

REDACTED



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VIA ELECTRONIC FILING

August 3, 2020

Gary Widerburg
Commission Administrator
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*, issued January 27, 2006, as amended March 14, 2006, and June 5, 2006, PacifiCorp hereby provides notice of an affiliated interest transaction with BHE Wind, LLC ("BHE Wind") to purchase [REDACTED] of wind turbine equipment by PacifiCorp for its Foote Creek wind facility (the "Wind Project"). A copy of the Purchase and Sale Agreement (the "Agreement") is included with this Notice as Confidential Attachment A. 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"). BHE Renewables, LLC ("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. Therefore, BHE's ownership interest in PacifiCorp and BHER creates an affiliate interest relationship between PacifiCorp and BHE Wind in some PacifiCorp jurisdictions.

Based in Phoenix, Arizona, BHE Wind owns solar, wind, geothermal, and hydroelectric projects that produce energy for both the wholesale market and for customers under long-term power agreements. BHE Wind is transferring certain wind turbine equipment to PacifiCorp for use in its wind repowering project.

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Vestas V110 60 hertz 2.0MW equipment will be transferred to PacifiCorp via a purchase and sale agreement priced at BHE Wind's cost of [REDACTED]. The costs of the transferred equipment were paid and incurred by BHE Wind 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 for the repowering of the Foote Creek facility for the benefit of customers.

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

Sincerely,



Timothy K. Clark
Senior Attorney
PacifiCorp

Enclosures

cc: Chris Parker, DPU
Michele Beck, OCS

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 into 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.

CONFIDENTIAL

ATTACHMENT A

to

PacifiCorp Notice of Affiliate Transaction

**THIS ATTACHMENT IS CONFIDENTIAL IN ITS
ENTIRETY AND IS PROVIDED UNDER SEPARATE
COVER**

CERTIFICATE OF SERVICE

Docket No. 05-035-54

I hereby certify that on August 3, 2020, 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

Division of Public Utilities

Chris Parker chrisparker@utah.gov

Dr. Artie Powell wpowell@utah.gov



Mary Penfield
Adviser, Regulatory Operations