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March 7, 2006

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## VIA ELECTRONIC FILING

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

Re: MEHC's and PacifiCorp's Stipulated Motion to Amend Final Order to

**Incorporate MFS Changes** 

Docket UM 1209

Enclosed for filing is MEHC's and PacifiCorp's Stipulated Motion to Amend Final Order to Incorporate MFS Changes in the above-referenced docket.

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

## 1 BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON 2 UM 1209 3 4 In the Matter of MIDAMERICAN **MEHC's AND PACIFICORP's** ENERGY HOLDINGS COMPANY and STIPULATED MOTION TO AMEND 5 PACIFICORP Application for FINAL ORDER TO INCORPORATE Authorization to Acquire Pacific Power & MFS CHANGES (Expedited Treatment Requested) 6 Light, d/b/a PacifiCorp 7 8 MidAmerican Energy Holdings Company (MEHC) and PacifiCorp respectfully request that the Commission modify its final order in this matter to reflect changes to the 10 Stipulation requested on a consensus basis by the parties to this proceeding as a part of the 11 "most favored states" ("MFS") process described below. This Motion is supported by all 12 parties to the Stipulation who elected to participate in the MFS process. To permit the 13 transaction to close as scheduled, MEHC and PacifiCorp request entry of a modified final 14 order by March 15, 2006. The grounds for this Motion are set forth below. 15 On February 24, 2006, the Commission issued its order approving MEHC application 16 to acquire PacifiCorp, filed under ORS 757.511. In re MEHC, UM 1209, Order 06-082 at 17 18. This Order approved the Stipulation entered into on December 23, 2005, among MEHC, 18 PacifiCorp, Staff, Citizens' Utility Board of Oregon, Industrial Customers of Northwest 19 Utilities, Renewable Northwest Project, League of Oregon Cities, Natural Resources Defense 20 Council, Community Action Directors of Oregon and Oregon Energy Coordinators 21 Association, Pacific Coast Federation of Fisherman's Associations, Sherman County, the 22 Yurok Tribe and the Hoopa Valley Tribe (the "Parties"). *Id.* In section 14 of the Stipulation, MEHC and PacifiCorp agreed that the Stipulation 23 24 could be expanded as a result of other state settlements and orders. MEHC and PacifiCorp 25 proposed a process for accomplishing this, colloquially known as the "most favored states" 26 or "MFS" process. This process reserved the right to re-open the Stipulation to incorporate

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4	contemplated that within ten days of the last state approval order (referred to as the "rinal"			
3	Filing"), any party to the case could file its response to other state commitments and			
4	conditions, and committed the parties to the Stipulation to support the issuance of a modified			
5	final order as soon as practical. The Final Filing was the Wyoming approval order, entered			
6	on February 28, 2006.			
7	To coordinate the MFS process in Oregon, MEHC and PacifiCorp first held a meeting			
8	3 among the Oregon parties on January 20, 2006, to review the terms and conditions of all of			
9	the individual state stipulations. MEHC and PacifiCorp then met with the parties on			
10	March 7, 2006, to review the terms and conditions of all of the final approval orders. All			
11	1 parties to the case were notified of these MFS meetings and invited to join.			
12	As a result of the March 7, 2006 Oregon MFS meeting, the parties have agreed to			
13	3 modify the Stipulation to incorporate the following conditions and commitments that are a			
14	4 part of final orders in other states.			
15	First, the parties request the following paragraph be added to the Stipulation:			
16 17	"27. The Parties request that the Commission include the following paragraphs in its order amending the final order to incorporate MFS changes:			
18	MEHC and PacifiCorp shall notify the Director of the Utility Program in			
19	writing of the transfer of control of PacifiCorp as authorized herein.  MEHC and PacifiCorp shall provide notice within 30 days of the date of			
20	the transfer. A true copy of the instruments of transfer shall be attached to the notification.			
21	PacifiCorp is required to file a petition for an accounting order to establish			
22	its authority to create deferral accounts, as necessary to make effective the terms of Commitment numbers O 8 and O 12, set forth in Exhibit 1 to the			
23	Stipulation.			
24	To help in finalizing the documentation for this case. MEHC and			

1 conditions and commitments from other states that were of interest to Oregon parties,

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PacifiCorp shall file with the Commission, at the time of the closing of the

transaction, a narrative and an organizational chart showing the relationship among PacifiCorp, MEHC, Berkshire Hathaway and their subsidiary and affiliated business entities. This documentation should

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ł	level of the ultimate parent, Berkshire Hathaway."		
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3	Second, the parties request that the following changes be made to Exhibit 1 of the		
4	Stipulation:		
5	1.	Add the following highlighted language to General Commitment 6:	
6		The Commission or its agents may audit the accounting records of MEHC and	
7 8		its subsidiaries that are the bases for charges to PacifiCorp, to determine the reasonableness of the costs and allocation factors used by MEHC to assign costs to PacifiCorp and amounts subject to allocation or direct charges.  MEHC agrees to cooperate fully with such Commission audits.	
9	2		
10	2.	Add the following highlighted language to General Commitment 12:	
11		PacifiCorp or MEHC will notify the Commission in writing subsequent to MEHC's board approval and as soon as practicable following any public	
12		announcement of: (1) any acquisition of a regulated or unregulated business representing 5 percent or more of the capitalization of MEHC; or (2) the	
13		change in effective control or acquisition of any material part or all of PacifiCorp by any other firm, whether by merger, combination, transfer of	
14		stock or assets.	
15	3.	Add as a new Oregon Specific Commitment:	
16		"O 35. With respect to any proceeding, including but not limited to any rate	
17		case, tariff filing, pass-through application, show cause, complaint or other proceeding, wherein PacifiCorp's Oregon retail rates are based, in whole or in	
18		part, upon PacifiCorp's wholesale power transactions, PacifiCorp and MEHC acknowledge that the Commission has jurisdiction to determine the prudence	
19		of PacifiCorp's wholesale power transactions and whether PacifiCorp's retail	
20		rates are just and reasonable. To the extent PacifiCorp contends the Commission is required to include the costs of the wholesale power	
21		transactions in Oregon retail rates, PacifiCorp and MEHC commit that PacifiCorp will raise and litigate such issues before the Commission. To the	
22		extent decisions regarding such issues are within the areas reserved to the exclusive jurisdiction of the Commission, PacifiCorp and MEHC agree that	
23		any challenge to the Commission order will be in the form of an appeal of that	
24		order. In the event that PacifiCorp anticipates a court challenge to a Commission order that would trigger the provisions of Commitment O 35,	
25		PacifiCorp will (1) seek a rehearing of such Commission order; and (2) identify in writing in its petition for rehearing those contested issues which it	
26		manning in map position for remember mose contested issues which it	

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1	believes are and are not within the areas reserved to the exclusive jurisdiction		
2	of the Commission."		
3	Based upon the agreement to modify the Stipulation as set forth above, MEHC and		
4	PacifiCorp now file this motion to amend Order 06-082 to incorporate these changes. The		
5	parties to the Stipulation either support this motion or have waived their right to participate in		
6	the MFS process.		
7	MEHC and PacifiCorp seek expedited consideration of this Stipulated Motion and		
8	specifically request an order granting this motion and amending Order 06-082 on or before		
9	March 15, 2006. Expedited consideration is required to permit the transaction to close as		
10	presently scheduled on March 22, 2006. The parties to the Stipulation support this request		
11	1 for expedited consideration of the MFS changes.		
12	274 A 2020 C 2000 C 200		
13	STOEL RIVES + LP		
14	And One		
15	Katherine A. McDowell Kevin T. Fox		
16	Of Attorneys for MEHC and PacifiCorp		
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## **CERTIFICATE OF SERVICE**

1	CERTIFICATE OF SERVICE			
2	I hereby certify that I served the foregoing document in Docket UM 1209 on the			
3	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	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 Seattle, WA 98104	Portland General Electric 121 SW Salmon Street, 1WTC0702
12		Portland, OR 97204
13		pge.opuc.filings@pgn.com
14	Adam S. Arms <a href="mailto:aarms@mbjlaw.com">aarms@mbjlaw.com</a>	Utility Workers Union of America PO Box 37
15		San Clemente, CA 92674-0037 uwua@redhabanero.com
16	Jim Abrahamson	Douglas L. Anderson
17	Community Action Directors of Or 4035 12 <sup>th</sup> Street Cutoff SE, Suite 110	MidAmerican Energy Holdings Co 302 S 36 Street, Suite 400
18	Salem, OR 97302	Omaha, NE 68131
19	jim@cado-oregon.org	gerickson@midamerican.com
20	Edward Bartell Klamath Off-Project Water Users, Inc.	Curtis G. Berkey Alexander Berkey Williams
21	30474 Sprague River Road	& Weathers
22	Sprague River, OR 97639	2030 Addison Street, Suite 410 Berkeley, CA 94704
23		cberkey@abwwlaw.com
24	Maggie Brilz Idaho Power Company	Lowrey R. Brown Citizens' Utility Board of Oregon
25	PO Box 70 Boise, ID 83707-0070	610 SW Broadway, Suite 308 Portland, OR 97205
26	mbrilz@idahopower.com	lowrey@oregoncub.org

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