

September 27, 2013

***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:** **Affiliated Interest Filing for PacifiCorp—PacifiCorp and IBM**

 **Docket No. UE-13\_\_\_\_**

Dear Mr. King:

Under the provisions of RCW 80.16.020 and in accordance with WAC 480-100-245, PacifiCorp d/b/a Pacific Power & Light (PacifiCorp or Company) provides notice of an indirect affiliate interest transaction with International Business Machines Corporation (IBM). The Company intends to purchase IBM servers and support services through Sirius Computer Solutions Inc. (Sirius). Copies of the two purchase orders containing the terms and conditions of purchase are included as Attachment A. The parties to the transaction agreed to use PacifiCorp’s standard purchase order for this transaction.

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 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 recently conducted a request for proposal process to select a vendor to replace existing IBM servers, which is reaching the end of its lifecycle. The Company selected Sirius because Sirius submitted the lowest cost bid. The initial purchase under the Purchase Order will include hardware, operating system software, and maintenance support for that hardware and operating system software. These servers will be used to support the Company’s CADOPS, SAP, EDW, and ETS environments. PacifiCorp will make a one-time purchase of servers at a price of $1,432,650.70 and anticipates spending approximately $141,000 per year for hardware and operating system support services for the lifetime of the hardware, which is intended to be 5 years.

The Company relies on hardware and software furnished by IBM or distributors to create, maintain, and process critical business records, and to support critical business programs. New equipment is needed to replace obsolete servers currently being used by the Company. The Company selected IBM products for replacement because IBM equipment is already in use and the transition to these servers can be accomplished with minimal disruption. To select a different type of server would require extensive programming and hardware updates at considerable expense.

Also included with this filing is a notarized verification from Michelle R. Mishoe, Senior Counsel, PacifiCorp, regarding the purchase orders.

Please do not hesitate to contact Bryce Dalley at (503) 813-6389 if you have any questions.

Sincerely,

William R. Griffith

Vice President, Regulation

Enclosures

**WASHINGTON AFFILIATED INTEREST FILING**

**ATTACHMENT A**

**PURCHASE ORDERS**

**WASHINGTON AFFILIATED INTEREST FILING**

**VERIFICATION**

**VERIFICATION**

I, Michelle R. Mishoe, am Senior Counsel for PacifiCorp and am authorized to make this verification on its behalf. Based on my personal knowledge about the attached Purchase Orders, I verify that the Purchase Orders are true and accurate copies.

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

Executed on \_\_\_\_\_\_\_\_\_\_\_ \_\_, 2013 at Portland, Oregon.

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Michelle R. Mishoe

Senior Counsel

Subscribed and sworn to me on this \_\_\_ day of \_\_\_\_\_\_\_, 2013.

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Notary Public for Oregon

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