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March 20, 2006

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**VIA ELECTRONIC FILING**

PUC Filing Center  
Public Utility Commission of Oregon  
P.O. Box 2148  
Salem, OR 97308-2148

**Re: Dockets UI 196/UM 1209**

In Order 02-361, amended in Order 02-657, the Commission approved PacifiCorp's affiliated interest application for the West Valley lease, docketed as UI 196. This order requires PacifiCorp to notify the Commission in advance of any substantive changes to the lease, including any material change in any revenue or cost.

In Order 06-082, amended in Order 06-121, the Commission approved MidAmerican Energy Holdings Company's (MEHC) application to acquire PacifiCorp, docketed as UM 1209. Oregon Commitment O 8 in the Stipulation approved as a part of that order requires PacifiCorp and MEHC to reduce the annual non-fuel costs of the West Valley lease to customers by \$417,000 per month from April 1, 2006 through the end of the lease term on May 31, 2008.

While these commitments will not become effective until after the closing of the transaction ("Transaction") approved by the Commission in this proceeding, MEHC is already taking the steps necessary to implement commitments with the expectation that the Transaction will close later this week, after satisfaction of customary closing conditions. Therefore, pursuant to Commitment O 8, MEHC provides notice of the attached amendment to the West Valley lease. The parties expect to execute this amendment at the closing of the Transaction. This amendment reduces the lease costs to PacifiCorp by \$417,000 per month for the duration of the lease.

Oregon  
Washington  
California  
Utah  
Idaho



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PacifiCorp will file an executed version of this lease amendment after the close of the MEHC acquisition.

Very truly yours,

Sarah J. Adams Lien

SJL:knp

cc: Parties of record in UI 196/UM 1209

## AMENDMENT NO. 1 TO LEASE AGREEMENT

This Amendment No. 1 to Lease Agreement ("Amendment No. 1"), dated as of March \_\_, 2006 ("Effective Date"), between West Valley Leasing Company LLC, an Oregon limited liability company ("Lessor") and PacifiCorp, an Oregon corporation acting in its regulated merchant function ("Lessee").

WHEREAS, Lessor and Lessee are parties to a Lease Agreement dated as of March 5, 2002 (the "Lease") related to that certain nominal 200 MW gas-fired, simple cycle combustion turbine electric generating station located in or near West Valley City, Utah (the "Project"); and

WHEREAS, Lessor and Lessee desire to amend the Lease as set forth in this Amendment No. 1.

NOW, THEREFORE, in consideration of the mutual agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Defined Terms. Capitalized terms that are not defined in this Amendment No. 1 have the respective meanings set forth in the Lease.
2. Amendment to Lease. The Lease is hereby amended as follows:
  - (A) Effective as of the Effective Date, the aggregate rent payable pursuant to Section 5.3 of the Lease shall be reduced by: (i) the amount of One Hundred Twenty-Five Thousand One Hundred Dollars (\$125,100) for the calendar quarter ending on March 31, 2006, (ii) the amount of One Million Two Hundred Fifty-One Thousand Dollars (\$1,251,000) per calendar quarter for each calendar quarter from April 1, 2006 through March 31, 2008, and (iii) by the amount of Eight Hundred Thirty-Four Thousand Dollars (\$834,000) for the period from April 1, 2008 through May 31, 2008. These reductions shall terminate on May 31, 2008 and the original payment terms of the Lease shall thereafter be in full force and effect.
  - (B) Effective as of the Effective Date, Section 12.2(c)(ii) of the Lease shall be amended to reduce the option payment amount to One Hundred Twenty-Two Million Five Hundred Thousand Dollars (\$122,500,000).
3. General
  - 3.1 Counterparts. This Amendment No. 1 may be executed in one or more counterparts, and by the different parties hereto in separate counterparts, and delivered by facsimile, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

3.2 References to Lease. All references in any document or agreement to the Lease (other than references to the Lease contained in this Amendment No. 1) shall refer to the Lease, as amended hereby.

3.3 Effect of Amendment No. 1. Except as expressly amended by the terms of this Amendment No. 1, all other provisions of the Lease remains in full force and effect without amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment No. 1 as of the date first written above.

**WEST VALLEY LEASING COMPANY LLC**

By: \_\_\_\_\_  
Name:  
Title:

**PACIFICORP**

By: \_\_\_\_\_  
Name:  
Title:

CERTIFICATE OF SERVICE

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I hereby certify that I served the foregoing document in Docket UM 1209 on the following named person(s) on the date indicated below by

- mailing with postage prepaid
- hand delivery
- facsimile transmission
- Electronic mail

to said person(s) a true copy thereof, contained in a sealed envelope, addressed to said person(s) at his or her last-known address(es) indicated below.

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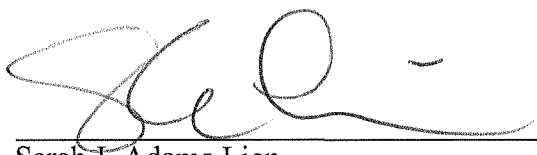
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