

June 30, 2016

***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: Docket UE-16_____—Affiliated Interest Filing—PacifiCorp and International Business Machines Corporation – Enterprise Software and Support Option and Transaction Finance Agreement

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 to the Washington Utilities and Transportation Commission (Commission) of an affiliated interest transaction with International Business Machines Corporation (IBM). The Company intends to enter into an Enterprise Software and Support Option (ESSO) agreement with IBM and IBM Credit LLC (IGF), under which IBM will provide certain products and services for multiple applications under the terms and conditions of one agreement, rather than providing those services under a separate agreement for each application.

The Company will receive cost savings for the software and services provided in accordance with the ESSO. The Company will also enter into a Transaction Finance Agreement (TFA) under which the Company will remit payments for the products and services provided by IBM under the ESSO. A verified copy of the ESSO is included with this Notice as Attachment A. A verified copy of the TFA is included with this Notice as Attachment B. Both Attachments are designated as confidential in accordance with WAC 480-07-160. The Attachments are commercially-sensitive and are subject to a provision in the ESSO requiring that the entire contract (and the terms of associated documents that are incorporated therein by reference, including the TFA) be designated confidential. Disclosure of the information could erode the Company's bargaining position and could be deemed to be a breach of contractual obligations.

PacifiCorp is a wholly-owned indirect subsidiary of Berkshire Hathaway Energy Company (BHE). BHE is a subsidiary of Berkshire Hathaway, Inc. (Berkshire Hathaway). Berkshire Hathaway publicly owns IBM common stock totaling greater than a five percent interest. 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 IBM creates an affiliated interest.

The Company has historically used a variety of technologies from IBM to support the delivery of key business functions. Specific functions provided by IBM include support for the Company's customer service and billing, support for enterprise reporting and analytics in the Enterprise Data Warehouse, support for Corporate Enterprise Content Management for document storage, archiving and retrieval, and support for optimization of energy trading activities. PacifiCorp provided notice of previously existing agreements for software and support services supporting the ESSO to the Commission in Dockets UE-120187, UE-120770, and UE-131234, each of which the Commission approved. The ESSO allows the Company to bundle certain software licensing purchases and support services to achieve benefits over the term of the contract.

The Company relies on software furnished by IBM to create and maintain critical business records. This software is proprietary to IBM; therefore, only IBM is able to provide service. Without the software furnished by IBM, many groups in the Company would not be able to perform critical tasks necessary for business functions or prepare reports related to those business functions. Procurement and installation of different reporting systems would require considerable time and expense. Accordingly, the transaction is consistent with the public interest.

Also included with this filing is a notarized verification from Jeff Erb, Assistant General Counsel regarding the ESSO and TFA.


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
PacifiCorp
825 NE Multnomah Street, Suite 2000
Portland, Oregon, 97232

Please contact Ariel Son, Regulatory Projects Manager, at 503-813-5410 if you have any informal questions.

Sincerely,


R. Bryce Dalley
Vice President, Regulation

Enclosure

CONFIDENTIAL PER WAC 480-07-160

WASHINGTON AFFILIATED INTEREST FILING

ATTACHMENT A

ENTERPRISE SOFTWARE AND SUPPORT OPTION AGREEMENT

This attachment is confidential in its entirety and will be provided under separate cover.

CONFIDENTIAL PER WAC 480-07-160

WASHINGTON AFFILIATED INTEREST FILING

ATTACHMENT B

TRANSACTION FINANCE AGREEMENT

This attachment is confidential in its entirety and will be provided under separate cover.

WASHINGTON AFFILIATED INTEREST FILING

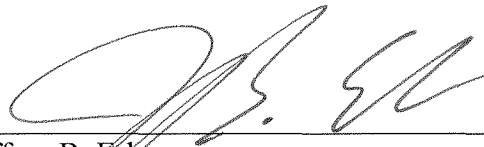
VERIFICATION

VERIFICATION

I, Jeffery B. Erb, am Assistant General Counsel of Pacific Power and am authorized to make this verification on its behalf. Based on my personal knowledge about the attached Enterprise Software and Support Option Agreement and Transaction Finance Agreement, I verify that the attached are true and accurate copies of the original documents.

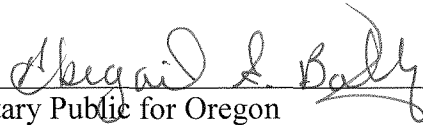
I declare upon the penalty of perjury, that the foregoing is true and correct.

Executed on June 30, 2016 at Portland, Oregon.



Jeffery B. Erb
Assistant General Counsel
Pacific Power

Subscribed and sworn to me on this 30 day of June, 2016.



Notary Public for Oregon

My Commission expires: November 12, 2018

