

September 27, 2017

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

Steven V. King
Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive S.W.
P.O. Box 47250
Olympia, WA 98504-7250

RE: DO NOT REDOCKET Docket UE-151343—Affiliated Interest Filing—Flight Safety

Under the provisions of RCW 80.16.020 and in accordance with WAC 480-100-245, Pacific Power & Light Company (Pacific Power or Company), a division of PacifiCorp, provides notice of an affiliated interest transaction with FlightSafety International, Inc. (FlightSafety). This transaction is an amendment to a transaction initially filed with the Commission in 2015.

FlightSafety offers a variety of aviation training services, including training for pilots, flight attendants and customer service. PacifiCorp intends to use the flight simulator training services offered for a specific navigation system installed in its aircraft.

In June 2015, Berkshire Hathaway Energy Company (BHE) entered into a Master Professional Services Contract (Master Contract) with FlightSafety. By signing the Affiliate Participation Letter (Agreement) to the Master Professional Services Contract, PacifiCorp became a participant in the contract. Pacific Power filed notice with the Washington Utilities and Transportation Commission (Commission) of this affiliate agreement June 29, 2015, which became the above-referenced docket¹. The Master Contract was set to expire July 31, 2017. BHE and Flight Safety agreed to extend the term of the Master Contract through and including July 31, 2020, through an Amendment to the Master Contract (Amended Master Contract).

PacifiCorp intends to sign a new Affiliate Participation Letter to the Amended Master Contract. A copy of the Amended Master Professional Services Contract between BHE and FlightSafety International, Inc., including Exhibit C, Form of Affiliate Participation Letter, under which PacifiCorp would become bound, is included with this notice as Confidential Attachment A. The Company provides the Amended Master Contract as confidential in accordance with WAC 480-07-160. The Amended Master Contract contains sensitive pricing information which, if disclosed to the public, could erode the Company's bargaining power in the future.

PacifiCorp is a wholly-owned indirect subsidiary of BHE. BHE is a subsidiary of Berkshire Hathaway, Inc. (Berkshire Hathaway). FlightSafety is also a subsidiary of Berkshire Hathaway. RCW 80.16.010 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

¹ The issue was listed as a "no-action" item on the agenda for the August 13, 2015 public meeting.

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 FlightSafety and BHE creates an affiliated interest for PacifiCorp.

PacifiCorp owns one aircraft used for its operations and employs pilots to fly the aircraft. The Federal Aviation Administration (FAA) requires that all pilots take flight simulator training at least once per year, and BHE requires pilots to take training every nine months. PacifiCorp’s aircraft uses a specific navigation system for which FlightSafety offers the required training. BHE issued a competitive tender in March 2017 seeking proposals for pilot training. Two proposals were received in April 2017 and FlightSafety provided the lowest cost proposal. PacifiCorp expects to pay approximately \$56,200 over three years for the training from FlightSafety. See Attachment A (and specifically, Exhibit B thereto) for the annual rates.

Transacting with FlightSafety is in the public interest. PacifiCorp uses the aircraft for a variety of purposes, including transporting personnel throughout its six states in emergency situations and to transport personnel to conduct ordinary-course utility business if doing so is more cost-effective than commercial flights. The pilots on staff must take at least one to two trainings per year to meet FAA and BHE safety requirements. FlightSafety was selected as the best evaluated provider as a result of a competitive bid.

Also included with this filing is a notarized verification from Jeffery B. Erb, Chief Corporate Counsel and Corporate Secretary for PacifiCorp, regarding the Amended Master Contract Agreement.

It is respectfully requested that all formal correspondence and Staff requests regarding this material be addressed to:

By E-Mail (preferred): datarequest@pacificorp.com

By regular mail: Data Request Response Center
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