

July 16, 2019

VIA ELECTRONIC FILING

Mark L. Johnson
Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, Washington 98503

Received
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State Of WASH.
UTIL. AND TRANSP.
COMMISSION

RE: Docket UE-19_____—Affiliated Interest Filing—PacifiCorp and Penn Machine Company LLC

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 affiliate interest transaction with Penn Machine Company LLC (Penn Machine). PacifiCorp intends to purchase Penn Machine air preheater main drive gear box parts (Equipment). The parties to the transaction agreed to use PacifiCorp's Purchase Order Standard Terms and Conditions (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 Penn Machine. 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 Penn Machine creates an affiliated interest with PacifiCorp.

PacifiCorp contacted the manufactures of the air preheater system and boiler used at the company's Jim Bridger plant to obtain competitive bids for the Equipment. The air preheater system is a major component in the boilers used at the plant to pre-warm combustion air in the boiler; the main gear box operates the air preheater system. In response to this request, the company was informed the Equipment can only be provided by Penn Machine as it is propriety to Penn Machine. The value of the equipment to be purchased under the Agreement is approximately \$19,433.

The company used its competitive bid process when seeking a vendor for air preheater main drive gearbox parts. The Agreement was prepared in accordance with PacifiCorp's procurement policies and procedures and contains standard commercial terms and conditions to protect

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PacifiCorp's ability to provide safe and reliable service. Thus, the use of Penn Machine as supplier of the Equipment under the Agreement is in the public interest.

Also included with this filing is a notarized verification from Ramona Young, Senior Buyer, PacifiCorp, regarding the Agreement.

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

By email (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
825 NE Multnomah Street, Suite 2000
Portland, OR 97232
(503) 813-5701
etta.lockey@pacificorp.com

Enclosure

NEW-PPL-Attach-A-7-16-19 (C).pdf
NEW-PPL-Attach-A-7-16-19 (R).pdf
NEW-PPL-Verification-Young-7-16-19.pdf