

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UI 277

In the Matter of	)	
	)	
PACIFICORP, dba PACIFIC POWER	)	ORDER
	)	
Application requesting approval of affiliated	)	
interest contracts related to relocation services	)	
for the Bridger Mine and Jim Bridger	)	
Generation Plant.	)	

**DISPOSITION: APPLICATION APPROVED WITH CONDITIONS**

On December 17, 2007, PacifiCorp, dba Pacific Power (Pacific Power), filed an application with the Public Utility Commission of Oregon (Commission) pursuant to ORS 757.495(1), and OAR 860-027-0040. The application is for approval of contracts between HomeServices Relocation LLC (HSR) and Bridger Coal Company/PacifiCorp Energy (BCC/PE); HomeServices Lending LLC (HSL) and BCC/PE; and Wells Fargo Home Equity (Wells Fargo) and BCC/PE.

BCC is a joint venture of a Pacific Power subsidiary; PE is a Pacific Power business unit; Pacific Power, HSR and HSL are MidAmerican Energy Holdings Company subsidiaries; Berkshire Hathaway, Inc. wholly owns MidAmerican Energy Holdings Company; and Pacific Power and Wells Fargo are Berkshire Hathaway, Inc. subsidiaries. This chain establishes the affiliated interest relationships. 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 March 11, 2008, 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**

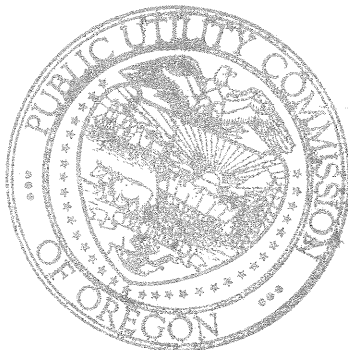
1. An affiliated interest relationship exists.
2. The services contracts are fair, reasonable, and not contrary to the public interest.
3. The application should be approved, with certain conditions.

**ORDER**

IT IS ORDERED that the application for approval of the contracts between HomeServices Relocation LLC and Bridger Coal Company/PacifiCorp Energy; HomeServices Lending LLC and Bridger Coal Company/PacifiCorp Energy; and Wells Fargo Home Equity and Bridger Coal Company/PacifiCorp Energy, is approved, subject to the conditions stated in the Staff Report attached as Appendix A.

Made, entered, and effective MAR 12 2008.

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: March 11, 2008

REGULAR \_\_\_\_\_ CONSENT X EFFECTIVE DATE \_\_\_\_\_ NA \_\_\_\_\_

DATE: February 27, 2008

TO: Public Utility Commission

FROM: Marion Anderson 

THROUGH: <sup>in</sup> Lee Sparling, Marc Hellman, and Michael Dougherty 

SUBJECT: PACIFICORP: (Docket No. UI 277) Application requesting approval of affiliated interest contracts related to relocation services for the Bridger Mine and Jim Bridger Generation Plant.

**STAFF RECOMMENDATION:**

The Public Utility Commission (Commission) should approve the contracts between HomeServices Relocation LLC (HSR) and Bridger Coal Company/PacifiCorp Energy (BCC/PE); HomeServices Lending LLC (HSL) and Bridger Coal Company/PacifiCorp Energy; and Wells Fargo Home Equity (Wells Fargo) and Bridger Coal Company/PacifiCorp Energy; for purposes of embedded operating costs inclusion for PacifiCorp 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 between these affiliates.
2. The Commission reserves the right to review, for reasonableness, all financial aspects of these arrangements 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 agreements, 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.

Docket No. UI 277  
February 27, 2008  
Page 2

## DISCUSSION:

This application was filed on December 17, 2007, pursuant to ORS 757.495(1) and OAR 860-027-0040. Per a January 9, 2008 conversation with the PacifiCorp Regulatory Manager, Joelle Steward, the confidential notations on page 1 of the application and on the Exhibit pages can be disregarded. BCC is a joint venture of a PacifiCorp subsidiary; PE is a PacifiCorp business unit; PacifiCorp, HSR, and HSL are MidAmerican Energy Holdings Company subsidiaries; Berkshire Hathaway, Inc. wholly owns MidAmerican Energy Holdings Company; and PacifiCorp and Wells Fargo are Berkshire Hathaway, Inc. subsidiaries. This chain establishes the affiliated interest relationships.

The following issues were investigated for each set of contracts:

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

### Relocation Services

#### Scope of the Agreement

HSR provides complete relocation management services for clients' employees. BCC/PE designations will govern service recipients.

#### Transfer Pricing

For each BCC/PE designated employee, all direct cost assignments plus the HSR service fee of \$500 will be charged. PacifiCorp allowed sole source procurement in this matter because the services provided are an extension of the existing contract approved by Commission Order 07-269 (UI 264).

In addition to the HSR service fee, the contracts list the available programs under the BCC/PE Rent Assistance, up to \$20,000, and Home Ownership Assistance, up to \$50,000, funneled to employees through HSR. This review and recommendation neither evaluates nor recommends approval of assistance programs that are offered to their employees by BCC/PE since this particular arrangement is between the affiliate (BCC/PE) and the affiliate's employees. HSR only acts as a conduit for these funds.

#### Determination of Public Interest Compliance

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

Docket No. UI 277  
February 27, 2008  
Page 3

Records Availability, Audit Provisions, and Reporting Requirements

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

Master Subsidy and  
Employee Home Equity Financing Guaranty

Scope of the Agreements

HSL makes residential mortgage loans available to relocating employees of clients. Wells Fargo provides home equity financing to clients' eligible employees.

Transfer Pricing

The aforementioned funds are billed and distributed to HSL annually for eligible employees. No fee or other consideration is assessed to BCC/PE currently. As a result, these contracts would not appear to have any impact on PacifiCorp's costs.

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.

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

1. The agreements' transfer pricing as stipulated is not unreasonable for the utility's regulated operations and maintenance expense.
2. Potential transactions will not harm customers and are not contrary to the public interest with the recommended conditions.
3. Necessary records are available.

**PROPOSED COMMISSION MOTION:**

The contracts between HomeServices Relocation LLC and Bridger Coal Company/PacifiCorp Energy; HomeServices Lending LLC and Bridger Coal Company/PacifiCorp Energy; and Wells Fargo Home Equity and Bridger Coal Company/PacifiCorp Energy be approved for purposes of embedded operating costs inclusion for PacifiCorp.

UI 277