PACIFIC POWER
A DIVISION OF PACIFICORP

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Jeff Killip
Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, Washington 98503-1036

RE: Docket UE-25_____—Affiliated Interest Filing—PacifiCorp and a Special Purpose Entity

Under the provisions of RCW 80.16.020 and in accordance with WAC 480-100-245, PacifiCorp dba Pacific Power & Light Company (PacifiCorp or Company) provides notice of an affiliated interest transaction with a Special Purpose Entity (SPE). The transaction is a sale-leaseback arrangement involving the sale of Applicant's rights in the Boardman to Hemingway Transmission Project (B2H Project) to a passive special-purpose lessor and the subsequent leaseback of such rights in the B2H Project to PacifiCorp. The transaction will maintain the status quo because PacifiCorp will retain the same level of day-to-day control over the B2H Project as currently contemplated. A verified copy of the transaction agreements (Agreements) is included with this Notice as Confidential Attachment A. PacifiCorp provides the Agreements as confidential in accordance with WAC 480-07-160. The Agreements contain commercially sensitive terms which, if disclosed to the public prior to execution of the Agreements, could adversely impact the transaction.

PacifiCorp is a wholly-owned subsidiary of Berkshire Hathaway Energy Company (BHE). The SPE is also a wholly-owned subsidiary of BHE. RCW 80.16.010 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, BHE's ownership interest in PacifiCorp and the SPE creates an affiliate interest relationship between PacifiCorp and the SPE.

The transaction is a traditional "sale-leaseback" transaction pursuant to which PacifiCorp will convey to the SPE as Lessor its ownership rights in the B2H Project and immediately take leasehold rights in the project as Lessee. A sale-leaseback is generally used to provide the seller-lessee access to cash from their owned assets while retaining the use of those assets for operations. The B2H Project is a significant capital investment, with total costs of its share of the project exceeding one billion dollars. The sale-leaseback of PacifiCorp's interests in the B2H Project will permit PacifiCorp to fulfill its obligations to Idaho Power to facilitate the construction and energization of the B2H Project while maintaining the basic rights and obligations with regard to the use of the line for the benefit of its customers.

The proposed sale-leaseback arrangement has two components. Under the sale component, PacifiCorp will transfer its tenant-in-common interest in the B2H Project to the SPE for an amount described in the Master Purchase and Sale Agreement. The SPE will own PacifiCorp's tenants-in-common interest in the Project, but as a passive lessor. Under the lease component, simultaneous with the sale component, PacifiCorp will lease back from the SPE the same tenant-in-common interests. These leasehold rights will enable PacifiCorp to honor all of its obligations with respect to the B2H Project. Under the Proposed Transaction, PacifiCorp retains its complete leasehold interests in the B2H Project and will maintain the same control of its B2H Project rights and capacity that it has today.

The transaction will be effectuated through two agreements: a Master Purchase and Sale Agreement and a Master Lease Agreement, both of which are attached hereto as Attachment A. Under the Master Purchase and Sale Agreement, PacifiCorp sells its tenants-in-common interests in the B2H Project to the SPE, in order to effectuate the subsequent lease back to PacifiCorp (the "sale" component of the sale-leaseback). Because the purpose of the sale-leaseback is to enhance PacifiCorp's ability to fund construction of the project, the SPE will begin making payments to PacifiCorp during the construction phase of the project. PacifiCorp will use these funds to complete the Project's construction. When construction is complete, PacifiCorp and the SPE will close the Master Purchase and Sale Agreement, and all of PacifiCorp's rights, title, and interest in the property of the B2H Project will convey to the SPE.

Simultaneously at the closing of the Purchase and Sale Agreement, PacifiCorp and the SPE will close the Lease Agreement pursuant to which PacifiCorp will lease back from the SPE the rights, title, and interests in the B2H Project sold to the SPE under the Purchase and Sale Agreement. The term of the lease will be twenty (20) years, with various options for PacifiCorp to purchase the B2H Project interests back from the SPE at five-year increments throughout the lease term.

Also included with this filing is a verification from Angie Burcham, Assistant General Counsel and Corporate Secretary, regarding the Agreements.

The terms of this transaction are commercially sensitive, and, if revealed prior to execution, could adversely impact the transaction. This information is designated confidential under RCW 80.04.095 and submitted in accordance with the provisions of WAC 480-07-160.

PacifiCorp respectfully requests that all data requests regarding this matter be addressed to: datarequest@pacificorp.com. Please direct informal questions to Ariel Son, Regulatory Affairs Manager, at ariel.son@pacificorp.com, or (971) 242-6299.

Sincerely,

/s/
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Enclosures
NEW-PAC-Attach-A-11-06-25 (C).pdf
NEW-PAC-Attach-A-11-06-25 (R).pdf
NEW-PAC-Verification-Burcham-11-06-25.pdf