

December 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—Marmon Utility, LLC**

Under the provisions of RCW 80.16.020 and in accordance with WAC 480-100-245, Pacific Power & Light Company (Company), a division of PacifiCorp, provides notice of ordinary course affiliated interest transactions from time to time between PacifiCorp and Marmon Utility, LLC DBA Hendrix Aerial Cable Systems (Marmon Utility). Included with this filing as Attachment A is a copy of the Master Materials Supply Contract between PacifiCorp and Marmon Utility for aerial cable system design, supply and installation services (Master Contract). There are four Exhibits to the Master Contract which are also included with Attachment A.

PacifiCorp is a wholly-owned indirect subsidiary of Berkshire Hathaway Energy (BHE). BHE is a subsidiary of Berkshire Hathaway Inc. (Berkshire). Berkshire currently holds a majority interest in The Marmon Group (Marmon). The Marmon Group consists of approximately 185 companies, divided into fifteen business sectors including engineered wire and cable, industrial products and building wire. Marmon Utility is a member of the Marmon Group.

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 BHE and Marmon creates an affiliated interest relationship between PacifiCorp and Marmon Utility.

Marmon Utility manufactures electrical distribution cable, cable systems, and accessories for aerial and underground utility applications. Among the items manufactured by Marmon Utility is covered “spacer cable.” Spacer cable is designed to be resilient to incidental contact (e.g. animals, fallen trees and limbs), have increased strength in the event of impact loads, and be tolerant to transient events such as lightning.

PacifiCorp intends to use such spacer cable from time to time for system reliability projects; at this time it is contemplated to target only distribution equipment, however, in the future the Company may use it for transmission system improvements as well. For certain projects, the Company may determine that the best method for improving reliability at those locations is to “reconductor” sections of those circuits with a spacer cable system. The intent of the Master Contract is to establish master terms and conditions for the benefit of the Company that will apply when the Company procures spacer cable and other aerial cable system design, supply, and installation services from Marmon Utility. According to Article 4 of the contract, the terms and conditions of the Master Contract will be effective from January 1, 2017 through December 31, 2019. Under the terms of the Master Contract, PacifiCorp will issue Purchase Orders that will identify materials and work required, delivery date and other completion milestones, agreed pricing, and other order-specific terms and conditions. To date, no Purchase Orders have been issued under the Master Contract and the Company is under no obligation to purchase any amount of materials under the Master Contract.

PacifiCorp conducted a formal bid process for spacer cable systems and selected Marmon Utility after it was the sole company able to perform against the required spacer cable scope of work. The Company expects to spend approximately $3 million over three years. When needed, Purchase Orders will be prepared in accordance with PacifiCorp’s procurement policies and procedures and will contain standard commercial terms and conditions to protect the Company’s ability to provide safe and reliable service. Thus, the use of Marmon Utility as supplier of the products under the Purchase Orders will not harm the public interest.

Also included with this filing is a notarized verification from Erin Apperson, Attorney, Pacific Power, regarding the Master Materials Supply Contract.

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

Enclosures

**AFFILIATED INTEREST FILING**

**VERIFICATION**

**VERIFICATION**

I, Erin Apperson, am an Attorney at Pacific Power and am authorized to make this verification on its behalf. Based on my personal knowledge about the attached Master Materials Supply Contract, I verify that the Master Materials Supply Contract 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 \_\_\_\_\_\_\_\_\_\_\_ \_\_, 2016 at Portland, Oregon.

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Erin Apperson

Attorney

Pacific Power

Subscribed and sworn to me on this \_\_\_ day of December, 2016.

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Notary Public for Oregon

My Commission expires: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_