

March 16, 2007

***VIA ELECTRONIC FILING
AND OVERNIGHT DELIVERY***

Utah Public Service Commission
Heber M. Wells Building, 4th Floor
160 East 300 South
Salt Lake City UT 84111

Attention: Julie P. Orchard, Commission Administrator

**Re: Commitment 52 from Most-Favored States Process
Docket No. 05-035-54 – MEHC Acquisition of PacifiCorp**

Pursuant to the additional commitments from the most-favored states process in Docket No. 05-035-54, MidAmerican Energy Holdings Company (“MEHC”) and PacifiCorp committed to evaluate increasing the generation capacity of the Blundell geothermal facility and to summarize in a report and file with the Commission its cost-effective evaluation of any such increase in generation capacity. An original and five (5) copies of this filing will be provided via overnight delivery as well as an electronic version sent to the attention of mlivingston@utah.gov.

Shortly after the settlement and subsequent closing of the transaction between MEHC and PacifiCorp, PacifiCorp undertook an expansion of Blundell by adding a heat recovery unit at the facility, which is expected to add approximately 11 megawatts of production to the PacifiCorp system at an estimated \$48.9 million economic benefit. This expansion should be fully operational by the end of this year.

In further satisfaction of the company’s obligation to evaluate other increases in the generation capacity of the Blundell facility, I have attached a copy of the company’s economic evaluation for an additional 25 megawatt expansion. As further explained in the attached study, the total cost of a 25 megawatt expansion is estimated at \$5,538¹ per kilowatt, with a plant-only cost of \$4,259² per kilowatt. As a result of Congress’ failure to extend the availability of production tax credits beyond the end of the calendar year 2008, the present value economic analysis performed by the company excludes production tax credits because the proposed

¹ This amount includes required costs and considerations pertaining to transmission system upgrades, taxes, allowance for funds used during construction, and escalation.

² This amount represents the cost estimates for the plant expansion only, excluding the required costs and considerations pertaining to transmission system upgrades, taxes, allowance for funds used during construction, and escalation.

expansion would not be in service prior to the expiration of the tax credits. Consequently, the unavailability of the tax credits negatively impacts the economic benefit associated with the proposed 25 megawatt expansion, resulting in a negative \$3.4 million detriment. Accordingly, the economic benefit of the 25 megawatt expansion is not cost-effective.

Notwithstanding PacifiCorp's inability to economically perform further expansions at this time, we believe the estimated \$48.9 million economic benefit associated with the 11 megawatt expansion will benefit the company's customers and the need for renewable generation for years to come.

It is respectfully requested that all formal correspondence and Staff requests regarding this filing be addressed to:

By e-mail (preferred): datarequest@pacificorp.com

By regular mail: Data Request Response Center
PacifiCorp
825 NE Multnomah, Suite 2000
Portland, Oregon, 97232

By fax: (503) 813-6060

Informal inquiries regarding this filing may be directed to Dave Taylor, Utah Regulatory Affairs Manager, at (801) 220-2923.

Sincerely,

Jeffrey K. Larsen
Vice President, Regulation

Enclosures

cc: Service List: 05-035-54 (w/out enclosures)
Division of Public Utilities (w/out enclosures)
Committee of Consumer Services (w/out enclosures)
Utah Association of Energy Users (w/out enclosures)