

| <b>MEHC/PacifiCorp Commitments</b>                       | <b>Description of Commitments</b>  | <b>Division Comments</b>  |
|--|--|---|
| CEP/05-035-54/November 30, 2005<br>Per Goodman Testimony | PacifiCorp will be held by a single-Special Director at PPW Holdings, LLC  | DPU Exhibit 1.1<br>Necessary first step in proper   |
| Per Goodman Testimony                                    | Special Director at PPW Holdings, LLC  | Procedures<br>Protects PPW Holding from a bankruptcy filing due to affiliates and acquiring securities or obligations of MEHC that would result in a credit rating downgrade. |
| Commitment 3   | PacifiCorp will have its own accounting system and maintain its own books and records.                                 | Avoids co-mingling of non-regulated or affiliate data.  |
| Commitment 8   | File an affiliate interest report that will include affiliate transactions.  | Allows easy monitoring of Affiliate transactions.   |
| Commitment 9   | Promises not to cross-subsidize.   | Required by rating agencies in order to maintain separate credit rating.  |
| Commitment 11  | PacifiCorp will not have diversified subsidiaries.   | Keeps the regulated utility “pure” allowing for easier regulation and analysis.   |
| Commitment 15  | PacifiCorp will have its own separate debt, preferred stock, and commits to maintaining its own separate debt ratings. | Required by rating agencies in order to maintain separate credit rating.  |
| Commitment 17  | Commission will have unrestricted access to credit rating agency information.  | Helps Commission in monitoring ring-fencing and other items.  |
| Commitment 18  | Commits to maintaining certain capital structure levels.   | Assists Commission in monitoring and assuring proper capital structure.   |
| Commitment 20  | PacifiCorp will not make loans or transfer funds to affiliates without Commission approval.                            | Assists Commission in maintaining proper capital structure and expected credit ratings.   |
| Commitment U2  | PacifiCorp will file for Commission approval of any divestiture, spin-off etc.   | Gives the Commission increased authority over the use and disposition of the Companies property, plant and equipment.   |
| Commitment U3  | Notification of new affiliate operations   | Assists Commission in monitoring activities that might affect PacifiCorp’s ring-fence.  |
| Commitment U10   | Credit rating agency news releases and updates provided to Division and Committee.                                     | Assists in monitoring credit and continued effectiveness of the ring-fencing.   |
| Commitment U11   | PacifiCorp’s immediate parent, PPW Holdings, LLC will have no debt without Commission approval.                        | Assists in maintaining the ring-fence.  |
| Commitment U12   | Will not seek an exemption from UCA 54-4-31 for twelve months following close of transaction.                          | Allows for at least initial regulatory control over capital structure changes.  |
| Commitment U21   | Cost allocations between affiliates will be written and approved by Commission.  | Assists in protecting against cross-subsidies.  |

## **Summary of PacifiCorp Ring-Fencing Procedures**