

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	)	
	)	

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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.

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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.

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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

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