

February 20, 2017

***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: Docket UE-17 _____—Affiliated Interest Filing—PacifiCorp and Midwest Cooling Towers, Inc.

Under the provisions of RCW 80.16.020 and in accordance with WAC 480-100-245, Pacific Power & Light Company, a division of PacifiCorp (PacifiCorp or Company), provides notice of an indirect affiliate interest transaction with Amarillo Gear Company LLC (Amarillo). The Company intends to purchase Amarillo reduction gear boxes and drive shaft assemblies through Midwest Cooling Towers, Inc. (Midwest), among other non-Amarillo equipment. The parties to the transaction agreed to use PacifiCorp's standard Materials Supply Contract (Agreement) for this transaction. The Company provides the Agreement as confidential in accordance with WAC 480-07-160. The Agreement contains sensitive pricing information which, if disclosed to the public, could erode the Company's bargaining power in the future. A copy of the Agreement is included as Confidential Attachment A.

PacifiCorp is a wholly-owned, indirect subsidiary of Berkshire Hathaway Energy Company (BHE). BHE is a subsidiary of Berkshire Hathaway, Inc. (Berkshire Hathaway). Berkshire currently holds a majority interest in The Marmon Group (Marmon). Marmon comprises four autonomous companies consisting of 15 diverse stand-alone business sectors, and about 185 independent manufacturing and service businesses. Amarillo is part of one of the four such autonomous companies, Marmon Food, Beverage & Water Technologies Company. 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 Marmon creates an affiliated interest between PacifiCorp and Amarillo.

The Company recently conducted a request for proposal process to select a vendor to replace certain mechanical equipment for ten cooling tower cells at its Huntington Plant. The equipment to be replaced included ten each of gearboxes, shaft assemblies, and fan assemblies. Of the eight companies who provided a bid in response to the request for proposal, seven companies included Amarillo equipment in their proposals. The Company selected Midwest because it submitted the

lowest cost bid. The value of all equipment to be purchased under the Agreement is approximately \$392,600. The value of the Amarillo equipment to be supplied under the Agreement is approximately \$231,600. Detailed pricing information for the equipment to be provided by Midwest is contained in Exhibit B to Confidential Attachment A.

The Company used its standard request for proposal procurement process when seeking a vendor to equipment as described in the Agreement. The Agreement was prepared in accordance with PacifiCorp's procurement policies and procedures and contains standard commercial terms and conditions to protect the Company's ability to provide safe and reliable service. Thus, the use of Midwest as supplier of the equipment under the Agreement will not harm the public interest.

Also included with this filing is a notarized verification from Jenna M. Woods, Senior Attorney, PacifiCorp, regarding the Agreement.

It is respectfully requested that all formal correspondence and Staff requests regarding this material be addressed to:

By E-Mail (preferred): datarequest@pacificorp.com

By regular mail: Data Request Response Center
PacifiCorp
825 NE Multnomah Street, Suite 2000
Portland, Oregon, 97232

Please contact Ariel Son, Regulatory Projects Manager, at 503-813-5410 if you have any informal questions.

Sincerely,



R. Bryce Dalley
Vice President, Regulation

Enclosure

CONFIDENTIAL PER WAC 480-07-160

WASHINGTON AFFILIATED INTEREST FILING

CONFIDENTIAL

ATTACHMENT A

MATERIALS SUPPLY AGREEMENT

This attachment is confidential in its entirety and will be provided under separate cover

WASHINGTON AFFILIATED INTEREST FILING

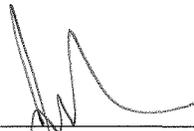
VERIFICATION

VERIFICATION

I, Jenna M. Woods, am Senior Attorney for PacifiCorp and am authorized to make this verification on its behalf. Based on my personal knowledge about the attached Materials Supply Contract between PacifiCorp and Midwest Cooling Towers, Inc., I verify that the 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 February 20, 2017 at Portland, Oregon.



Jenna M. Woods
Senior Attorney

Subscribed and sworn to me on this 20th day of February, 2017.



Notary Public for Oregon

My Commission expires: March 12, 2019

