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January 22, 2008

VIA OVERNIGHT DELIVERY

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

Attn: Julie Orchard
Commission Secretary

RE: MidAmerican Energy Holding Company Transaction Commitment 34
Docket No. 05-035-54

Pursuant to Docket No. 05-035-54, the Utah Public Service Commission (“Commission”) granted approval of the acquisition of PacifiCorp by MidAmerican Energy Holdings Company (“MEHC”), subject to a Consolidated List of Commitments specified in a settlement agreement supported by all parties to the proceeding. One of the commitments in the consolidated list addresses proposed transmission investment projects. Specifically, General Commitment 34 states:

MEHC and PacifiCorp have identified transmission projects that MEHC and PacifiCorp believe will enhance reliability, facilitate the receipt of renewable resources, or enable further system optimization. Subject to permitting and the availability of materials, equipment and rights-of-way, MEHC and PacifiCorp commit to use their best efforts to achieve the following transmission system infrastructure improvements¹: ...

c) Walla Walla - Yakima or Mid-C (~\$88 million) – Establish a link between the “Walla Walla bubble” and the “Yakima bubble” and/or reinforce the link between the “Walla Walla bubble” and the Mid-Columbia (at Vantage). MEHC and PacifiCorp assert that either of these projects presents opportunities to enhance PacifiCorp’s ability to accept the output from wind generators and balance the system cost effectively in a regional environment. The target completion date for this project is 2010.

¹ While MEHC has immersed itself in the details of PacifiCorp’s business activities in the short time since the announcement of the transaction, it is possible that upon further review a particular investment might not be cost-effective, optimal for customers or able to be completed by the target date. If that should occur, MEHC pledges to propose an alternative to the Commission with a comparable benefit. The Commission may investigate the reasonableness of any determination by MEHC/PacifiCorp that one or more of the identified transmission investments is not cost-effective or optimal for customers.

Upon further review, the Walla Walla – Yakima/Mid C project is not economically feasible. Based on internal system planning studies and the company's evaluation of alternative projects, PacifiCorp is replacing the Walla Walla – Yakima/Mid C project with two projects that would provide similar benefits. At the time the commitment was made, as noted in the commitment's footnote, if a project was not cost-effective or in the best interest for customers, the company would propose an alternative to the project. The alternative projects for the Walla Walla – Yakima/Mid C project include two new projects that PacifiCorp's transmission group has evaluated:

- Walla Walla to McNary ("McNary Project") is a new 230 kV transmission line starting at the PacifiCorp Walla Walla substation connecting into the Wallula substation in Washington State and ending at the Bonneville Power Administration's McNary substation in Oregon State. The estimated in service date is December 2010.
- Vantage to Pomona Heights ("Vantage Project") is a new 230 kV transmission line connected at the Bonneville Power Administration Vantage substation near Vantage Washington and ending at the PacifiCorp Pomona Heights substation in Yakima Washington. The estimated in service date is October 2011.

The McNary and Vantage Projects would provide similar benefits as the originally proposed Walla Walla – Yakima/Mid C project such as enhancing PacifiCorp's ability to accept renewable output and provide for system balancing. Specifically, the replacement projects support the current and projected demand in PacifiCorp's service area, assist in meeting energy constraint concerns, move renewable resources in remote locations to the high-growth areas of PacifiCorp's service territory, promote the development of renewable resources, help optimize the energy corridors in the Northwest, and resolve identified system overload conditions. The proposed projects also support the regional expansion plan that is being proposed by other transmission providers to relieve regional transmission constraints, enhance reliability and enhance development of resources in the region. The projects will be subject to permitting, further analysis and review by regional planning, siting and permitting agencies, as well as the availability of materials, equipment and rights of way.

By copy of this letter, other parties to the proceeding are being provided notice of this change to the General Commitment 34 C. Future commitment status reports will refer to the alternative projects, the McNary and Vantage Projects, as described above.

If you have any questions or would like to meet to discuss these new transmission projects, please call me at 801-220-4907.

Very truly yours,

Jeffrey K. Larsen
Vice President, Regulation

cc: Service List Docket No. 05-035-54