

September 11, 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 W. Danner
 Executive Secretary

**RE: Affiliated Interest Filing for PacifiCorp**

 **National Indemnity Company**

Dear Mr. Danner:

 Pursuant to the provisions of RCW 80.16.020 and WAC 480-100-245, PacifiCorp, d.b.a. Pacific Power & Light Company (PacifiCorp or Company), submits for filing one verified copy of the Indemnity Agreement (Agreement) to be executed by and between PacifiCorp and National Indemnity Company (NICO). The Agreement is included with this Notice as Attachment A.

PacifiCorp is a wholly-owned, indirect subsidiary of MidAmerican Energy Holdings Company (MEHC). MEHC is a subsidiary of Berkshire Hathaway, Inc (Berkshire Hathaway). Berkshire Hathaway holds an interest in excess of 5 percent in NICO common stock. 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 NICO creates an affiliated interest.

 NICO offers various property and casualty insurance products, including professional liability and specialty risk coverage. PacifiCorp desires to purchase surety bonds from NICO for various business needs and will replace surety bonds currently being provided from a more costly vendor. PacifiCorp worked with its insurance broker to select NICO as the appropriate vendor for the Company’s surety bond needs. The broker determined that there were a total of three companies offering surety bonds. One of these companies did not offer reclamation bonds, which is a key component of PacifiCorp’s business operations. The remaining two companies were PacifiCorp’s current vendor and NICO. PacifiCorp selected NICO for its ability to provide the same amount of coverage for a significant savings over what the Company is currently paying.

 PacifiCorp anticipates spending approximately $123,000 per year for surety bonds provided by NICO. This represents savings of approximately $83,000 per year compared to the cost of coverage provided by the current vendor. Bonds will be transitioned to NICO as they expire with the current vendor.

PacifiCorp must purchase surety bonds to meet contractual and regulatory obligations. The Company is able to purchase surety bonds from NICO at the same coverage for less expense. Accordingly, the transaction with NICO is consistent with the public interest.

 Also included with this filing is a notarized verification from Michelle Mishoe, Legal Counsel, Pacific Power, regarding the Agreement.

Please do not hesitate to contact Carla Bird at 503-813-5269 or Carla.Bird@pacificorp.com if you have any questions.

Sincerely,

William R. Griffith

Vice President, Regulation

Pacific Power

Enclosures

**WASHINGTON AFFILIATED INTEREST FILING**

**ATTACHMENT A**

**INDEMNITY AGREEMENT**

**WASHINGTON AFFILIATED INTEREST FILING**

**VERIFICATION**

**VERIFICATION**

I, Michelle Mishoe, am Legal Counsel for Pacific Power and am authorized to make this verification on its behalf. Based on my personal knowledge about the attached Indemnity Agreement, I verify that the Indemnity Agreement is a true and accurate copy.

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 Mishoe

Legal Counsel

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

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Notary Public for Oregon

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