establishing assessment rates based on the classification of water use (e.g., industrial, agriculture). This resolution establishes a share assessment ratio for industrial class shares of 5:1 as compared to agricultural class shares, which effectively represents a rate increase to PacifiCorp. As an industrial user, PacifiCorp will pay a 5:1 ratio to the share assessment for agricultural users.

PacifiCorp proposes to enter into the Agreement, which will limit FCRC's future ability to increase PacifiCorp's assessment rate beyond a 5:1 ratio as compared to the agricultural assessment rate. The Agreement will also provide industrial user representation on FCRC's Board of Trustees by creating a position for PacifiCorp on the Board. The Agreement has a term of 10 years. Entering into the Agreement is in the public interest because it will protect PacifiCorp from increased share assessment rates and will allow PacifiCorp to have representation on the FCRC Board of Trustees, which will help to ensure that PacifiCorp is able to meet its obligation to provide safe and reliable electric service.

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

Best Regards,

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
PacifiCorp

Enclosures

cc: Chris Parker, DPU
Michele Beck, OCS