



*R. Jeff Richards
Vice President and General Counsel
1407 W. North Temple, Suite 320
Salt Lake City, UT 84116
801-220-4734 Office
jeff.richards@pacificorp.com*

January 19, 2018

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* ("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 affiliate interest transaction with Bridger Coal Company ("BCC"). The proposed transaction is a transfer of certain coal analyzing equipment (Thermo-Fisher Elemental Cross-belt Analyzer) by PacifiCorp to BCC. BCC is a joint venture owned 66.67 percent by PacifiCorp through its direct wholly-owned subsidiary Pacific Minerals, Inc., and Idaho Power Company, which owns the remaining 33.33 percent.

BACKGROUND AND PROPOSED TRANSFER

BCC is the primary supplier of coal to the Jim Bridger generating plant located in southwest Wyoming. The Jim Bridger Power Plant is designed to burn coal within specific parameters to maximize generation output. Coal outside of these parameters may cause the plant to be de-rated and reduce generation output. In an effort to maximize quality of coal deliveries, samples are currently taken and analyzed via a Thermo-Fisher CQM Analyzer as coal exits the mine to determine quality characteristics prior to shipment to the power plant. The data from these samples provides the flexibility to blend varying qualities of coal to improve overall quality delivered to the plant.

A project to further improve coal quality analysis for blending purposes is being developed which involves the purchase of the idled Thermo-Fisher Elemental Cross-belt Analyzer (ECA) from PacifiCorp's Deer Creek mine in Utah that meets the specification requirements for the project and will result in a substantial cost savings to the project versus purchase of a new unit. Additional savings will be achieved by reducing coal handling costs. The ECA will be located immediately downstream from the underground mine shipping location that is approximately six miles upstream from the CQM analyzer discussed above. The ECA will measure the coal quality of all underground mine coal. This includes coal shipped directly to the plant, blended coal with the surface mine and coal stockpiled for later blending purposes. The addition of the ECA will accurately determine the quality of the underground mine coal. The existing coal analyzer does not provide the accuracy for plant blending requirements.

Utah Public Service Commission
Notice of Affiliate Transaction
January 19, 2018

The Deer Creek mine ceased operations in 2015. The ECA is therefore no longer needed at the Deer Creek mine.

PacifiCorp requests to transfer the ECA to BCC so that BCC may use the analyzer at the BCC mine.

The proposed transfer of the ECA is priced at market value and supported by both joint owners of BCC. Two appraisals were obtained by BCC to determine the fair market value of the ECA. Appraisals were performed by recognized and highly regarded engineering/consulting firms in the mining and geology industry. The average of the two appraisals, \$29,850, was used as the transaction price.¹

A copy of the Bill of Sale and Disclaimer Agreement (“Agreement”) between PacifiCorp and BCC for the ECA is included as Attachment A.

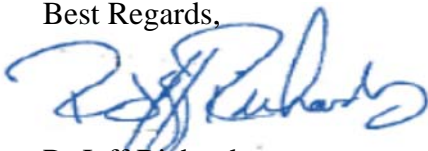
AFFILIATE STATUS AND NOTICE

BCC is a joint venture owned 66.67 percent by PacifiCorp through its direct, wholly-owned subsidiary Pacific Minerals, Inc., and 33.33 percent by Idaho Power Company. Therefore, PacifiCorp’s ownership interest in BCC via Pacific Minerals, Inc. creates an affiliated interest relationship between the Company and BCC in some PacifiCorp jurisdictions.

Transacting with BCC is in the public interest. The transfer will not have a negative effect on PacifiCorp’s ability to serve its customers or otherwise affect the public. The ECA has been idled since the Deer Creek mine ceased operations in 2015 with no likely reuse potential within PacifiCorp. This item was slated to be disposed through a public auction at some future date. Amounts received at a previous auction of other Deer Creek mine equipment were equivalent to scrap value, which is generally less than the market value. PacifiCorp, its customers, and the public will benefit from the improved coal quality analysis and improved flexibility to blend varying qualities of coal to improve the overall quality delivered to the Jim Bridger Plant. Purchasing the used ECA provides significant savings over purchasing new equipment. Additionally, PacifiCorp will be able to more efficiently and effectively manage its fuel costs.

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

¹ The transfer of the ECA is subject to a six percent Wyoming sales tax that will be paid by BCC.

ATTACHMENT A

Check one of the following

- Donation
- Employee Sale
- Outside Sale

PACIFICORP
dba Rocky Mountain Power/Pacific Power

Date 09/20/2017

Control No: BS17- 0017

BILL OF SALE AND DISCLAIMER

In consideration of removal from property Rocky Mountain Power/Pacific Power, the undersigned, herein referred to as Seller/Donor, hereby sells/donates To BRIDGER COAL COMPANY the following material:

Description of Material Sold	Stock or Serial No.	Qty	Unit Price	Total Amount
2013 Thermo Scientific Model ECA Cross Belt Sampler	SN 861063	1	\$ 29,850	\$ 29,850

DISCLAIMER OF WARRANTIES: Buyer/Donee acknowledges that it is buying/accepting the material "AS IS", AND WITH ALL FAULTS. SELLER/DONOR MAKES NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING ANY WARRANTIES OF MERCHANTABILITY OR FITNESS, EXCEPT THAT SELLER/DONOR WARRANTS THAT IT HAS TITLE TO THE MATERIAL AND/OR HAS THE RIGHT TO SELL/DONATE IT AND THAT IT IS FREE FROM ALL LIENS OR ENCUMBRANCES.

INSPECTION/REPRESENTATIONS: Buyer/Donee acknowledges that it has thoroughly inspected the material and that it is buying/accepting the material solely in reliance upon such inspection, and not in reliance upon any express, implied, or prospective warranties or representations by Seller/Donor. Seller/Donor makes no representation that any lift equipment, either as an assembled package in any form or as individual pieces, is appropriate for use of integration with any particular vehicle chassis or equipment.

IDEMNITY: Buyer/Donee agrees to defend, protect, indemnify, and hold harmless Seller/Donor, its directors, officers, employees, agents, and their representatives against and from any and all loss, claims, actions, or suits, including cost and attorney's fees, both at trial and on appeal, for or on account of any economic or personal injury or death to any persons, or any damage to or destruction of any property belonging to Seller/Donor or others, resulting from arising out of, or in any way connected with the design, manufacture, condition, maintenance, use, or operation of the materials sold/donated hereunder, excepting only such injury or harm as may be caused solely by the gross negligence of Seller/Donor, its directors, officers, employees, or agents.

LIMITATION OF LIABILITY: SELLER/DONOR SHALL NOT BE LIABLE FOR ANY CONSEQUENTIAL DAMAGES WHATEVER, INCLUDING WITHOUT LIMITATION, LOSS OF USE, LOST PROFITS, OR LIABILITY TO THIRD PARTIES, AND WHETHER SUCH LIABILITY ARISES OUT OF TORT (INCLUDING NEGLIGENCE), WARRANTY, CONTRACT, OR STRICT LIABILITY. **BRIDGER COAL COMPANY DOES HEREBY UNDERSTAND AND AGREE TO THE ABOVE DISCLAIMERS, LIMITATIONS, AND INDEMNITY PROVISIONS.**

BRIDGER COAL COMPANY
Agreed and Noted by Buyer/Donee

By: _____

PACIFICORP
(Seller/Donor)

By _____
Employee Name

Dated _____
Employee No.

Date Material Received _____

SAP ACCOUNT DISTRIBUTION			
<i>Check one of the following</i>		<u>PROVIDE COST CENTER #</u>	
<i>ALSO work order # if applicable</i>			
<input type="checkbox"/> Salvage Sale: Computer/Furniture/Other	g/1 516390, Order	Sub Total	\$ 29,850.00
<input checked="" type="checkbox"/> Salvage Sale: Distribution Equip	g/1 516390, Order	Sales Tax Exempt	\$ 0
<input type="checkbox"/> Sale of Capital Item (if greater than \$500 at time of purchase)		TOTAL	\$ 29,850.00
COST CENTER # _____	ORDER # _____		

Send signed Bill of Sale & check to:

Internal Mail: CCO, ATTN: SAP, 1033 Bldg.

External Mail: PacifiCorp, Attn: Central Cashiers/SAP
P.O. Box 5504, Portland OR 97228-5504

CERTIFICATE OF SERVICE

Docket No. 05-035-54


I hereby certify that on January 19, 2018, a true and correct copy of the foregoing was served by electronic mail to the following:

Utah Office of Consumer Services

Michele Beck mbeck@utah.gov

Division of Public Utilities

Chris Parker chrisparker@utah.gov



Katie Savarin
Coordinator, Regulatory Operations