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July 29, 2021

***VIA ELECTRONIC FILING***

Mark L. Johnson  
Executive Director and Secretary  
Washington Utilities and Transportation Commission  
621 Woodland Square Loop SE  
Lacey, Washington 98503-1036

**RE: Docket UE-21\_\_\_\_\_—Affiliated Interest Filing—PacifiCorp and Penn Machine Company LLC**

Under the provisions of RCW 80.16.020 and in accordance with WAC 480-100-245, PacifiCorp dba Pacific Power & Light Company (PacifiCorp) provides notice of an affiliate interest transaction with Penn Machine Company LLC (Penn Machine). PacifiCorp intends to purchase Penn Machine air preheater gear reducer parts (Equipment). The purchase will occur through a purchase order, the terms of which include PacifiCorp's Purchase Order Standard Terms and Conditions (Agreement).

PacifiCorp provides the Agreement as confidential in accordance with WAC 480-07-160. The Agreement contains sensitive pricing information which, if disclosed to the public, could erode the company's bargaining power in the future. A copy of the Agreement is included as Confidential Attachment A.

PacifiCorp is a wholly owned, indirect subsidiary of Berkshire Hathaway Energy Company (BHE). BHE is a subsidiary of Berkshire Hathaway, Inc. (Berkshire). Berkshire currently holds a majority interest in Penn Machine. 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's ownership interest in Penn Machine creates an affiliated interest with PacifiCorp.

PacifiCorp contacted the manufacturers of the air preheater system and boiler used at the company's Jim Bridger plant to obtain competitive bids for the Equipment. The air preheater system is a major component in the boilers used at the plant to pre-warm combustion air in the boiler; the main gear box operates the air preheater system. In response to this request, the company was informed the Equipment can only be provided by Penn Machine as it is proprietary to Penn Machine. The value of the equipment to be purchased under the Agreement is approximately [REDACTED]

The company used its competitive bid process when seeking a vendor for air preheater gear reducer parts. The Agreement was prepared in accordance with PacifiCorp's procurement

