



**ROCKY MOUNTAIN
POWER**
A DIVISION OF PACIFICORP

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IDAHO PUBLIC
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Mark C. Moench
Senior Vice President and General Counsel
201 S. Main Street, Suite 2400
Salt Lake City, UT 84111
801-220-4459 Office
801-220-4058 Fax
mark.moench@pacificorp.com

June 21, 2011

VIA OVERNIGHT DELIVERY

Idaho Public Utilities Commission
472 West Washington
Boise, ID 83702-5983

Attention: Jean D. Jewell
Commission Secretary

Re: PacifiCorp Notice of Subsidiary Formation and Affiliate Transaction
Case No. PAC-E-05-8

Dear Ms. Jewell:

This letter will serve as notice pursuant to Commitment I 17(1) and 17(2), incorporated in the Idaho Public Utilities Commission Order No. 29973 issued February 13, 2006, as supplemented by Order No. 29998 March 14, 2006, in the above-referenced proceeding, approving the acquisition 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 Ted Weston at (801) 220-2963 if you have any questions regarding this filing.

Very Truly,



Mark C. Moench
Senior Vice President and General Counsel
PacifiCorp