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ACTION REQUEST RESPONSE

To: Public Service Commission of Utah
Ted Boyer, Chair
Ric Campbell, Commissioner
Ron Allen, Commissioner

From: Utah Division of Public Utilities
Phil Powlick, Director
Artie Powell, Energy Section manager

Date: March 24, 2008

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

RECOMMENDATION

The Division of Public Utilities has reviewed the letter submitted to the Public Service Commission (“Commission”) regarding the change in status of a transmission project, identified herein as the Yakima Project, proposed at the time MidAmerican Energy Holding Company (“MECH”) acquired PacifiCorp (“Acquisition”). The Division recommends that the Commission instruct PacifiCorp to retain all analysis regarding the proposed Yakima Project and the substitute projects for future prudence and cost recovery review. The Division recommends no further agency action at this time.

ISSUE

On or about January 22, 2008, PacifiCorp filed an advice letter with the Public Service Commission indicating that it was replacing a proposed transmission line between the Walla Walla bubble and Yakima bubble/Mid-Columbia (at Vantage) with two alternative projects: (1) a Walla Walla to McNary 230 kv transmission line (“McNary Project”); and (2) Vantage to Pomona Heights 230 kv transmission line (“Vantage Project”). The original proposal to build a transmission line between Walla Walla and Yakima (“Yakima Project”) was a commitment made by PacifiCorp and MECH as part of the Acquisition.

The letter claims that after further investigation, the Yakima project is not economically feasible. In lieu of the Yakima Project, MECH is proposing two alternative projects that PacifiCorp and MECH claim will provide similar benefits: the McNary and Vantage projects. Since the merger commitment allowed for such a possibility, the Division believes no further agency action is required at this time. However, the Division recommends that the Commission order PacifiCorp to retain all analyses and evaluations of the Yakima, McNary, and Vantage projects for future review in prudence or cost recovery proceedings.

CC Michelle Beck, Committee of Consumer Services
Dave Taylor, Rocky Mountain Power
Jeff Larsen, Rocky Mountain Power