

August 14, 2014

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

Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive S.W.
P.O. Box 47250
Olympia, WA 98504-7250

Attn: Steven V. King
Executive Director and Secretary

RE: Docket No. UE-143095—Affiliated Interest Filing—PacifiCorp and Wells Fargo Bank, N.A. – REPLACEMENT FILING

Dear Mr. King:

Under the provisions of RCW 80.16.020 and in accordance with WAC 480-100-245, Pacific Power & Light Company, a division of PacifiCorp, provides notice of an affiliate interest transaction between Wells Fargo Bank, N.A. (Wells Fargo) and the Company for natural gas hedging products. A copy of the International Swap Dealers Association Master Agreement, as amended by the First Amendment to ISDA Master Agreement, the Amendment Adopting, Incorporating and Amending the ISDA August 2012 Dodd-Frank (DF) Supplement and the Amendment Adopting, Incorporating and Amending the ISDA March 2013 DF Supplement is included with this Notice as Confidential Attachment A. Throughout this Notice, the Company will refer to the Master Agreement and Amendments collectively as the “ISDA.” The Company provides the ISDA as confidential in accordance with WAC 480-07-160. PacifiCorp is required under the ISDA to maintain the confidentiality of the entire agreement. Additionally, the Agreement contains commercially-sensitive terms and conditions, the disclosure of which could erode the Company’s bargaining power in the future.

PacifiCorp is a wholly-owned indirect subsidiary of Berkshire Hathaway Energy Company (BHE). BHE is a subsidiary of Berkshire Hathaway, Inc. Warren E. Buffet (an individual who may be deemed to control Berkshire Hathaway), Berkshire Hathaway, various subsidiaries of Berkshire Hathaway and various employee benefit plans of Berkshire Hathaway subsidiaries together held in excess of a 5 percent interest in Wells Fargo & Company common stock. Wells Fargo Bank, N.A. is a subsidiary of Wells Fargo & Company. RCW 80.16.020 includes in its definition of “affiliated interest,” “every corporation five percent or more of whose voting securities are owned by any person or corporation owning five percent or more of the voting securities of such public service company or by any person or corporation in any such chain of successive ownership of five percent or more of voting securities.” Therefore, Berkshire Hathaway’s ownership interest in Wells Fargo & Company creates an affiliated interest.

Wells Fargo is a publicly-traded company with diverse operations, including, among other things, offering natural gas hedging products and other financial instruments. PacifiCorp entered into the ISDA with Wells Fargo in 2004, prior to the existence of an affiliate relationship. Additionally, the Company has been reporting transactions under the ISDA in the annual affiliate interest transaction report since 2009. To ensure the appropriate transparency into the Company's transactions with affiliates and to ensure consistent treatment of affiliate contracts, PacifiCorp now provides notice of the ISDA with the Commission.

The ISDA is master agreement under which the Company and Wells Fargo enter into commodity derivative transactions with each other. In the recent past, PacifiCorp has entered into natural gas financial hedge transactions with Wells Fargo under the ISDA. The First Amendment to ISDA Master Agreement was an ordinary course revision, amending the threshold amounts for collateral posting requirements for such transactions. The Amendment Adopting, Incorporating and Amending the ISDA August 2012 DF Supplement and the Amendment Adopting, Incorporating and Amending the ISDA March 2013 DF Supplement added certain compliance-related representations and obligations of the parties relating to regulations promulgated by the Commodity Futures Trading Commission under the federal Dodd Frank Act of 2010.

The ISDA itself is a master trading enabling agreement that does not, standing alone, represent an exchange of cash flows, goods or services; rather, individual transactions are entered into under the master trading enabling agreement umbrella of the ISDA. This allows the parties to integrate the multiple individual transactions of their entire swap trading relationship into a single agreement, so that in the event of a business failure of the counterparty, the agreement would be required to be assumed or rejected in whole under the Bankruptcy Code. This prevents the counterparty from choosing to perform only the transactions that are profitable to it, while rejecting those transactions that are not profitable to it. By unifying and allowing netting and setoff across the entire swap trading business relationship, the ISDA is an important and useful risk mitigation tool.

As noted above, in the recent past, PacifiCorp has used the ISDA to enter into natural gas commodity swaps with Wells Fargo to hedge/mitigate against potential significant increases in natural gas prices. Wells Fargo is just one of many counterparties with whom PacifiCorp, like the many other utilities similarly-situated, can transact in financial hedging products. Before transacting with Wells Fargo under the ISDA, the Company first seeks bids and otherwise reviews the applicable markets and available counterparties to determine the desirability of the proposed transaction with Wells Fargo. This review includes confirming that potential counterparties are approved from a credit standpoint. Once the parties agree to a transaction, a Confirmation is executed under the ISDA; the Confirmation sets forth the terms and prices of the transaction. Individual transactions are competitively priced.

The number of annual transactions under the ISDA varies. Under the ISDA, PacifiCorp to date has entered into transactions with Wells Fargo within short time frames. Filing notices of each individual transaction under the ISDA would be cumbersome and inefficient. The natural gas and energy markets in which the Company transacts and would seek hedges through individual transactions with Wells Fargo generally move on a minute-by-minute basis. A requirement for

advance notice of an individual transaction would effectively be a prohibition on further transactions with Wells Fargo, since the market will have moved away from the available price by the time approval is sought or obtained. Additionally, filing notice of individual transactions may result in lost opportunities for customers because a counterparty that would otherwise be available for hedging the Company's risks would be unavailable. To ensure adequate Commission review, the Company will continue to report these transactions in its annual affiliate interest report.

The amount the Company will spend annually for transactions under the ISDA varies, depending upon the terms of the individual transactions entered into under the ISDA. Depending on the structure of a transaction and the performance of the hedge, PacifiCorp could either be paying Wells Fargo, or Wells Fargo could be paying PacifiCorp.

The use of the ISDA represents a valuable risk management tool for the Company to use in managing natural gas purchases for generation plants. Hedges enable the Company to predict and budget the costs of those operations that it hedges. Without hedging, it is speculating on those prices, with revenues and budgets varying based on those prices as opposed to the performance of the company and its assets. For PacifiCorp, natural gas hedging means that its customers have less exposure to the volatility of natural gas market price changes. Financial hedging products such as those offered by Wells Fargo allow a utility to hedge against and mitigate price volatility in the natural gas market.

Also included with this filing is a notarized verification from Michelle R. Mishoe, Senior Counsel, PacifiCorp, regarding the ISDA.

Please contact Natasha Siores at (503) 813-6583 if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "R Bryce Dalley" with "MCS" written in smaller letters to the right.

R. Bryce Dalley
Vice President, Regulation

Enclosures

WASHINGTON AFFILIATED INTEREST FILING

CONFIDENTIAL PER WAC 480-07-160

ATTACHMENT A

ISDA

**ATTACHMENT A IS CONFIDENTIAL AND
WILL BE PROVIDED IN ACCORDANCE
WITH WAC 480-07-160**

WASHINGTON AFFILIATED INTEREST FILING

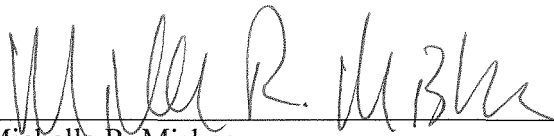
VERIFICATION

VERIFICATION

I, Michelle R. Mishoe, am Senior Counsel for PacifiCorp and am authorized to make this verification on its behalf. Based on my personal knowledge about the attached International Swap Dealers Association Master Agreement, as amended by the First Amendment to ISDA Master Agreement, the Amendment Adopting, Incorporating and Amending the ISDA August 2012 Dodd-Frank (DF) Supplement and the Amendment Adopting, Incorporating and Amending the ISDA March 2013 DF Supplement between PacifiCorp and Wells Fargo Bank, N.A., I verify that the International Swap Dealers Association Master Agreement, as amended by the First Amendment to ISDA Master Agreement, the Amendment Adopting, Incorporating and Amending the ISDA August 2012 Dodd-Frank (DF) Supplement and the Amendment Adopting, Incorporating and Amending the ISDA March 2013 DF Supplement is a true and accurate copy of the original.

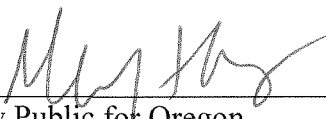
I declare upon the penalty of perjury, that the foregoing is true and correct.

Executed on August 14, 2014 at Portland, Oregon.



Michelle R. Mishoe
Senior Counsel

Subscribed and sworn to me on this 14 day of August, 2014.



Notary Public for Oregon

My Commission expires: May 17, 2015

