

February 6, 2006

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

Re: In the Matter of MidAmerican Energy Holding Company
Application for Authorization to Acquire Pacific Power &
Light, dba PacifiCorp: Docket UM 1209.

Enclosed please find an original and five copies of the
Brief filed on behalf of the Community Action Directors of Oregon and
the Oregon Energy Coordinators Association by Thomas James (Jim)
Abrahamson in the above-captioned Docket.

Thank you for your assistance.

Sincerely,

/s/ Thomas James (Jim) Abrahamson

Thomas James (Jim) Abrahamson

Enclosures
cc: Service List

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UM 1209

In the Matter of)	
)	
)	Brief of Thomas James (Jim)
MIDAMERICAN ENERGY HOLDING)	Abrahamson on behalf of the Community
COMPANY & PACIFICORP,)	Action Directors of Oregon and the
)	Oregon Energy Coordinators Association
Application for Authorization to Acquire)	
Pacific Power & Light, dba PacifiCorp)	
)	

1 This brief is submitted on behalf of the Community Action Directors of Oregon
2 and the Oregon Energy Coordinators Association (CADO-OECA) who are intervenors in
3 this Docket relating to MEHC Energy Holdings Company’s (MEHC) application for
4 authorization to acquire PacifiCorp. It is submitted by Thomas James (Jim) Abrahamson
5 who has filed testimony in this Docket and whose qualifications can be found in CADO-
6 OECA Exhibit 101. Descriptions of the Community Action Directors of Oregon
7 (CADO) and the Oregon Energy Coordinators Association (OECA) can be found in
8 CADO-OECA 100 and 102.

9 This brief is submitted in response to the Commission’s Bench Request that was
10 issued on January 18, 2005. This brief is submitted pursuant to OAR 860-012-0007 and
11 contains no legal argument. Rather, this brief contains the presentation of factual
12 argument related to this Docket from the perspective of CADO / OECA.

13
14

1 **Issues Identified in This Docket Addressed by CADO / OECA**

2 On November 1, 2005 Judge Smith issued a ruling in this Docket that established
3 the issues to be considered in this case. This issues list incorporated all of the concerns
4 and issues raised by CADO / OECA during our oral comments. The issues included in
5 Judge Smith's ruling that reflect CADO / OECA issues are:

6 Issue 1-a-i: Infrastructure and Resource Investments – Effect of Oregon
7 Ratepayers.

8 Issue 1-b-iv: Renewable Resources and Energy Efficiency – Proposed Demand
9 Side Management study.

10 Issue 3-c: Customer Service – Assistance to low-income customers.

11 Issue 3-d: Customer Service – Public purpose funding under SB 1149.

12 Issues 5-a: Other Effects – Relocation of headquarters or personnel.

13

14 **CADO / OECA's Position on Potential Harms and Proposed Remedies**

15 CADO / OECA presented oral comments in this Docket to the Commission on
16 October 25, 2005 and filed direct testimony on November 21, 2005. CADO-OECA
17 discussed four areas of potential harms to PacifiCorp's Oregon customers, particularly
18 low-income customers, from this proposed acquisition. These areas were:

- 19 • The Risk of Unnecessarily High Future Rates
- 20 • Potential Lack of Sensitivity to the Importance of SB 1149
- 21 • PacifiCorp Leadership's "Center of Gravity" and the Future of Local Jobs
- 22 • Potentially Unnecessary Multi-State DSM Study and the Risks to Oregon's Low-
- 23 Income Weatherization Programs

1 In our November 21, 2005 direct testimony (CADO / OECA 100) we proposed
2 four remedies for these identified harms. In this testimony we made a direct correlation
3 between the potential harms, our proposed remedies, and the issues identified in Judge
4 Smith's November 1, 2005 ruling. Our proposed remedies are summarized as follows:

- 5 • MEHC should provide \$2.0 million of shareholder funds per year for three years
6 to help reduce the energy burden of its low-income residential customers.
- 7 • MEHC should make an explicit commitment to support the permanent
8 continuation of SB 1149 including both the public purpose charge - a portion of
9 which funds the Energy Conservation Helping Oregonians (ECHO) fund that is
10 used for weatherization projects for low-income households - AND the separate
11 meter charge that funds the Oregon Energy Assistance Program - low-income bill
12 payment assistance program. MEHC should also make a commitment to support
13 changes in SB 1149 that protect low-income Oregonians from the fluctuations in
14 real purchasing power of these funds caused by increases in electricity prices.
- 15 • MEHC should commit to there being no net loss of jobs in Oregon as a result of
16 their acquisition of PacifiCorp. MEHC should also provide a strong statement of
17 support for, and the continued evolution of, a corporate culture that has been
18 sensitive over the years to Pacific Northwest environmental, renewable resource
19 and low-income issues.
- 20 • The value of Applicants proposed Demand Side Management study should be
21 closely scrutinized, especially in light of the value that \$1.0 million in shareholder
22 funds could provide if applied toward helping to ease low-income customer's
23 energy burdens. It appears that this study may be unnecessary and duplicative. If

1 the applicants are determined to pursue such a study, then CADO-OECA
2 representatives should be directly included in the efforts as a way of incorporating
3 “low-income agencies” as suggested in MEHC’s Supplemental Direct Testimony.
4

5 **The UM 1209 Settlement Process and the December 23, 2005 Stipulation**

6 CADO / OECA were active participants in all aspects of the settlement process in
7 this Docket. We were directly involved in the associated give and take of the settlement
8 process. As a result of this participation, we are a party to the Stipulation that was filed
9 on December 23, 2005. The elements of the Stipulation addressing CADO / OECA’s list
10 of potential harms, and the related remedies, are:

11

12 **44 a)** MEHC and PacifiCorp commit to conducting a company-defined third-
13 party market potential study of additional DSM and energy efficiency
14 opportunities within PacifiCorp’s service areas. The objective of the study will be
15 to identify opportunities not yet identified by the company and, if and where
16 possible, to recommend programs or actions to pursue those opportunities found
17 to be cost effective. The study will focus on opportunities for deliverable DSM
18 and energy efficiency resources rather than technical potentials that may not be
19 attainable through DSM and energy efficiency efforts. On-site solar and combined
20 heat and power programs may be considered in the study. During the three-month
21 period following the close of the transaction, MEHC and PacifiCorp will consult
22 with DSM advisory groups and other interested parties to define the proper scope
23 of the study. The findings of the study will be reported back to DSM advisory

1 groups, commission staffs, and other interested stakeholders and will be used by
2 the Company in helping to direct ongoing DSM and energy efficiency efforts.

3 The study will be completed within fifteen months after the closing on the
4 transaction, and MEHC shareholders will absorb the first \$1 million of the costs
5 of the study.

6

7 **O 23)** MEHC and PacifiCorp agree to include representatives of both
8 Community Action Directors of Oregon and Oregon Energy Coordinators
9 Association in the list of interested parties participating in the DSM study under
10 Commitment 44.

11

12 **47)** MEHC understands that having adequate staffing and representation in each
13 state is not optional. MEHC understands its importance to customers, to
14 regulators and to states. MEHC and PacifiCorp commit to maintaining adequate
15 staffing and presence in each state, consistent with the provision of safe and
16 reliable service and cost-effective operations.

17

18 **O 2 a)** The corporate headquarters of PacifiCorp will remain in Oregon. MEHC
19 commits to maintaining a balance of corporate and senior management positions
20 between Oregon and Utah. To achieve such balance, MEHC may decide as
21 appropriate to locate a few corporate and senior management positions, and
22 associated staff, in Utah, if cost effective.

23

24

1 By September 1, 2007, MEHC and PacifiCorp will file a plan with the
2 Commission that explicitly sets forth: (1) corporate and senior management
3 positions (and associated corporate personnel positions) that have been identified
4 for location in Oregon and Utah; (2) the timeframe for implementing different
5 stages of the plan; and (3) an economic analysis supporting the cost effectiveness
6 of the plan. MEHC will promptly implement the plan pursuant to the timeframe.
7 If corporate or senior managers, and related staff, are relocated from Oregon to
8 Utah under the Plan, the costs of relocation will not be included in Oregon rates.

9
10 **O 2 b)** PacifiCorp and MEHC will ensure that senior management personnel
11 located in Oregon continue to have authority to make decisions on behalf of
12 PacifiCorp pertaining to (1) local Oregon retail customer service issues related to
13 tariff interpretation, line extensions, service additions, DSM program
14 implementation and (2) customer service matters related to adequate investment
15 in and maintenance of the Oregon sub-transmission and distribution network and
16 outage response. Such decisions will be subject to normal and prompt corporate
17 approval procedures, senior executive approval and board approval, as
18 appropriate. MEHC and PacifiCorp will include a description of the
19 implementation of this commitment in the filing required in paragraph a).

20
21 **O 7)** MEHC and PacifiCorp commit to \$142.5 million (total company amount) of
22 offsetable rate credits as reflected in Appendix 2 and as described in the following
23 Commitments 0 8 through 0 12. These rate credits will be reflected in rates on

1 the effective date of new rates as determined by the Commission in a general rate
2 case. The rate credits will terminate on December 31, 2010, to the extent not
3 previously offset, unless otherwise noted. The rate credits in Commitments 0 8
4 and 0 12 are subject to deferred accounting as specified therein. Where total
5 company values are referenced, the amount allocated to Oregon will equal the
6 Oregon-allocated amount using Commission-adopted allocation factors.

7

8 **O 12 a)** MEHC and PacifiCorp commit that PacifiCorp's total company A&G
9 costs will be reduced by \$6 million annually based on the A&G categories,
10 assumptions, and values contained in Appendix 3 titled, "UM 1209 A & G
11 Stretch". The amount of the total company rate credit is \$6 million per year. This
12 commitment expires December 31, 2010. Beginning with the first month after the
13 close of the transaction, Oregon's share of the \$0.5 million monthly rate credit
14 will be deferred for the benefit of customers and accrue interest at PacifiCorp's
15 authorized rate of return. This Commitment is in lieu of Commitments 22 and U
16 23 from the Utah settlement, and a state must choose between this Commitment 0
17 12 and Commitments 22 and U 23.

18

19 **O 19)** MEHC and PacifiCorp commit to support renewal of the 3% public
20 purpose charge under ORS 757.612 beyond 2011, provided that the Commission
21 supports the renewal, the report to the legislature required under ORS 757.617
22 concludes that the Energy Trust continues to operate in a reasonable manner, and
23 the legislation renewing the 3% public purpose charge is not included in a bill that

1 MEHC and PacifiCorp otherwise deem objectionable. Additionally, with respect
2 to potential modifications to the 3% public purpose charge arising from the 2007
3 report to the legislature required under ORS 757.617, MEHC and PacifiCorp
4 agree to oppose any modifications that reduce the public purpose charge to less
5 than 3% annually. In addition, provided the report to the legislature concludes the
6 Energy Trust has operated in a reasonable manner and the Commission renews its
7 contract with the Energy Trust, MEHC and PacifiCorp will support the Energy
8 Trust.

9

10 **O 20)** MEHC and PacifiCorp acknowledge that the \$10 million low-income bill
11 payment assistance under ORS 757.612 does not expire in 2011. MEHC and
12 PacifiCorp will oppose any reduction in the current amount of the fund.

13

14 **O 21)** MEHC commits to provide shareholder funding to hire a consultant to
15 study and design for possible implementation of an arrearage management project
16 for low-income customers that could be made applicable to Oregon and other
17 states that PacifiCorp serves. PacifiCorp will provide a resource for facilitation of
18 a working group to oversee the project. The study shall commence no later than
19 180 days after close of the transaction and be completed, through the issuance of a
20 formal report to the Commission, no later than 365 days after close of the
21 transaction. MEHC recognizes that such a program may have to be tailored to
22 best fit the unique low-income environment of each individual state. The project
23 will be developed by PacifiCorp in conjunction with the relevant regulatory and

1 governmental agencies, low-income advocates, and other interested parties in
2 each state that is interested in participating. The goals for the project will include
3 reducing service terminations, reducing referral of delinquent customers to third
4 party collection agencies, reducing collection litigation and reducing arrearages
5 and increasing voluntary customer payments of arrearages. The costs of this
6 study will be at least \$66,000 on a total company basis paid for by shareholders.
7 If less than six states participate, the amount of the shareholder funds will be
8 reduced proportionally.

9

10 **O 22)** MEHC and PacifiCorp commit to a total contribution level for Oregon low
11 income bill payment assistance in the amount of \$400,000 annually, for a five
12 year period beginning July 1, 2006. The contributions may be comprised of
13 contributions from corporate, employee, other sources, and customer donations.
14 The corporate contribution will be recorded in non-utility accounts. Before the
15 end of the five-year period, MEHC and PacifiCorp commit to work with low-
16 income advocates and customer groups to evaluate additional contributions.

17

18

19

20

21

22

23

24

1 **Conclusion**

2 CADO / OECA contend that the Stipulation filed in this Docket on December 23,
3 2005 sufficiently mitigates the risks and concerns that CADO / OECA have raised in this
4 proceeding. We submit that the stipulated agreement reached among the various parties
5 meets the net benefits test required for approval of this application. We ask that the
6 Commission approve this application as modified by the agreed upon Stipulation.

7

8 Dated this 6th day of February, 2006

9

10 Respectfully Submitted,

11

12 /s/ Thomas James Abrahamson

13

14 Thomas James (Jim) Abrahamson
15 Oregon Energy Partnership Coordinator
16 Community Action Directors of Oregon

CERTIFICATE OF SERVICE

I hereby certify that on February 6, 2006, I delivered an original and five copies of the foregoing Brief of THE COMMUNITY ACTION DIRECTORS OF OREGON and the OREGON ENERGY COORDINATORS ASSOCIATION in Docket UM 1209 to the Commission's office in Salem. In addition, I served this brief on all parties whom have an email address on the official service list, and by U.S. Mail, postage-prepaid, to those parties who do not have an email address on the official service list for UM 1209.

/s/ Thomas James Abrahamson

Thomas James (Jim) Abrahamson
Oregon Energy Partnership Coordinator
Community Action Directors of Oregon

<p>NW ENERGY COALITION 219 FIRST ST STE 100 SEATTLE WA 98104 steve@nwenergy.org</p>	<p>RATES & REGULATORY AFFAIRS PORTLAND GENERAL ELECTRIC RATES & REGULATORY AFFAIRS 121 SW SALMON STREET, 1WTC0702 PORTLAND OR 97204 pge.opuc.filings@pgn.com</p>
<p>UTILITY WORKERS UNION OF AMERICA PO BOX 37 SAN CLEMENTE CA 92674-0037 uwua@redhabanero.com</p>	<p>JIM ABRAHAMSON -- CONFIDENTIAL COMMUNITY ACTION DIRECTORS OF OREGON P.O. BOX 7964 SALEM OR 97303-0208 jim@cado-oregon.org</p>
<p>DOUGLAS L ANDERSON MIDAMERICAN ENERGY HOLDINGS CO 302 S 36 ST STE 400 OMAHA NE 68131 danderson@midamerican.com</p>	<p>SUSAN ANDERSON CITY OF PORTLAND OFFICE OF SUSTAINABLE DEV 721 NW 9TH AVE -- SUITE 350 PORTLAND OR 97209-3447 susananderson@ci.portland.or.us</p>
<p>ADAM S ARMS -- CONFIDENTIAL MCKANNA BISHOP JOFFE & SULLIVAN LLP 1635 NW JOHNSON ST PORTLAND OR 97209 aarms@mbjlaw.com</p>	<p>EDWARD BARTELL KLAMATH OFF-PROJECT WATER USERS INC 30474 SPRAGUE RIVER ROAD SPRAGUE RIVER OR 97639</p>
<p>CURTIS G BERKEY ALEXANDER, BERKEY, WILLIAMS & WEATHERS, LLP 2000 CENTER STREET, SUITE 308 BERKELEY CA 94704 cberkey@abwwlaw.com</p>	<p>CHARLTON H BONHAM TROUT UNLIMITED 828 SAN PABLO AVE SUITE 208 ALBANY CA 94706 cbonham@tu.org</p>
<p>MAGGIE BRILZ IDAHO POWER COMPANY PO BOX 70 BOISE ID 83707-0070 mbrilz@idahopower.com</p>	<p>JOANNE M BUTLER IDAHO POWER COMPANY PO BOX 70 BOISE ID 83707-0070 jbutler@idahopower.com</p>
<p>D KEVIN CARLSON -- CONFIDENTIAL DEPT OF JUSTICE - GENERAL COUNSEL DIVISION 1162 COURT ST NE SALEM OR 97301-4096 d.carlson@doj.state.or.us</p>	<p>PHIL CARVER -- CONFIDENTIAL OREGON DEPARTMENT OF ENERGY 625 MARION ST NE STE 1 SALEM OR 97301-3742 philip.h.carver@state.or.us</p>
<p>RALPH CAVANAGH -- CONFIDENTIAL NATURAL RESOURCES DEFENSE COUNCIL 111 SUTTER ST FL 20 SAN FRANCISCO CA 94104 rcavanagh@nrdc.org</p>	<p>BRYAN CONWAY PO BOX 2148 SALEM OR 97309-2148 bryan.conway@state.or.us</p>
<p>JOHN CORBETT YUOK TRIBE PO BOX 1027 KLAMATH CA 95548 jcorbett@yurok-tribe.com</p>	<p>JOAN COTE -- CONFIDENTIAL OREGON ENERGY COORDINATORS ASSOCIATION 2585 STATE ST NE SALEM OR 97301 cotej@mwwcaa.org</p>
<p>CHRIS CREAN -- CONFIDENTIAL MULTNOMAH COUNTY</p>	<p>MELINDA J DAVISON -- CONFIDENTIAL</p>

ROBERT DENHAM
MUNGER, TOLLES & OLSEN, LLP
355 SOUTH GRAND AVE
35TH FLOOR
LOS ANGELES CA 90071
robert.denham@mto.com