

July 8, 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 – Content Manager OnDemand Consulting Services**

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 International Business Machines Corporation (IBM) for a Statement of Work providing that IBM will provide to the Company consulting services related to the Company's existing Content Manager OnDemand (CMOD) system. The consulting services will be provided under a Statement of Work (SOW) that will be executed upon the submission of all required regulatory filings. The SOW contains all relevant details regarding the consulting services IBM will provide to the Company, including pricing terms. The SOW is being issued under the terms and conditions of the existing IBM Customer Agreement (Original Agreement), which is the master contract under which IBM was originally engaged for the purchase and set-up of the CMOD system and related services. A verified copy of the SOW is included with this Notice as Attachment A. A verified copy of the Original Agreement is included with this Notice as Attachment B, for reference. Attachments A and B are designated as Confidential in accordance with WAC 480-07-160. The Attachments contain commercially-sensitive information and, accordingly, require designation as confidential. Disclosure of the information could erode the Company's bargaining position and could be deemed a breach of its 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

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Warehouse, support for Corporate Enterprise Content Management for document storage, archiving and retrieval, and support for optimization of energy trading activities.

The Company has been using the CMOD system for a number of years. CMOD is used to allow customers to view and print statements online. Due to the Company's recent system-wide upgrades, certain corresponding changes and upgrades must be made to the existing CMOD system to allow full functionality of the system. This software is proprietary to IBM; therefore, only IBM is able to provide the necessary services related to these upgrades. It is estimated that the Company will spend approximately \$28,020 for the services to be provided under the SOW. Procuring and installing a different system in lieu of upgrading the current CMOD system would require considerable time and expense. Having IBM perform the necessary CMOD system upgrades, rather than replacing the CMOD system, will result in cost savings to the Company. 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 SOW and the Original Agreement.

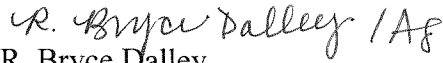
It is respectfully requested that all formal correspondence and Staff requests regarding this material be addressed to:

By E-Mail (preferred): [datarequest@pacificorp.com](mailto: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**

**STATEMENT OF WORK**

*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**

**IBM CUSTOMER 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 Statement of Work and IBM Customer 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 July 8, 2016 at Portland, Oregon.

  
\_\_\_\_\_  
Jeffery B. Erb  
Assistant General Counsel  
Pacific Power

Subscribed and sworn to me on this 8<sup>th</sup> day of July, 2016.

  
\_\_\_\_\_  
Notary Public for Oregon

My Commission expires: November 12, 2018

