

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UI 264

In the Matter of)	
)	
PACIFICORP, dba PACIFIC POWER & LIGHT COMPANY)	ORDER
)	
Application requesting approval of relocation services contract with HomeServices Relocation, LLC, an affiliated interest.)	

DISPOSITION: APPLICATION APPROVED WITH CONDITIONS

On April 3, 2007, PacifiCorp, dba Pacific Power & Light Company (PacifiCorp), filed an application with the Public Utility Commission of Oregon (Commission) pursuant to ORS 757.015, ORS 757.495, and OAR 860-027-0040. PacifiCorp and HomeServices Relocation, LLC (HomeServices) are wholly-owned subsidiaries of MidAmerican Energy Holdings Company (MEHC). Therefore, PacifiCorp and HomeServices are affiliated interests pursuant to ORS 757.015. A description of the filing and its procedural history is contained in the Staff Report, attached as Appendix A, and incorporated by reference.

Based on a review of the application and the Commission’s records, the Commission finds that the application satisfies applicable statutes and administrative rules. At its Public Meeting on June 5, 2007, the Commission adopted Staff’s recommendation.

OPINION

Affiliation

An affiliated interest relationship exists under ORS 757.015.

Applicable Law

ORS 757.495 requires a public utility to seek approval of contracts with affiliated interests within 90 days after execution of the contract.

ORS 757.495(3) requires the Commission to approve the contract if the Commission finds that the contract is fair and reasonable and not contrary to the public interest. However, the Commission need not determine the reasonableness of all the

financial aspects of the contract for ratemaking purposes. The Commission reserves that issue for a subsequent proceeding.

CONCLUSIONS

1. An affiliated interest relationship exists.
2. The services contract is fair, reasonable, and not contrary to the public interest.
3. The application should be approved, with certain conditions.

ORDER

IT IS ORDERED that the application of PacifiCorp requesting approval of a services contract with its affiliated interest, HomeServices Relocation, LLC, is approved, subject to the conditions stated in the Staff Report attached as Appendix A.

Made, entered, and effective JUN 11 2007.

BY THE COMMISSION:



Becky L. Beier

Becky L. Beier
Commission Secretary

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-014-0095. A copy of any such request must also be served on each party to the proceeding as provided by OAR 860-013-0070(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480-183.484.

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: June 5, 2007

REGULAR _____ CONSENT X EFFECTIVE DATE _____ NA _____

DATE: May 25, 2007

TO: Public Utility Commission

FROM: Marion Anderson *MSA*

THROUGH: *ASL* Lee Sparling, *AS* Marc Hellman, and *M* Michael Dougherty

SUBJECT: PACIFICORP dba PACIFIC POWER & LIGHT COMPANY: (Docket No. UI 264) Application requesting approval of a services contract with HomeServices Relocation, LLC, an affiliated interest.

STAFF RECOMMENDATION:

The Public Utility Commission (PUC or Commission) should approve the application of PacifiCorp (PacifiCorp or the Company) for an affiliated interest agreement with HomeServices Relocation, LLC (HomeServices) under the following conditions:

1. PacifiCorp shall provide the Commission access to all books of account, as well as all documents, data, and records that pertain to any transactions with affiliates.
2. The Commission reserves the right to review, for reasonableness, all financial aspects of this arrangement in any rate proceeding or earnings review under an alternative form of regulation.
3. PacifiCorp shall notify the Commission in advance of any substantive changes to the agreement, including any material changes in any cost. Any changes to the agreement terms that alter the intent and extent of activities under the agreement from those approved herein, shall be submitted for approval in an application for a supplemental order (or other appropriate format) in this docket.

DISCUSSION:

This application was filed on April 3, 2007, pursuant to ORS 757.015 and 757.495, and OAR 860-027-0040. MidAmerican Energy Holdings Company (MEHC) owns PPW Holdings LLC and Home Services of America. PPW Holdings LLC wholly owns

Docket No. UI 264
May 25, 2007
Page 2

PacifiCorp, and HomeServices is wholly owned by Home Services of America. This successive organizational arrangement establishes the statutory affiliated relationship.

The following issues were investigated:

- Scope of the Agreement
- Transfer Pricing
- Determination of Public Interest Compliance
- Records Availability, Audit Provisions, and Reporting Requirements

Scope of the Agreement

HomeServices provides complete relocation management services including, consultations on realty and mortgage, moving and storage, and temporary residences. PacifiCorp new hires and relocated employees will make use of these offerings.

Transfer Pricing

MEHC released a July 2006 comprehensive parent/subsidiary RFP for provision of relocation services. The three respondents to the RFP were HomeServices, Primary Relocation, LLC, and Prudential Relocation Services Inc. One respondent was eliminated for insurance coverage deficiency. The other respondent was eliminated by a "four simulated moves costing test" where HomeServices undercut the competitor's price offered in three instances.

The cost estimation for this contract is \$1,300,000 and is based on an average of 69 employee relocations annually. The previous five-year experience was:

2002	245
2003	207
2004	206
2005	207
2006	174

The lower contractual projection is based on a downward trend that is supported by the 23 relocations through April of this year.

Determination of Public Interest Compliance

This agreement is fair and reasonable and not contrary to the public interest.

Records Availability, Audit Provisions, and Reporting Requirements

Staff Recommendation Condition No. 1 affords necessary access to any relevant records.

Docket No. UI 264
May 25, 2007
Page 3

Based on the review of this application, Staff concludes the following:

1. The agreement's scope is reasonable.
2. The contract will not harm customers and is not contrary to the public interest with the recommended conditions.
3. Necessary records are available.

PROPOSED COMMISSION MOTION:

The contract between PacifiCorp and HomeServices Relocation, LLC be approved with the four Staff recommended conditions.

UI 264