

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of MidAmerican Energy)	
Holdings Company and PacifiCorp dba Utah Power)	AMENDMENT TO
& Light Company for an Order Authorizing)	STIPULATION
Proposed Transaction)	
)	Docket No. 05-035-54

BACKGROUND

1. On July 15, 2005, MidAmerican Energy Holdings Company (“MEHC”) and PacifiCorp (“PacifiCorp”) (sometimes hereinafter jointly referred to as “Applicants”) filed an Application with the Public Service Commission of Utah (“Commission”) authorizing a proposed transaction (“Transaction”) whereby MEHC would acquire all of the outstanding common stock of PacifiCorp and PacifiCorp would thereafter become an indirect wholly owned subsidiary of MEHC.

2. On November 18, 2005, a Stipulation, dated November 15, 2005, (“Stipulation”) was filed in the above-referenced proceeding which was signed by MEHC, PacifiCorp, the Division of Public Utilities, Committee of Consumer Services, Utah Association of Energy Users, Utah Industrial Energy Consumers, Utah Clean Energy and Western Resource Advocates (“Signatories”). The Stipulation contained 50 general commitments and 28 Utah-specific commitments (collectively referred to herein as the “Commitments”) agreed to by the Applicants. The Stipulation represented the negotiated resolution of all outstanding issues in the proceeding.

3. The Stipulation contained a “Most Favored States” clause (Paragraph 10), which provides a mechanism to allow Utah parties to adopt any commitments or conditions to which

the Applicants agree, or with which the Applicants are required to comply, in other jurisdictions, even if such commitments and conditions are agreed to after the Commission entered its order in this docket. The Stipulation, at Paragraph 10, provided a process and timeline by which the parties would meet and discuss commitments and conditions from other states and propose adoption of other states' commitments and conditions in Utah. The Signatories requested that the Commission issue an order accepting the Stipulation as soon as practical, but reserve in the order the explicit right to re-open the list of Commitments (Appendix A) to add, subject to the provisions of Paragraph 10, commitments and conditions accepted or ordered in another state jurisdiction, as proposed by the parties.

4. On January 27, 2006, the Commission issued its Report and Order in which it approved the Stipulation and granted the July 15, 2005 Application. The Commission reserved the explicit right to re-open the Commitments appended to the Stipulation to facilitate the process described in Paragraph 10 of that document.

PURPOSE AND PARTIES

5. Pursuant to Paragraph 10 of the Stipulation, the parties have reviewed and discussed the commitments and conditions agreed to by the Applicants and approved in the other state jurisdictions.

6. As a result of their review and discussions, the parties (collectively referred to herein as the "Parties" and individually as "Party") whose signatures appear on the signature page of this Amendment to Stipulation ("Amendment to Stipulation") have reached agreement on the commitments and conditions from other state jurisdictions that should be adopted in Utah.

7. The Parties agree to advocate Commission approval of this Amendment to Stipulation and request that the Commission issue its order adopting this Amendment to Stipulation no later than March 15, 2006.

8. Except as specified herein, the terms and conditions of the Stipulation, including the Commitments attached to the Stipulation as Appendix A, remain unchanged.

MODIFICATION

9. The Parties have negotiated this Amendment to Stipulation as an integrated document. If the Commission rejects all or any part of this Amendment to Stipulation or imposes additional material conditions in approving this Amendment to Stipulation, any Party disadvantaged by such action shall have the right, upon written notice to the Commission and all Parties within 15 business days of the Commission's order, to withdraw from this Amendment to Stipulation. However, prior to withdrawal, the Party shall engage in a good faith negotiation process with the other Parties. No Party withdrawing from this Amendment to Stipulation, including the Applicants, shall be bound to any position, commitment, or condition of this Amendment to Stipulation.

EFFECTIVE DATE

10. Subject to Paragraph 11 of this Amendment to Stipulation, the effective date of this Amendment to Stipulation shall be the date of the closing of the Transaction.

11. The Applicants' obligations under this Amendment to Stipulation are subject to the provisions of Paragraph 9 of this Amendment to Stipulation and the closing of the Transaction.

COMMITMENTS BY THE PARTIES

12. Appendix A to this Amendment to Stipulation contains the additions and modifications to the Commitments included in Appendix A to the Stipulation. By virtue of executing this Amendment to Stipulation, the Applicants agree to perform the Amended Commitments (“Amended Commitments”) set forth in Appendix A, to this Amendment to Stipulation, according to the provisions of each commitment as set forth therein. Except as set forth in Appendix A to this Amendment to Stipulation, the Commitments included in Appendix A to the Stipulation remain unchanged.

12. The Parties agree that with these Amended Commitments and the terms and conditions of this Amendment to Stipulation, the process outlined in Paragraph 10 of the Stipulation has been fully implemented and, therefore, the terms and conditions of Paragraph 10 of the Stipulation are superseded by this Amendment to Stipulation.

13. The Stipulation is amended to add the following new Paragraphs 15, 16, 17, 18, 19, 20, and 21:

“15. The following provisions are applicable only to the Parties:

“a. Through December 31, 2011, MEHC and PacifiCorp will both confer with the Signatories and provide drafts in a timely manner prior to introducing legislation in the Utah Legislature that would impact Utah utility regulation, including Utah city franchise authority.

“b. MEHC has no current intention to acquire other electrical corporations as defined by Utah Code Annotated § 54-2-1 (7), or gas corporations, as defined by Utah Code Annotated § 54-2-1(9). If that intention should ever change, MEHC will confer with the Signatories before public

announcement of such an acquisition, subject to agreements regarding confidentiality.

“c. Within 90 days of the close of the Transaction, MEHC and PacifiCorp will begin working with the Division of Public Utilities and other interested parties, to evaluate and, if mutually agreed to be appropriate, file with the Commission service quality standards related to industrial customers, with a focus on high tech companies. MEHC, PacifiCorp, the Division of Public Utilities and any other interested party, will report back to the Commission on the conclusions and recommendations reached no later than February 1, 2007. MEHC and PacifiCorp acknowledge that modifications to existing customer service guarantees and performance standards may result from this process and nothing in Commitments 1 or 45 will preclude these from being filed if mutually agreed-upon by the Parties.

“d. Senior executives of MEHC and PacifiCorp will make themselves available upon request to the Signatories to discuss regulatory, customer service, and energy policy issues.

“e. MEHC and PacifiCorp agree that the provisions of this paragraph are subject to Commitment 33, regarding enforcement and dispute resolution.

“16. The Parties agree to support recovery, over a reasonable period, of prudent costs associated with the IGCC studies in Commitment U 16, consistent with Utah law and regulatory practice.

- “17. Commitment 10 addresses waiver of certain defenses under *Ohio Power Co. v. FERC* by MEHC and Berkshire Hathaway until PUHCA repeal is effective on February 8, 2006. Since no case law has yet developed regarding the same subject matter after the repeal of PUHCA, the parties have not addressed the issue beyond February 8, 2006. The parties acknowledge that the Commission should monitor federal developments on this subject matter and may need to address the same in the future.”
- “18. Commitment 14(f) is clarified to reflect the agreement that allocation methodologies will be submitted for approval if required by law, rule or “required by order of the Commission.”
- “19. Stipulation Paragraph 17 is clarified to reflect the agreement of PacifiCorp and MEHC that, if there is an issue MEHC and PacifiCorp believe the Commission needs to be aware of or that the Commission needs to address, including any significant federal developments regarding the pricing of affiliate transactions after the close of the transaction, MEHC and PacifiCorp will affirmatively initiate a dialogue with the Commission on matters relating to PUHCA.”
- “20. The Parties request that the Commission include the following ordering paragraph in its order approving this Amendment to Stipulation and Modifying Commitments:
- Within 30 days after the transaction closes PacifiCorp is required to file a petition for an accounting order to establish its authority to create deferral accounts, as necessary to make effective the terms of commitment number U 46, set forth in Appendix A to the Stipulation.”

“21. The Parties request that the Commission include the following ordering paragraph in its order approving this Amendment to Stipulation and Modifying

Commitments:

To help in finalizing the documentation for this case, the Applicants shall file with the Commission, at the time of the closing of the transaction, a narrative and an organizational chart showing the relationship among PacifiCorp, MEHC, Berkshire Hathaway and their subsidiary and affiliated business entities. This documentation should clearly show the owners of PacifiCorp and the percentages held, up to the level of the ultimate parent, Berkshire Hathaway.”

RESERVATION OF RIGHTS

14. Except as expressly provided for herein and in the Stipulation, by executing this Amendment to Stipulation, no Party waives any right to assert such positions regarding the prudence, just and reasonable character, rate or ratemaking impact or treatment, or public interest as they deem appropriate pertaining to any Amended Commitment.

Executed this _____ day of March, 2006.

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