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December 15, 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) for the replacement of the Company's existing engineering drawing management system. The Company intends to enter into two Statement of Work agreements (SOWs) with IBM that will be executed upon the submission of all required regulatory filings. The SOWs contain all relevant details regarding the product and services IBM will provide to Company, including pricing terms. The SOWs are being issued under the terms and conditions of the existing IBM Contract for Software Solutions and Implementation Services (Original Agreement), which serves as a master contract under which IBM is engaged by the Company from time to time for the purchase and set-up of various systems and related services. A verified copy of the Original Agreement is included with this Notice as Attachment A. A verified copy of each of the SOWs is included with this Notice as Attachment B. The Attachments 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.

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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 Company's 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.

The Company relies on software furnished by IBM to create and maintain critical business records. 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. The Company used its standard request for proposal procurement process when seeking a vendor to replace its engineering drawing management system as described in the SOWs. It is estimated that the Company will spend a total of approximately \$1,252,540 for the services to be provided under the SOWs. IBM was selected as the lowest bidder. The SOWs contain standard terms and conditions, which protect the Company and appropriately mitigate risk. 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