

May 30, 2012

***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 Danner  
 Executive Secretary

**RE: Affiliated Interest Filing for PacifiCorp and IBM Renewal**

Dear Mr. Danner:

PacifiCorp, d.b.a. Pacific Power & Light Company (PacifiCorp or the Company), provides notice of affiliate interest transactions with International Business Machines Corporation (IBM) pursuant to the provisions of RCW 80.16.020 and WAC 480-100-245. The Company desires to renew portions of a previously existing agreement with IBM to provide software support services for IBM software licenses purchased in 2008 and a portion of an agreement with CompuCom, a reseller of IBM products and services. A copy of the Quotes or Invoices to document these transactions are included as Attachment A - G. The previously existing agreement titled “Contract Between PacifiCorp and International Business Machine Corporation for Software Solution and Implementation Services” was provided to the Washington Utilities & Transportation Commission (Commission) in Docket UE-120187. In addition, a copy of the Purchase Contract Between PacifiCorp and for CompuCom Systems, Inc. was included for ease of reference with a notice of affiliate transaction filed by the Company on May 30, 2012.

PacifiCorp is a wholly-owned, indirect subsidiary of MidAmerican Energy Holdings Company (MEHC). MEHC is a subsidiary of Berkshire Hathaway, Inc. (Berkshire Hathaway). In mid-November 2011, Berkshire Hathaway publicly announced purchases of 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.

In 2008, prior to the existence of the affiliate relationship, the Company contracted with IBM for the provision of certain software and software support services. Opportunities for renewal of licensing and support services for individual software

periodically arise. The Company determined that renewal of licensing and support for certain software programs and support for hardware was needed.

The renewals are for:

* IBM Sterling Commerce included as Attachment A,
* IBM Cognos included as Attachment B,
* IBM Cognos and DB2 included as Attachment C,
* IBM Content Manager on Demand (CMOD) and FileNet included as Attachment D,
* IBM Princeton Softech included as Attachment E,
* IBM Mainframe Operating System (O/S) included as Attachment F, and
* IBM ILOG through CompuCom included as Attachment G.

**Attachment A Quote for IBM Sterling Commerce**

The Quote for IBM Sterling Commerce covers renewal of Gentran software for z/OS (Gentran). Gentran is an electronic data interchange (EDI) solution, designed for the translation of inbound and outbound EDI files and messages. Without this software, necessary transmission of electronic data would not occur in the Company’s Customer Support System (CSS) and business financial system (SAP).

The renewal is for the period of December 1, 2012 through May 31, 2013. As part of efforts to streamline business with IBM, the Company is renegotiating the renewal periods for its software licensing so that the renewals occur on the same schedule rather than on a staggered schedule. Renewing IBM Sterling Commerce at this time will align the renewal schedule with other software. PacifiCorp anticipates spending approximately $18,967 on this renewal.

**Attachment B IBM Cognos**  **Quote**

The Quote for IBM Cognos covers renewal of PowerPlay and Impromptu software. PowerPlay is used to analyze large volumes of dimensionally-modeled data with sub-second response times and allows data to be viewed from any angle and in any combination to identify and analyze the driving factors. Impromptu creates reports from any data source and distributes them to business users across the organization. Without this software necessary data analysis and report writing could not be performed.

The renewal is for the period June 1, 2012 through May 31, 2013. PacifiCorp anticipates spending approximately $105,638 on this renewal.

**Attachment C IBM Cognos, DB2 Connect Quote**

The Quote for IBM covers renewal of Cognos and DB2 Connect support. As noted above, PowerPlay is used to analyze large volumes of dimensionally modeled data with sub-second response times and allows data to be viewed from any angle and in any combination to identify and analyze the driving factors. Cognos Impromptu creates reports from any data source and distributes them to business users across the organization. DB2 Connect consolidates host access through a gateway and deploys Web and multi-tier applications. Without this software necessary data analysis and report writing could not be performed.

The renewal is for the period June 1, 2012 through May 31, 2013. PacifiCorp anticipates spending approximately $254,852 on this renewal.

**Attachment D IBM FileNet/CMOD Quote**

The Quote for IBM FileNet/CMOD covers the renewal of Websphere, FileNet applications and CMOD. Websphere is a Java application server. FileNet is an enterprise platform that enables the capture, storage, management, securing, and processing of information. CMOD is a software program that manages and stores data and allows that data to be retrieved and presented in desired formats. The Company uses CMOD in its Customer Service group to allow representatives to access historic customer information. Without these applications to allow the storage and content management of necessary operational data and documentation could not be managed within business operations.

The renewal is for the period June 1, 2012 through May 31, 2013. PacifiCorp anticipates spending approximately $498,564 on this renewal.

**Attachment E IBM Princeton Softech Invoice**

The Invoice for IBM Princeton Softech covers the operating system for data management in the Company’s Customer Support System (CSS) and is used for managing information from the mainframe, purging and archiving data for system health and compliance. Without this software data volume on the mainframe would grow to an unsustainable volume, leading to slow performance and eventual failure of CSS.

The renewal is for the period of September 1, 2012 through May 31, 2013. As part of an effort to streamline business with IBM, the Company is renegotiating the renewal periods for its software licensing so that the renewals occur on the same schedule rather than on a staggered schedule. Renewing IBM Princeton Softech at this time will align the renewal schedule with other software. PacifiCorp will spend approximately $42,750 under the current contract. PacifiCorp will submit the quote for the renewal after it becomes available. The Company receives monthly invoices based on usage. The rate billed for usage was set at the time of equipment installation and only changes when new equipment is installed.

**Attachment F IBM Operating System (O/S) Invoice**

The Invoice for IBM Operating System O/S covers the renewal of the mainframe that supports PacifiCorp’s billing systems, work manager and financial systems. Without the mainframe, PacifiCorp would not be able to bill and support customers, dispatch field workers, or provide key financial and regulatory reports.

The renewal is for the period of June 1, 2012 through May 31, 2013. The Company will receive monthly invoices based on usage and anticipates spending approximately $85,000 per month over the renewal period. The rate billed for usage was set at the time of equipment installation and only changes when new equipment is installed.

**Attachment G IBM ILOG Invoice**

The Invoice for IBM ILOG covers the renewal of ILOG OPL Studio and CPLEX Optimization Studio, which is used by the Company’s generation resource planning group to develop and deploy optimization models for planning purposes. Without these programs, PacifiCorp would not be able to perform the necessary optimization planning models for managing electric generation resources within the Company. The Company contracts with CompuCom, a reseller of IBM products and services, for the ILOG product and services, although the Company works directly with IBM for the performance of the contract.

The renewal is for the period of April 1, 2012 through May 31, 2013. The Company will receive monthly invoices based on usage and anticipates spending approximately $70,000 per month based on usage. The rate billed for usage was set at the time of equipment installation and only changes when new equipment is installed.

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 above listed software, many groups in the Company would not be able to perform necessary business functions. Installing different software would require considerable time and expense to the Company and its customers. Accordingly, these transactions are consistent with the public interest.

Also included with this filing is a notarized verification from Michelle R. Mishoe, Legal Counsel, PacifiCorp, regarding the Attachments.

Please do not hesitate to contact Carla Bird at (503) 813-5269 if you have any questions.

Sincerely,

William R. Griffith

Vice President, Regulation

Pacific Power

Enclosures

**WASHINGTON AFFILIATED INTEREST FILING**

**ATTACHMENT A**

**IBM STERLING COMMERCE QUOTE**

**ATTACHMENT B**

**IBM COGNOS QUOTE**

**ATTACHMENT C**

**IBM COGNOS, DB2 CONNECT QUOTE**

**ATTACHMENT D**

**IBM FILENET/CMOD QUOTE**

**ATTACHMENT E**

**IBM PRINCETON SOFTECH INVOICE**

**ATTACHMENT F**

**IBM OPERATING SYSTEM (O/S) INVOICE**

**ATTACHMENT G**

**IBM ILOG INVOICE**

**WASHINGTON AFFILIATED INTEREST FILING**

**VERIFICATION**

**VERIFICATION**

I, Michelle R. Mishoe, am Legal Counsel for PacifiCorp and am authorized to make this verification on its behalf. Based on my personal knowledge about the attached Quote for IBM Sterling Commerce, IBM Cognos Quote, IBM Cognos, DB2 Connect Quote, IBM FileNet/CMOD Quote, IBM Princeton Softech Invoice, IBM Operating System (O/S) Invoice, and IBM ILOG Invoice, I verify that the Quote for IBM Sterling Commerce, IBM Cognos Quote, IBM Cognos, DB2 Connect Quote, IBM FileNet/CMOD Quote, IBM Princeton Softech Invoice, IBM Operating System (O/S) Invoice, and IBM ILOG Invoice are true and accurate copies.

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

Executed on \_\_\_\_\_\_\_\_\_\_\_ \_\_, 2012 at Portland, Oregon.

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Michelle R. Mishoe

Legal Counsel

Subscribed and sworn to me on this \_\_\_ day of \_\_\_\_\_\_\_, 2012.

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Notary Public for Oregon

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