



900 S.W. Fifth Avenue, Suite 2600
Portland, Oregon 97204
main 503.224.3380
fax 503.220.2480
www.stoel.com

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KATHERINE A. MCDOWELL
Direct (503) 294-9602
kamcdowell@stoel.com

VIA ELECTRONIC FILING

PUC Filing Center
Public Utility Commission of Oregon
PO Box 2148
Salem, OR 97308-2148

Re: Docket UM 1209

On January 30, 2006, MEHC and PacifiCorp filed a Response to Request for Additional Information re Stipulation. Attached to that filing was an Exhibit B, designed to show two minor corrections, one to Oregon Commitment 11 and one to Oregon Commitment 12. Unfortunately, Exhibit B was based upon the original version of Oregon Commitment 12, not the updated version corrected by the errata filing made on January 9, 2006. Therefore, I am now submitting a new Exhibit B, which should replace the original filed on January 30, 2006.

My apologies for any confusion. A copy of this filing has been served on all parties to this proceeding as indicated on the attached certificate of service.

Very truly yours,



Katherine A. McDowell

KAM:knp
Enclosure
cc: Service List

calendar years 2006 through 2010, inclusive, will be no more than \$7.4 million (total company). Oregon Commission Staff has valued the potential increase in PacifiCorp's total company revenue requirement from the loss of ScottishPower's captive insurance affiliate as \$4.3 million annually, which shall be the amount of the total company rate credit. This commitment expires on December 31, 2010.

- b) This commitment is offsetable if PacifiCorp demonstrates to the Commission's satisfaction, in the context of a general rate case, the costs included in PacifiCorp's rates for such insurance coverage is not more than \$7.4 million (total company). (This commitment is reflected in Row 3 in Appendix 2.)

O 11.a) MEHC and PacifiCorp will hold customers harmless for increases in costs resulting from PacifiCorp corporate costs previously billed to PPM and other former affiliates of PacifiCorp. Oregon Commission Staff has valued the potential increase in total company revenue requirement if these costs are not eliminated as \$7.9 million annually (total company) through December 31, 2010 and \$6.4 million annually (total company) from January 1, 2011 through December 31, 2015, which shall be the amounts of the total company rate credit. This commitment shall expire on the earlier of December 31, 2015 or when PacifiCorp demonstrates to the Commission's satisfaction, in the context of a general rate case, that corporate costs previously billed to PPM and other former affiliates have not been included in PacifiCorp's rates. This Commitment is in lieu of Commitment 38, and a state must choose between this Commitment O 11 and Commitment 38.

- b) This commitment is offsetable to the extent PacifiCorp demonstrates to the Commission's satisfaction, in the context of a general rate case, that corporate costs previously billed to PPM and other former affiliates have not been included in PacifiCorp's rates. (The commitment is reflected in Row 4 of Appendix 2.)

O 12.a) MEHC and PacifiCorp commit that PacifiCorp's total company A&G costs will be reduced by \$6 million annually based on the A&G categories, assumptions, and values contained in Appendix 3 titled, "UM 1209 A & G Stretch". The maximum amount of the total company rate credit in any year is \$6 million. This commitment expires December 31, 2010. Beginning with the first month after the close of the transaction, Oregon's share of the \$0.5 million monthly rate credit will be deferred for the benefit of customers and accrue interest at PacifiCorp's authorized rate of return. This Commitment is in lieu of Commitments 22 and U 23 from the Utah settlement, and a state must choose between this Commitment O 12 and Commitments 22 and U 23.

- b) The credit will be offsetable on a prospective basis, for every dollar that PacifiCorp demonstrates, to the Commission's satisfaction, in a subsequent general rate case, that total company A&G expenses included in PacifiCorp's rates are less than \$6 million above the "Stretch Goal" and have not been shifted to other regulatory accounts. The 2006 Stretch Goal is \$222.8 million.

Subsequent Stretch Goals shall equal the 2006 Stretch Goal multiplied by the ratio of the Global Insight's Utility Cost Information Service (UCIS)-Administrative and General – Total Operations and Maintenance Index (INDEX CODE Series JEADGOM), for the test period divided by the 2006 index value. If another index is adopted in a future PacifiCorp case, that index will replace the aforementioned index and will be used on a prospective basis only. If this occurs, the Stretch Goal for future years will equal the Stretch Goal from the most recent full calendar year multiplied by the ratio of the new index for the test period divided by the new index value for that same most recent full calendar year.

O 13. The premium paid by MEHC for PacifiCorp (Acquisition Premium) will be excluded from the utility accounts of PacifiCorp. Further, MEHC and PacifiCorp commit that they will not propose to recover the Acquisition Premium in Oregon retail rates, or include the Acquisition Premium in PacifiCorp's results of operations, unless this commitment is modified by the Commission, pursuant to a filing under ORS 756.568, to allow for the recovery of the Acquisition Premium. MEHC and PacifiCorp will not request or support a motion to modify this commitment to allow recovery of the Acquisition Premium unless a party in a proceeding before the Commission proposes an adjustment to PacifiCorp's revenue requirement that MEHC and PacifiCorp assert violates the regulatory theory of the matching principle. If PacifiCorp seeks recovery of the Acquisition Premium, then other Parties are free to oppose such recovery, including the validity of the matching principle.

O 14.a) In the event of a ratings downgrade by two or more rating agencies of PacifiCorp's senior long-term debt that occurs within 12 months after the Commission approves the Transaction or issues an order adopting acquisition commitments from other PacifiCorp states, whichever comes later (the "Baseline Date"), and at least one such agency identifies issues related to MEHC's acquisition of PacifiCorp as a cause of the ratings downgrade, the assumed yield for any incremental debt issued by PacifiCorp after the downgrade will be reduced by 10 basis points for each notch that PacifiCorp is downgraded below PacifiCorp's rating on the Baseline Date. Such adjustment will continue until the debt is no longer outstanding. In the case where one rating agency issues a rating downgrade, but not two or more rating agencies, denoted as a split rating, the adjustment shall be 5 basis points for each notch. The adjustment imposed by this commitment will be eliminated for debt issuances following the ratings upgrade of PacifiCorp equal to the rating on the Baseline Date. This Commitment is in lieu of Commitment 37, and a state must choose between this Commitment O 14 and Commitment 37.

b) In the event that debt issued by PacifiCorp within 12 months after the Baseline Date is recalled and refinanced, PacifiCorp agrees to hold customers harmless, for the term of the debt, as compared to the revenue requirements pursuant to subparagraph a) and its basis point reductions, of the originally financed debt.

STOEL RIVES LLP
900 SW Fifth Avenue, Suite 2600, Portland, OR 97204
Main (503) 224-3380 Fax (503) 220-2480

CERTIFICATE OF SERVICE

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

- 4 mailing with postage prepaid
- 5 hand delivery
- 6 facsimile transmission
- 7 Electronic mail

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

10	NW Energy Coalition	Rates & Regulatory Affairs
11	219 First Street, Suite 100	Portland General Electric
12	Seattle, WA 98104	121 SW Salmon Street, 1WTC0702
13		Portland, OR 97204
14		<u>pge.opuc.filings@pgn.com</u>
15	Adam S. Arms	Utility Workers Union of America
16	<u>aarms@mbjlaw.com</u>	PO Box 37
17		San Clemente, CA 92674-0037
18		<u>uwua@redhabanero.com</u>
19	Jim Abrahamson	Douglas L. Anderson
20	Community Action Directors of Or	MidAmerican Energy Holdings Co
21	4035 12 th Street Cutoff SE, Suite 110	302 S 36 Street, Suite 400
22	Salem, OR 97302	Omaha, NE 68131
23	<u>jim@cado-oregon.org</u>	<u>gerickson@midamerican.com</u>
24	Edward Bartell	Curtis G. Berkey
25	Klamath Off-Project Water Users, Inc.	Alexander Berkey Williams
26	30474 Sprague River Road	& Weathers
	Sprague River, OR 97639	2000 Center Street, Suite 308
		Berkey, CA 94704
		<u>cberkey@abwwlaw.com</u>
	Maggie Brilz	Lowrey R. Brown
	Idaho Power Company	Citizens' Utility Board of Oregon
	PO Box 70	610 SW Broadway, Suite 308
	Boise, ID 83707-0070	Portland, OR 97205
	<u>mbrilz@idahopower.com</u>	<u>lowrey@oregoncub.org</u>

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Joanne M. Butler
Idaho Power Company
PO Box 70
Boise, ID 83707-0070
jbutler@idahopower.com

Phil Carver
Oregon Department of Energy
625 Marion Street NE, Suite 1
Salem, OR 97301-3742
philip.h.carver@state.or.us

Bryan Conway
Oregon Public Utility Commission
PO Box 2148
Salem, OR 97308-2148
bryan.conway@state.or.us

Joan Cote
Oregon Energy Coordinators Assoc
2585 State Street NE
Salem, OR 97301
cotej@mwwvcaa.org

Melinda J. Davison
Davison Van Cleve, PC
333 SW Taylor, Suite 400
Portland, OR 97204
mail@dvclaw.com

Jason Eisdorfer
Citizens' Utility Board of Oregon
610 SW Broadway, Suite 308
Portland, OR 97205
jason@oregoncub.org

Andrea Fogue
League of Oregon Cities
PO Box 928
Salem, OR 97308
afogue@orcities.org

D. Kevin Carlson
Dept. of Justice
General Counsel Division
1162 Court Street NE
Salem, OR 97301-4096
d.carlson@doj.state.or.us

Ralph Cavanagh
Natural Resources Defense Council
111 Sutter Street, FL 20
San Francisco, CA 94104
rcavanagh@nrdc.org

John Corbett
Yurok Tribe
PO Box 1027
Klamath, CA 95548
jcorbett@yuroktribe.nsn.us

Chris Crean
Christopher.d.crean@co.multnomah.or.us

Michael Early
Industrial Customers of NW Utilities
333 SW Taylor, Suite 400
Portland, OR 97204
mearly@icnu.org

Ann L. Fisher
energlaw@aol.com

John R. Gale
Idaho Power Company
PO Box 70
Boise, ID 83707-0070
rgale@idahopower.com

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Bernardo R. Garcia
 Utility Workers Union of America
 215 Avendia Del Mar, Suite M
 San Clemente, CA 92672
uwua@redhabanero.com

Ann English Gravatt
 Renewable Northwest Project
 917 SW Oak, Suite 303
 Portland, OR 97205
ann@rnp.org

David E. Hamilton
davidh@norrstev.com

William Miller
 Nancy Harper
bill@ibew125.com
nancy@ibew125.com

Jason W. Jones
 Department of Justice
 Regulated Utility & Business Section
 1162 Court Street NE
 Salem, OR 97301-4096
jason.w.jones@state.or.us

Barton Kline
 Idaho Power Company
 PO Box 70
 Boise, ID 83707-0070
bkline@idahopower.com

Kaitlin Lovell
 Charlton Bonham
klovell@tu.org
cbonham@tu.org

Daniel W. Meek
 Attorney at Law
 10949 SW 4th Avenue
 Portland, OR 97219
dan@meek.net

Mark C. Moench
 MidAmerican Energy Holdings Co
 201 South Main Street, Suite 2300
 Salt Lake City, UT 84111
mcmoench@midamerican.com

Christy Monson
 League of Oregon Cities
 1201 Court Street NE, Suite 200
 Salem, OR 97301
cmonson@orcities.org

Barbara Lee Norman
 Karuk Tribe of California
 PO Box 657
 Yreka, OR 96097
bnorman@karuk.us

Matthew W. Perkins
 Davison Van Cleve PC
 333 SW Taylor, Suite 300
 Portland, OR 97204
mwp@dvclaw.com

Janet L. Prewitt
 Department of Justice
 1162 Court Street NE
 Salem, OR 97301-4096
janet.prewitt@doj.state.or.us

Lisa F. Rackner
 Ater Wynne LLP
 222 SW Columbia, Suite 1800
 Portland, OR 97201-6618
lfr@aterwynne.com

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Steve Rothert
strothert@amrivers.org

Thomas P. Schlosser
t.schlosser@msaj.com

Thane Somerville
t.somerville@msaj.com

John W. Stephens
Esler Stephens & Buckley
888 SW Fifth Avenue, Suite 700
Portland, OR 97204-2021
stephens@eslerstephens.com

Douglas C. Tingey
Portland General Electric Co
121 SW Salmon Street, 1WTC1301
Portland, OR 97204
doug.tingey@pgn.com

Sarah Wallace
Ater Wynne LLP
222 SW Columbia, Suite 1800
Portland, OR 97201-6618
sek@aterwynne.com

Michael T. Weirich
Department of Justice
Regulated Utility & Business Section
1162 Court Street NE
Salem, OR 97301-4096
michael.weirich@state.or.us

Gregory W. Said
Idaho Power Company
PO Box 70
Boise, ID 83707-0070
gsaid@idahopower.com

Rob Roy Smith
r.smith@msaj.com

Glen H. Spain
Pacific Coast Federation of
Fishermen's Associations
PO Box 11170
Eugene, OR 97440-3370
fish1ifr@aol.com

Mark Thompson
Public Power Council
1500 NE Irving Street, Suite 200
Portland, OR 97232
mthompson@ppcpdx.org

Sandi R. Tripp
Karuk Tribe
Dept. of Natural Resources
PO Box 1016
Happy Camp, CA 95546
strip@karuk.us

Benjamin Walters
Susan Anderson
bwalters@ci.portland.or.us
susananderson@ci.portland.or.us

Steven Weiss
Northwest Energy Coalition
4422 Oregon Trail Court NE
Salem, OR 97305
steve@nwenergy.org

STOEL RIVES LLP
900 SW Fifth Avenue, Suite 2600, Portland, OR 97204
Main (503) 224-3380 Fax (503) 220-2480

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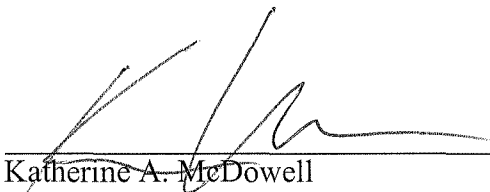
Jessica A. Gorham
Ater Wynne, LLP
222 SW Columbia Street, Suite 1800
Portland, OR 97201
jac@aterwynne.com

Michael W. Orcutt
Hoopa Valley Tribe Fisheries Dept
PO Box 417
Hoopa, CA 95546
director@pcweb.net

Peter J. Richardson
Richardson & O'Leary
PO Box 7218
Boise, ID 83707
peter@richardsonandoleary.com

Paul Woodin
Western Wind Power
282 Largent Lane
Goldendale, WA 98620-3619
pwoodin@gorge.net

DATED: February 9, 2006.



Katherine A. McDowell
Of Attorneys for MEHC and PacifiCorp