

August 27, 2007

***VIA ELECTRONIC FILING
AND FIRST CLASS MAIL***

Oregon Public Utility Commission
550 Capitol Street NE, Suite 215
Salem, OR 97310-2551

Attn: Vikie Bailey-Goggins, Administrator
Regulatory and Technical Support

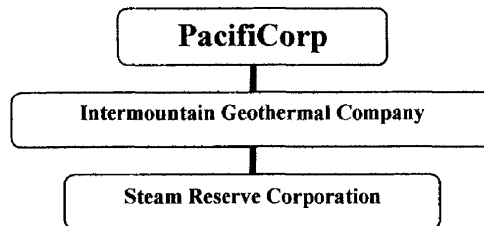
RE: **Docket UM 1209**, Notice of Corporate Restructuring of Intermountain
Geothermal Company and Steam Reserve Corporation, Two Wholly-Owned
Subsidiaries of PacifiCorp

PacifiCorp, dba Pacific Power (“PacifiCorp” or “Company”), intends to undertake a corporate restructuring in which two PacifiCorp subsidiaries, Intermountain Geothermal Company and Steam Reserve Corporation located in Utah, will be merged into PacifiCorp. This consolidation will help facilitate any future expansion of the Blundell geothermal power plant (“Blundell”) and will simplify the management and administration of this aspect of PacifiCorp’s business, which will benefit customers. Additionally, from a regulatory perspective, the consolidation will not harm PacifiCorp customers because the consolidation results in nothing more than a change in the form of ownership. The consolidation will not alter the current or future regulatory treatment of the assets and costs associated with the two subsidiaries.

A. Corporate Background.

Intermountain Geothermal Company (“IGC”) is a Delaware corporation formerly held by MidAmerican Energy Holdings Company (“MEHC”) through its Cal Energy Group. As part of MEHC’s acquisition of PacifiCorp in 2006, all of the outstanding capital stock of IGC was contributed to PacifiCorp, such that IGC became a direct, wholly owned subsidiary of PacifiCorp.

In July 2006, IGC acquired all of the outstanding capital stock of Steam Reserve Corporation (“SRC”), also a Delaware corporation, such that SRC became a direct, wholly owned subsidiary of IGC. See diagram below:



B. Current Operations and Contracts.

SRC is party to geothermal leases with the Utah School and Institutional Trust Lands Administration (“SITLA”) that give SRC rights to the steam from the Roosevelt Hot Springs geothermal field in Beaver County, Utah. In turn, SRC sells the steam output to IGC pursuant to a Unit Operating Agreement. Also under the Unit Operating Agreement, IGC manages and operates SRC’s interest in the Roosevelt Hot Springs geothermal field.

Additionally, IGC is party to similar geothermal leases with the federal Bureau of Land Management (“BLM”) that give IGC rights to Roosevelt Hot Springs. IGC delivers and sells the steam output to PacifiCorp under a steam delivery agreement and geothermal steam pre-purchase agreement. Per the terms of these agreements, the agreements will either need to be assigned to PacifiCorp, or amended to reflect PacifiCorp’s interest as successor-in-interest upon completion of the consolidation.

PacifiCorp intends to work with SITLA and BLM to place the leases directly in PacifiCorp’s name. It is possible that PacifiCorp will also amend or restate the Unit Operating Agreement to reflect the new consolidated structure.

C. Current Regulatory Status.

The consolidation of the corporate subsidiaries does not affect the Company’s regulatory treatment of the assets of IGC and SRC. The assets of IGC and SRC consist primarily of production plant, intercompany accounts receivable, and the three contracts described above. Any pre-payment by the Company to IGC or SRC for steam is already included in rate base. Since MEHC contributed all of the outstanding capital stock of IGC to the Company, the Company will net any prepayments to IGC for steam against the IGC assets to assure that customers are held harmless. However, since the Company acquired SRC through a subsequent separate transaction, the Company will likely request that the acquisition cost of SRC be included in rate base in a future rate setting proceeding. Accordingly, the consolidation does not affect the current or future treatment of these assets by the Company as utility or non-utility assets. The Company’s treatment of these assets is similar to the treatment the assets would have received if the consolidation did not occur.

D. Benefits of Consolidation.

This consolidation will provide several benefits to PacifiCorp and its customers. For example, any future expansion of Blundell will require new wells to be drilled into the steam field. BLM has notified PacifiCorp that consolidating IGC and SRC into PacifiCorp will accelerate this process, allowing permits to be issued sooner and allowing PacifiCorp to accelerate any future development of this resource for its customers.

Further, this consolidation will combine several elements of the Blundell operation and create efficiencies. PacifiCorp already serves as the power plant operator. PacifiCorp would become the steam field operator and the direct lessee of all the steam leases. As the direct lessee, PacifiCorp would no longer need the site license, right of way arrangements or separate performance bonds. BLM has stated that all of these efficiencies would further facilitate BLM's cooperation with required permitting for the expansion project.

PacifiCorp is also attempting to combine the represented workers of IGC with the represented PacifiCorp workforce at Blundell. This would eliminate the need for a separate collective bargaining agreement for IGC, and ease the burden related to administering a separate arrangement.

E. Regulatory Notice or Pre-approval Requirements.

On February 24, 2006, the Oregon Public Utility Commission ("Commission") approved MEHC's acquisition of PacifiCorp, including various commitments, in Docket No. UM 1209, Order No. 06-082. Commitment 51 states:

Subject to, and in consideration for, dismissal of all existing proceedings and no commencement of any future state regulatory proceeding against PacifiCorp involving or arising from the SEC PUHCA Audit Report of Scottish Power dated May 11, 2004, MEHC will contribute to PacifiCorp, at no cost to PacifiCorp, MEHC's stock ownership in the Intermountain Geothermal Company and the associated steam rights (approximately 70% of the total rights) to the steam resources serving PacifiCorp's Blundell geothermal plant and terminate MEHC's and Intermountain Geothermal Company's rights and obligations under the contracts. MEHC will assist PacifiCorp in determining the cost-effectiveness of acquiring the remaining 30% of the rights. No more than six months after the close of the transaction, MEHC will provide parties a clear and complete disclosure statement that details any potential liabilities and risks, identified by or for MEHC, associated with the ownership rights of MEHC in Intermountain Geothermal. MEHC also commits that PacifiCorp customers will not be harmed from the contribution to PacifiCorp of the Intermountain Geothermal steam resources and stock.

On September 21, 2006, PacifiCorp submitted a letter disclosing the potential liabilities and risks associated with the ownership rights of MEHC in IGC to the Commission to fulfill the disclosure requirement. MEHC's commitment that PacifiCorp customers will not be harmed from the contribution to PacifiCorp of the Intermountain Geothermal steam resources and stock set forth in Commitment No. 51 is not changed as a result of the consolidation.

On December 6, 2006, PacifiCorp filed an application for approval of the Geothermal Steam Pre-Purchase Agreement and the Steam Delivery Agreement between PacifiCorp and IGC. The Commission reviewed these two agreements under the affiliate interest statute and rules. In Docket No. UI 256, Order No. 07-079, the Commission approved these agreements, subject to certain conditions.

Finally, the Company reviewed all applicable statutes, administrative rules, merger commitments, and affiliate interest considerations that may arguably apply to this type of transaction. Other than as noted in Order No. 07-079, the Company concluded that there are no express pre-approval or notice requirements that were intended to apply to this type of transaction or the resulting property transfers from the transaction where there is no change in beneficial ownership of the assets. Additionally, this transaction does not violate any commitments made as a condition to MEHC's acquisition of PacifiCorp, including those related to affiliate transactions or ring fencing agreements. Consistent with Order No. 07-079, the Company met with Commission staff in advance to discuss the consolidation and proposed termination of the affiliated interest agreements.

It is respectfully requested that all formal correspondence and Staff requests regarding this matter be addressed to one or more of the following:

By e-mail (preferred): datarequest@pacificorp.com

By regular mail: Data Request Response Center
PacifiCorp
825 NE Multnomah, Suite 2000
Portland, Oregon, 97232

By fax: (503) 813-6060

Informal inquiries may be directed to:

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Sincerely,

A handwritten signature in black ink that reads "Andrea L. Kelly" followed by a stylized flourish or initials.

Andrea L. Kelly
Vice President, Regulation
Pacific Power

cc: Service List UM-1209

CERTIFICATE OF SERVICE

I hereby certify that on this 27th day of August, 2007, I caused to be served, via E-mail, if address available or U.S. Mail a true and correct copy of the Letter regarding PacifiCorp's Notice of Corporate Restructuring of Intermountain Geothermal Company and Steam Reserve Corporation in UM-1209 to the following:

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