

June 10, 2010

***VIA ELECTRONIC FILING***

***AND OVERNIGHT DELIVERY***

Washington Utilities and Transportation Commission  
1300 S. Evergreen Park Drive S.W.  
P.O. Box 47250  
Olympia, WA 98504‑7250

Attention: David W. Danner  
 Executive Director and Secretary

**RE: Affiliated Interest Filing for PacifiCorp**

Dear Mr. Danner:

Pursuant to the provisions of RCW 80.16.020 and WAC 480-100-245, PacifiCorp, d.b.a. Pacific Power, (“PacifiCorp” or “Company”) files one verified copy of the Materials Supply Master Contract (“Contract”) between PacifiCorp and Nalco Company (“Nalco”), a copy of which is included as Attachment A. PacifiCorp is a wholly-owned subsidiary of MidAmerican Energy Holdings Company (“MEHC”). MEHC is a wholly-owned subsidiary of Berkshire Hathaway, Inc. Nalco is a financial subsidiary of Nalco Holding Company, a publicly-traded company. Berkshire Hathaway, Inc., holds an approximate 6 percent ownership interest in Nalco Holding Company. 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 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, Inc.’s ownership interest in Nalco creates an affiliated interest.

The Company provided notice of a previous contract with Nalco on May 15, 2009. The contract that is the subject of the instant Notice replaces the previous contract. Prior to the expiration of the previous contract, the Company conducted a competitive bidding process to select a new vendor for the water treatment facilities, supplies and services supplied under the previous contract with Nalco. An evaluation of the responses to the competitive bid process was performed on an analysis of the estimated annual cost of water treatment processes proposed by each bidder. Nalco was selected as the overall lowest cost and total highest evaluated bidder for products and services.

Nalco provides the Company with certain water treatment facilities, chemicals and expertise and has been doing so for more than thirty years. Nalco provides generation plant engineering assistance and supplies certain water treatment and dust suppression chemicals. Additionally, Nalco may provide no-cost consulting services and technical assistance for water treatment programs for new generation plant development. The Company uses water as a major component of operating its generation facilities. The Company procures water treatment services for effective, efficient and safe operation of its generation facilities. These services benefit the public by ensuring the Company’s generation facilities operate and provide customers with cost-effective energy.

The current agreement with Nalco became effective January 1, 2010 and terminates December 31, 2012. The most recent Contract leverages the long-standing relationship between the two companies to achieve cost savings. Pricing for Nalco’s products and services are contained in Exhibits B.1 and B.2 to the Contract. The products and services provided under the Contract are priced in accordance with pricing indices and Nalco guarantees its prices to be competitive. The contract requires Nalco to provide the Company with “most favored nation” pricing, meaning Nalco will charge the Company the same or better than similarly-sized and situated companies. The Contract includes “normal” on-site service, including routine service, equipment inspections, trouble-shooting and emergency call-outs, at no extra charge. Additionally, Nalco will provide additional consulting and other services, up to 10 man-days per year, at no additional charge. For any services above the 10 man-days, the Company receives a 50 percent discount on the normal labor rates.

Under the Contract, prices will be firm until December 31, 2010. After that time, pricing for chemicals may only be adjusted if the raw material cost of the product impacts the cost of the Nalco product by more than ten percent. Thereafter, Nalco and PacifiCorp will review pricing every twelve months for the top eight products and adjust only if the raw material cost of an individual product changes more than ten percent. These price changes are capped at either five percent change from the prior year’s PacifiCorp aggregate spend or not to exceed $150,000 total per year for all producers, whichever is less. PacifiCorp will retain the right to audit Nalco’s books and records to verify pricing adjustments pursuant to the contract.

Also included with this filing is a notarized verification from Natalie Hocken, Vice President and General Counsel, PacifiCorp, regarding the Contract.

Please direct any informal inquiries to Cathie Allen, Regulatory Manager, at (503) 813-5934.

Sincerely,

Andrea L. Kelly

Vice President, Regulation

Enclosures

cc: Ken Elgin

**WASHINGTON AFFILIATED INTEREST FILING**

**MATERIALS SUPPLY MASTER CONTRACT**

**WASHINGTON AFFILIATED INTEREST FILING**

**VERIFICATION**

**VERIFICATION**

I, Natalie Hocken, am an officer of PacifiCorp 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 \_\_\_\_\_\_\_\_\_\_\_ \_\_, 2010 at Portland, Oregon.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Natalie Hocken

Vice President and General Counsel

Subscribed and sworn to me on this \_\_\_ day of \_\_\_\_\_\_\_, 2010.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Notary Public for Oregon

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