



*R. Jeff Richards  
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July 8, 2016

Gary Widerburg  
Commission Secretary  
Public Service Commission of Utah  
Heber M. Wells Building, 4<sup>th</sup> 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) for a Statement of Work providing that IBM will provide to PacifiCorp consulting services related to its existing Content Manager OnDemand (CMOD) system. The consulting services will be provided under a Statement of Work (SOW) that will be executed upon the submission of all required regulatory filings. The SOW contains all relevant details regarding the consulting services IBM will provide to PacifiCorp, including pricing terms. The SOW is being issued under the terms and conditions of the existing IBM Customer Agreement (Original Agreement), which is the master contract under which IBM was originally engaged for the purchase and set-up of the CMOD system and related services. A verified copy of the SOW is included with this Notice as Attachment A. A verified copy of the Original Agreement is included with this Notice as Attachment B, for reference. Attachments A and B are designated as Confidential, and contain commercially-sensitive information and, accordingly, require designation as confidential. Disclosure of the information could erode Company's bargaining position and could be deemed a breach of its 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.

The Company 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 PacifiCorp'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 been using the CMOD system for a number of years. CMOD is used to allow customers to view and print statements online. Due to the company's recent system-wide upgrades, certain corresponding changes and upgrades must be made to the existing CMOD system to allow full functionality of the system. This software is proprietary to IBM; therefore, only IBM is able to provide the necessary services related to these upgrades. It is estimated that PacifiCorp will spend approximately \$28,020 for the services to be provided under the SOW. Procuring and installing a different system in lieu of upgrading the current CMOD system would require considerable time and expense. Having IBM perform the necessary CMOD system upgrades, rather than replacing the CMOD system, will result in cost savings to PacifiCorp. Accordingly, the transaction is consistent with the public interest.

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

Best Regards,

A handwritten signature in blue ink, appearing to read "R. Jeff Richards".

R. Jeff Richards  
Vice President and General Counsel  
PacifiCorp

Enclosures

cc: Chris Parker, DPU  
Michele Beck, OCS