

One Utah Center, 23<sup>rd</sup> Floor  
201 South Main  
Salt Lake City, UT 84111



Please Reply To:  
Dean S. Brockbank, Senior Counsel  
*Direct Dial* (801) 220- 4568  
*Fax* (801) 220-3299  
email:  
dean.brockbank@pacificorp.com

June 1, 2007

Julie P. Orchard  
Commission Secretary  
Public Service Commission of Utah  
Heber M. Wells Building, 4<sup>th</sup> Floor  
160 East 300 South  
Salt Lake City, Utah 84111

Re: PacifiCorp Notice of Affiliate Transaction  
Docket No. 05-035-54

Dear Ms. Orchard:

This letter will serve as notice pursuant to Commitment U 3(2), incorporated in the Public Service Commission of Utah's *Report and Order*, issued February 28, 2006, approving the acquisition of PacifiCorp by MidAmerican Energy Holdings Company, as amended by that certain *Report and Order*, issued March 14, 2006, concerning certain affiliate transactions. By virtue of certain stock purchases by PacifiCorp's ultimate parent, Berkshire Hathaway, Inc. ("Berkshire") (that will be explained below), PacifiCorp is now party to certain affiliate transactions that were not affiliate transactions prior to the stock purchases.

PacifiCorp is a wholly-owned indirect subsidiary of MidAmerican Energy Holdings Company ("MEHC"). MEHC is a wholly-owned direct subsidiary of Berkshire Hathaway, Inc. ("Berkshire"). On April 4 and 5, 2007, Berkshire purchased 1.6 million share of Burlington Northern Santa Fe Railway Company ("BNSF") stock to increase Berkshire's total ownership of BNSF to 10.9%. BNSF is a Delaware corporation, providing railroad transportation services throughout the United States. With Berkshire owning this level of BNSF's outstanding shares, Berkshire, MEHC and PacifiCorp could all be construed as being affiliates of BNSF.

Prior to becoming an affiliate of BNSF, PacifiCorp and BNSF entered into several arm's-length Rail Transportation Agreements ("Agreements") whereby BNSF would provide transportation services (1) from various coal mines in the Wyoming Powder River Basin to PacifiCorp's Dave Johnston Steam Plant near Glenrock, Wyoming ("Dave Johnston") and (2) from various coal mines in Wyoming, New Mexico and Montana to PacifiCorp's Cholla Generating Station ("Cholla").

Under Agreement BNSF-C-12123, with a term from January 26, 1998 to December 31, 2013, BNSF transports coal obtained from eighteen mines in the Wyoming Powder River Basin to Dave Johnston. Under this Agreement, BNSF transports a minimum of 3.5 million tons of coal

per year for PacifiCorp. Agreement BNSF-C-12470, with a term from January 10, 2006 to December 31, 2017, governs transportation services for coal obtained from twenty mines located in Wyoming, New Mexico and Montana and delivered to Unit Four of Cholla Generation Plant near Joseph City, Arizona. Under this Agreement, BNSF is required to transport a minimum of 3.8 million tons of coal per year for PacifiCorp. PacifiCorp estimates that it will pay approximately \$30 million per year for services under the Agreements.

Under both Agreements, PacifiCorp manages the volume of coal per car and train as well as the origin of the coal shipments. PacifiCorp also manages the unloading of the cars at the destination. BNSF sends empty trains with separated cars to the mines, loads the separated cars with coal, and then transports the coal across BNSF routes to Cholla and Dave Johnston, respectively. Both Agreements were entered into pursuant to 49 U.S.C. Section 10709, under which railroads may enter into railroad service contracts at terms and conditions specified in the contract, which are then approved by the United States Surface Transportation Board (“STB”).

Although the Agreements were executed and approved by the STB prior to the parties becoming affiliates with Berkshire’s stock purchases of BNSF, PacifiCorp and BNSF could now be considered affiliates. The Agreements were negotiated at arms-length and serve the public interest by ensuring that PacifiCorp obtains fuel supplies for its coal-fired generation plants at rates overseen by the STB. As provided in Commitment U 14 in the referenced docket, a copy of this letter is being provided to the Division of Public Utilities and the Committee of Consumer Services.

Please call me at the above number if you have any questions regarding this filing.

Sincerely,

Dean S. Brockbank

cc: Connie White, DPU  
Michele Beck, CCS