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February 24, 2005

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**VIA ELECTRONIC FILING**

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

**Re: PacifiCorp's Supplement to Record  
Docket UI 233**

Enclosed for filing is PacifiCorp's Supplement to Record in Bifurcated Proceeding. A copy of this filing has been served on the parties of record in this proceeding as noted on the attached certificate of service.

Very truly yours,

A handwritten signature in black ink, appearing to read "James C. Paine", is written over a faint, circular watermark or background graphic.

James C. Paine

JCP:knp  
Enclosure  
cc: Service List

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BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON

**UI 233**

In the matter of the Application of  
PACIFICORP Seeking Approval to Secure  
Insurance Coverage from Dornoch Risk  
International Limited, an Affiliate

**PACIFICORP'S SUPPLEMENT TO  
RECORD IN BIFURCATED  
PROCEEDING**

On November 3, 2004, PacifiCorp filed a motion in this proceeding to bifurcate issues and consented in its filing to an extension of the statutory deadline applicable to affiliated interest applications under ORS 757.490 and 757.495 until March 31, 2005. On November 30, 2004, the Oregon Public Utility Commission (the "Commission") issued Order No. 04-697 granting PacifiCorp's motion to bifurcate as well as the Company's motion for extension of statutory deadline. The Commission also authorized PacifiCorp to withdraw its request that Dornoch Risk International Limited ("Dornoch"), a wholly owned subsidiary of ScottishPower plc ("ScottishPower"), provide workers compensation coverage to PacifiCorp.

On December 10, 2004, the Commission issued Order No. 04-737 authorizing Dornoch to provide property damage insurance coverage to PacifiCorp as described in the Order.

**Supplement to PacifiCorp Application: The AON Study**

PacifiCorp is authorized to secure property damage insurance coverage through Dornoch through Order No. 04-737. Bifurcation of the proceeding leaves the request that Dornoch provide liability insurance coverage as the remaining outstanding issue in UI 233. The Commission Staff Memorandum accompanying and adopted in Order No. 04-697 requires PacifiCorp to supplement information regarding the proposed liability insurance coverage by March 1, 2005. This supplement to PacifiCorp's application responds to that requirement.

**STOEL RIVES LLP**  
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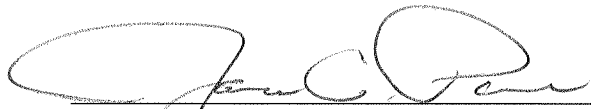
1 Insurance brokers AON Corporation (“AON”), via its risk consultancy division,  
2 IRMG, has performed an independent study entitled *US Public Liability Loss Forecast*  
3 (January, 2005) (the “Study”) for ScottishPower and PacifiCorp. Among other stated goals,  
4 the Study forecasts the retained losses for PacifiCorp’s operations for the 2005/06 policy  
5 years using actuarial methods and recommends a level of funding for these losses. Dornoch  
6 proposes to set liability insurance coverage premium costs based on the forecasts reflected in  
7 the Study.

8 The Study’s conclusions regarding an appropriate level of funding are reflected in  
9 Table 5.5: 2005/06 Five Year Aggregate Discounted Claims. Table 5.5 indicates that  
10 Dornoch could fund its liability coverage over a 5-year period on the basis of “expected”  
11 claims by charging PacifiCorp \$1.45 million per year (\$7.230 divided by 5). The more  
12 prudent recommendation by AON is to fund to be self sufficient in order to protect against  
13 possible claims at the worst-year-in-five level, or some \$1.8 million per year (\$9.016 divided  
14 by 5). Dornoch would prefer to set annual liability premiums at the \$1.8 million level, but, if  
15 required by the Commission to secure authorization to provide liability coverage, would set  
16 the annual premiums at the mid-range between the \$1.45 “expected” loss and the \$1.8  
17 million AON-recommended level, or \$162 million per year.

18 PacifiCorp herein supplements its application in UI 233 with the submission of the  
19 Study and seeks Commission authorization for Dornoch to provide liability coverage to  
20 PacifiCorp, as more fully described in its initial application.

21 DATED: February 24, 2005.

22 STOEL RIVES LLP

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25 James C. Paine

26 Of Attorneys for PacifiCorp

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**CERTIFICATE OF SERVICE**

I hereby certify that I served a copy of the foregoing document upon the parties of record in docket UI 233 by first-class mail, addressed to said parties' addresses as shown below:

Michael Dougherty  
Oregon Public Utility Commission  
550 Capitol Street NE, Suite 215  
Salem, OR 97301-2551

Christy Omohundro  
PacifiCorp  
825 NE Multnomah, Suite 8100  
Portland, OR 97232

DATED: February 24, 2005

  
James C. Paine

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