

REDACTED825 NE Multnomah, Suite 2000
Portland, Oregon 97232

March 27, 2020

VIA ELECTRONIC FILING

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

**RE: Docket UE-20_____—Affiliated Interest Filing—PacifiCorp and BHE
Renewables, LLC**

Under the provisions of RCW 80.16.020 and in accordance with WAC 480-100-245, PacifiCorp d/b/a Pacific Power & Light Company (PacifiCorp or Company), provides notice of an affiliated interest transaction with BHE Renewables, LLC (BHER) through its wholly owned subsidiary, BHE Wind, LLC. BHER will be transferring \$_____ million worth of equipment to PacifiCorp for PacifiCorp's TB Flats I and II wind facility (the Wind Project). A verified copy of the Agreement (Agreement) is included with this Notice as Confidential Attachment A. PacifiCorp provides the Agreement as confidential in accordance with WAC 480-07-160. The Agreement contains sensitive pricing and cost information which, if disclosed to the public, could erode the Company's ability to bargain with vendors in the future.

PacifiCorp is a wholly-owned subsidiary of Berkshire Hathaway Energy Company (BHE). BHER is a limited liability company, which is also a wholly-owned subsidiary of BHE. BHE Wind, LLC is a limited liability company which is a wholly owned subsidiary of BHER. 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 BHER creates an affiliate interest relationship between PacifiCorp and BHER.

Based in Phoenix, Arizona, BHER owns solar, wind, geothermal, and hydroelectric projects that produce energy for both the wholesale market and for customers under long-term power agreements. BHER is transferring certain wind turbine equipment to PacifiCorp for use in its Energy Vision 2020 projects. Energy Vision 2020 was assessed in the Company's 2017 Integrated Resource Plan (IRP) preferred portfolio, which identified a time-limited opportunity to procure approximately 1,100 mega-watts (MW) of cost-effective Wyoming wind facilities and construct transmission facilities to relieve existing congestion and allow interconnection of those new wind facilities, while providing all-in customer savings. The Wind Project is a component of the Energy Vision 2020 projects.

REDACTED

Vestas V110 60 hertz 2.0MW equipment will be transferred from BHER to PacifiCorp via a purchase and sale agreement priced at BHER's cost of \$ [REDACTED]. The costs of the transferred equipment were paid and incurred by BHER in 2016 and are projected to constitute five percent or more of the eventual total cost of the Wind Project. This "five-percent safe harbor" equipment establishes a 2016 beginning of construction date that qualifies the Wind Project for 100 percent Production Tax Credits (PTCs) so long as the Wind Project is placed in service before January 1, 2021. If this same equipment was transferred to PacifiCorp by an unrelated party (a non-affiliated party), the costs would be treated as paid and incurred by PacifiCorp in 2020 rather than in 2016, and the project would not be eligible for 100 percent PTCs.¹ This transaction supports the cost effectiveness and deliverability of Energy Vision 2020 for the benefit of customers.

This transaction is not currently reflected in Washington rates under the West Control Area inter-jurisdictional allocation methodology (WCA). However, this project may be included in Washington rates under the Washington Inter-Jurisdictional Allocation Method proposed in PacifiCorp's current general rate case (UE-191024). Notwithstanding, the Company is providing this notice out of an abundance of caution to ensure consistent treatment of affiliate contracts under the requirements of RCW 80.16.020.

Also included with this filing is a verification from Joe Paul, Senior Attorney, 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.

¹ With respect to transfers of solely tangible personal property between related parties, amounts paid or incurred by the transferor with respect to such property can be taken in to account by the transferee for the purposes of the five-percent safe-harbor method for establishing the beginning of construction date. Conversely, when a transfer consists solely of tangible personal property to a transferee not related to the transferor, costs paid or incurred by the transferor may not be taken into account by the transferee for the purposes of the five-percent safe harbor.

Sincerely,

 /s/

Etta Lockey
Vice President, Regulation
Pacific Power & Light Company
825 NE Multnomah St., Suite 2000
Portland, Oregon 97232
(503) 813-5701
etta.lockey@pacificorp.com

Enclosures

NEW-PPL-Attach-A-3-27-20 (C).pdf
NEW-PPL-Attach-A-3-27-20 (R).pdf
NEW-PPL-Verification-Paul-3-27-20.pdf