

 February 10, 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

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), provides notice of an affiliate interest transaction with International Business Machines Corporation (IBM). The Company recently renewed a portion of a previously existing agreement with IBM to provide software support services for IBM software licenses purchased in 2008. A copy of the Quote and Purchase Order is included as Attachment A. The previously existing agreement titled Contract between PacifiCorp and International Business Machine Corporation for Software Solution and Implementation Services is included as Attachment B.

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.

The Company has been reviewing its vendor records and determined that a business relationship with IBM began prior to the existence of the affiliate relationship. In 2008, 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. On December 27, 2011, the Company determined that renewal of support for the Content Manager on Demand (CMOD) software was needed. The Company evaluated the new relationship with IBM and the statutory requirements regarding affiliate interest transactions and determined that filing of renewals of contracts with affiliates is prudent to ensure consistent treatment of affiliate interest contracts. The Company now has a process in place to ensure transactions with IBM, whether new or renewals of existing agreements will be filed consistent with statutory requirements.

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. The Company will pay IBM $140,336.40 for services related to CMOD, such as updating and repairing, during the calendar year 2012.

 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 CMOD, the Customer Service group would not be able to access customer records, which would impede the ability to assist customers. Installing a different records management system would require considerable time and expense. Accordingly, the transaction is consistent with the public interest.

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

Please do not hesitate to contact me if you have any questions (503) 813-6043.

Sincerely,

Andrea L. Kelly

Vice President, Regulation

Pacific Power

Enclosures

**WASHINGTON AFFILIATED INTEREST FILING**

**ATTACHMENT A**

**QUOTE AND PURCHASE ORDER**

**WASHINGTON AFFILIATED INTEREST FILING**

**ATTACHMENT B**

**CONTRACT BETWEEN**

**PACIFICORP AND**

**INTERNATIONAL BUSINESS MACHINES CORPORATION**

**FOR SOFTWARE SOLUTION AND IMPLEMENTATION SERVICES**

**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 and Purchase Order, and Contract Between PacifiCorp and International Business Machines Corporation for Software Solution and Implementation Services, I verify that the Quote and Purchase Order, and Contract Between PacifiCorp and International Business Machines Corporation for Software Solution and Implementation Services 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: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_