

Summary of PacifiCorp Ring-Fencing Procedures

<u>MEHC/PacifiCorp Commitments</u>	<u>Description of Commitments</u>	<u>Division Comments</u>
Per Goodman Testimony	PacifiCorp will be held by a single-purpose entity (PPW Holdings, LLC)	Necessary first step in proper ring-fencing
Per Goodman Testimony	Special Director at PPW Holdings, LLC	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	Assists in monitoring credit and

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	updates provided to Division and Committee.	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.