

October 19, 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

Attn: 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 (PacifiCorp or Company), provides notice of an indirect affiliate interest transaction with International Business Machines Corporation (IBM). The Company intends to purchase IBM mainframe hardware equipment and support services through Sirius Computer Solutions, Inc (Sirius). A copy of the Professional Services Contract between PacifiCorp and Sirius Computer Solutions, Inc. for IBM Mainframe Replacement (Contract) is included as Attachment A. Exhibit B to the Contract contains commercially-sensitive pricing information and is submitted as confidential pursuant to WAC 480-07-160.

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 recently conducted a formal bidding process to select a vendor to replace existing IBM mainframe equipment, which is reaching the end of its lifecycle. The Company selected Sirius because Sirius submitted the lowest cost bid. The estimated useful life of the mainframe is five years. The initial purchase under the Contract will include three years of hardware support. The Company anticipates renewing the hardware support for an additional two-year term upon the expiration of the initial three-year term. The software support services will provide technical guidance for managing the mainframe environment and will be provided for one year under the Contract. PacifiCorp will evaluate the software support services at the end of the first year to determine if the service is cost effective and should be renewed after the first year.

The Company relies on hardware and software furnished by IBM to create, maintain, and process critical business records. New mainframe hardware equipment is needed to accommodate normal capacity growth and to support planned expansion of the use of the customer self-service Internet application. 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 Contract.

Please do not hesitate to contact Carla Bird at (503) 813-5269 if you have any questions.

Sincerely,

William Griffith

Vice President, Regulation

Pacific Power

Enclosures

**WASHINGTON AFFILIATED INTEREST FILING**

**ATTACHMENT A**

**CONTRACT**

**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 Professional Services Contract Between PacifiCorp and Sirius Computer Solutions, Inc. for IBM Mainframe Replacement, I verify that the Professional Services Contract Between PacifiCorp and Sirius Computer Solutions, Inc. for IBM Mainframe Replacement is a true and accurate copy.

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: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_