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April 26, 2007

Via Electronic and U.S. Mail

Public Utility Commission
Attn: Filing Center
550 Capitol St. NE #215
P.O. Box 2148
Salem OR 97308-2148

Re: In the Matter of PACIFICORP, dba PACIFIC POWER & LIGHT COMPANY
Application for an Accounting Order Regarding Costs Related to the
MidAmerican Energy Holdings Company Transition
Docket No. UM 1263

Dear Filing Center:

Enclosed please find the original and two copies of the Letter to the
Commissioners Regarding Upcoming Commission Decision of the Industrial Customers of
Northwest Utilities in the above-referenced proceeding.

Please return one file-stamped copy of the letter in the self-addressed, stamped
envelope provided. Thank you for your assistance.

Sincerely yours,

/s/ Ruth A. Miller
Ruth A. Miller

Enclosures

cc: Service List (Email only)

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served the foregoing Letter to the Commissioners Regarding Upcoming Commission Decision of the Industrial Customers of Northwest Utilities, upon the parties, shown below, on the official service list by causing the foregoing letter to be served by electronic mail.

Dated at Portland, Oregon, this 26th day of April, 2007.

/s/ Ruth A. Miller
Ruth A. Miller

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Chairman Lee Beyer
Commissioner Ray Baum
Commissioner John Savage
Oregon Public Utility Commission
555 Capitol St. NE #215
Salem, OR 97308-2148

Re: PacifiCorp Application for an Accounting Order Approving Deferral of Certain
Costs Related to the MidAmerican Energy Holdings Company Transition
Docket No. UM 1263

Dear Commissioners:

PacifiCorp's application for an accounting order to defer transition costs and savings associated with MidAmerican Energy Holdings Company's ("MEHC") acquisition of the Company is scheduled to come before the Commission for decision at an upcoming Public Meeting. The Industrial Customers of Northwest Utilities ("ICNU") does not oppose Staff's recommendation to approve PacifiCorp's application subject to the conditions set out in Staff's memorandum. Nevertheless, ICNU is concerned about the issues that the application raises and the inclusion of these costs in rates in the future. ICNU is submitting this letter to explicitly state its concerns about PacifiCorp's application and to preserve its rights and arguments regarding these costs.

In the stipulation resolving MEHC's acquisition of PacifiCorp, MEHC and PacifiCorp committed "to exclude all costs of the transaction from PacifiCorp's utility accounts." Order No. 06-082, Appendix A at 25. PacifiCorp's application is inconsistent with the plain language of this commitment. PacifiCorp requested to defer software conversion and employee severance costs that the Company would not have incurred "but for" the MEHC transaction, and the costs are inappropriate to include in PacifiCorp's utility accounts under the commitment. PacifiCorp has provided no indication that it would have incurred any of these costs absent the MEHC transaction.

Staff's proposed conditions establish certain customer protections that PacifiCorp's application lacked. Specifically, the conditions require PacifiCorp to demonstrate that customers benefit from the employee severance costs and that any recovery of these costs will not reduce the rate credits agreed to in the stipulation. In addition, the conditions require

Letter to Commissioners Beyer, Baum, and Savage

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PacifiCorp to specifically identify these costs if the Company includes them in its next rate case filing. ICNU is reserving all arguments regarding the ratemaking treatment of these costs and any issuance of the requested accounting order should not resolve any ratemaking issue.

As a general matter, customers should not bear the costs of MEHC deciding to replace PacifiCorp's top executives with new officials. Information provided by PacifiCorp demonstrates that the Company paid substantial amounts in severance to a small group of top executives that were then replaced with other individuals, some of whom were from MEHC. Customers do not benefit from costs associated with a new owner's decision to replace existing executives, and these costs should be excluded from rates.

Thank you for your consideration of this matter.

Sincerely yours,

/s/ Melinda J. Davison

Melinda J. Davison

cc: Natalie Hocken
Lee Sparling
Ed Durrenberger
Service List