

June 15, 2018

VIA ELECTRONIC FILING

Mark L. Johnson
Executive Director and Secretary
Washington Utilities and Transportation Commission
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COMMISSION

RE: Docket UE-18 _____ —Affiliated Interest Filing—PacifiCorp and EvapTech, 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, provides notice of an indirect affiliate interest transaction with Amarillo Gear Company LLC (Amarillo). PacifiCorp intends to purchase Amarillo cooling tower gear through EvapTech, Inc. (Evap). The parties to the transaction agreed to use PacifiCorp's standard Materials Supply Contract (Agreement) for this transaction. PacifiCorp 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. However, while this equipment is made by Amarillo, PacifiCorp is purchasing it from Evap. Evap is not an affiliate and PacifiCorp is making this filing out of an abundance of caution.

PacifiCorp recently conducted a request for proposal process to select a vendor to replace cooling tower equipment at its Huntington Plant. The equipment to be replaced includes 14 each of cooling tower gearboxes and shaft assemblies. Of the nine companies who provided a bid in response to the request for proposal, eight companies included Amarillo equipment in their proposals. PacifiCorp selected Evap because it submitted the lowest cost bid. The value of all equipment to be purchased under the Agreement is approximately \$333,000. The value of the

Amarillo equipment to be supplied under the Agreement is approximately \$301,000. Detailed pricing information for the equipment to be provided by Evap 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 PacifiCorp's ability to provide safe and reliable service. Thus, the use of Evap as supplier of the equipment under the Agreement will not harm the public interest.

Also included with this filing is a notarized verification from S. Joseph Paul, 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 Affairs Manager, at 503-813-5410, if you have any informal questions.

Sincerely,

 /s/
Etta Lockey
Vice President, Regulation
Pacific Power & Light Company
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Enclosures

NEW-PPL-Attach-A-6-15-18 (C).pdf
NEW-PPL-Attach-A-6-15-18 (R).pdf
NEW-PPL-Verification-Paul-6-15-18.pdf