



*R. Jeff Richards
Vice President and General Counsel
1407 W. North Temple, Suite 320
Salt Lake City, UT 84116
801-220-4734 Office
jeff.richards@pacificorp.com*

July 1, 2016

Gary Widerburg
Commission Secretary
Public Service Commission of Utah
Heber M. Wells Building, 4th Floor
160 East 300 South
Salt Lake City, Utah 84111

Re: PacifiCorp Notice of Affiliate Transaction
Docket No. 05-035-54

Dear Mr. Widerburg:

Pursuant to Commitment U3(2), incorporated in the Public Service Commission of Utah's *Report and Order* approving the *Acquisition of PacifiCorp by MidAmerican Energy Holdings Company* (MEHC), issued January 27, 2006, as amended March 14, 2006, and June 5, 2006, Rocky Mountain Power d.b.a. PacifiCorp hereby provides notice of an affiliated interest transaction with International Business Machines Corporation (IBM). PacifiCorp desires to enter into an Enterprise Software and Support Option (ESSO) agreement with IBM and IBM Credit LLC (IGF), under which IBM will provide certain products and services for multiple applications under the terms and conditions of one agreement, rather than providing those services under a separate agreement for each application.

PacifiCorp will receive cost savings for the software and services provided in accordance with the ESSO. PacifiCorp will also enter into a Transaction Finance Agreement (TFA) under which the company will remit payments for the products and services provided by IBM under the ESSO. A verified copy of the ESSO is included with this Notice as Attachment A. A verified copy of the TFA is included with this Notice as Attachment B. Both Attachments are designated as Confidential, and are commercially-sensitive and are subject to a provision in the ESSO requiring that the entire contract (and the terms of associated documents that are incorporated therein by reference, including the TFA) be designated confidential. Disclosure of the information could erode the company's bargaining position and could be deemed to be a breach of contractual obligations.

PacifiCorp is a wholly-owned indirect subsidiary of Berkshire Hathaway Energy Company (BHE). BHE is a subsidiary of Berkshire Hathaway, Inc. (Berkshire Hathaway). Berkshire Hathaway publicly owns IBM common stock totaling greater than a five percent interest. Therefore, Berkshire Hathaway's ownership interest in IBM may create an affiliated interest in some PacifiCorp jurisdictions.

PacifiCorp has historically used a variety of technologies from IBM to support the delivery of key business functions. Specific functions provided by IBM include support for the company's

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customer service and billing, support for enterprise reporting and analytics in the Enterprise Data Warehouse, support for Corporate Enterprise Content Management for document storage, archiving and retrieval, and support for optimization of energy trading activities. PacifiCorp has previously provided notice of agreements for software and support services supporting the ESSO to the Commission. The ESSO allows Company to bundle certain software licensing purchases and support services to achieve benefits over the term of the contract.

PacifiCorp relies on software furnished by IBM to create and maintain critical business records. This software is proprietary to IBM; therefore, only IBM is able to provide service. Without the software furnished by IBM, many groups in the company would not be able to perform critical tasks necessary for business functions or prepare reports related to those business functions. Procurement and installation of different reporting systems would require considerable time and expense. Accordingly, the transaction is consistent with the public interest.

Please do not hesitate to contact me if you have any questions.

Best Regards,

R. Jeff Richards
Vice President and General Counsel
PacifiCorp

Enclosures

cc: Chris Parker, DPU
Michele Beck, OCS