



*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 18, 2019

Gary Widerburg  
Commission Administrator  
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 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 because it 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 Hathaway currently holds a majority interest in Penn Machine. Therefore, Berkshire Hathaway's ownership interest in Penn Machine creates an affiliated interest with PacifiCorp in some PacifiCorp jurisdictions.

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 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 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.

Gary Widerburg  
Notice of Affiliate Transaction  
July 18, 2019

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

**CONFIDENTIAL**

**ATTACHMENT A**

**PURCHASE ORDER STANDARD TERMS AND CONDITIONS**

*This attachment is confidential in its entirety and will be provided under separate cover.*

**CERTIFICATE OF SERVICE**

Docket No. 05-035-54

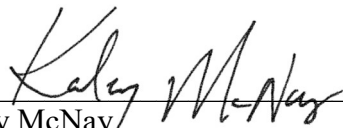
I hereby certify that on July 18, 2019, a true and correct copy of the foregoing was served by electronic mail to the following:

**Utah Office of Consumer Services**

Michele Beck            [mbeck@utah.gov](mailto:mbeck@utah.gov)

**Division of Public Utilities**

Chris Parker            [chrisparker@utah.gov](mailto:chrisparker@utah.gov)

  
\_\_\_\_\_  
Kaley McNay  
Coordinator, Regulatory Operations