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September 12, 2012

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

Gary Widerburg  
Commission Secretary  
Public Service Commission of Utah  
Heber M. Wells Building, 4<sup>th</sup> Floor  
160 East 300 South  
Salt Lake City, Utah 84114

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

Dear Mr. Widerburg:

Pursuant to Commitment U3(2), incorporated in the Public Service Commission of Utah's *Report and Order* approving the *Acquisition of PacifiCorp by MidAmerican Energy Holdings Company*, issued January 27, 2006, as amended March 14, 2006, and June 5, 2006, PacifiCorp d.b.a. Rocky Mountain Power ("PacifiCorp" or the "Company") hereby provides notice of an affiliate transaction and includes with this letter for filing and original and two (2) copies of the of the Indemnity Agreement (Agreement) to be executed by and between PacifiCorp and National Indemnity Company (NICO). A copy of the Agreement is included with this Notice as Attachment A.

PacifiCorp and NICO are both wholly-owned, indirect subsidiaries of MidAmerican Energy Holdings Company (MEHC). MEHC's ownership interest in the Company and Kern River may create an affiliated interest in some PacifiCorp jurisdictions.

NICO offers various property and casualty insurance products, including professional liability and specialty risk coverage. PacifiCorp desires to purchase surety bonds from NICO for various business needs and will replace surety bonds currently being provided from a more costly vendor. PacifiCorp worked with its insurance broker to select NICO as the appropriate vendor for the Company's surety bond needs. The broker determined that there were a total of three companies offering surety bonds. One of these companies did not offer reclamation bonds, which is a key component of PacifiCorp's business operations. The remaining two companies were PacifiCorp's current vendor and NICO. PacifiCorp selected NICO for its ability to provide the same amount of coverage for a significant savings over what the Company is currently paying.

Utah Public Service Commission

September 12, 2012

Page 2

PacifiCorp anticipates spending approximately \$123,000 per year for surety bonds provided by NICO. This represents an approximate \$83,000 savings over coverage provided by the current vendor. Bonds will be transitioned to NICO as they expire with the current vendor.

PacifiCorp must purchase surety bonds to meet contractual and regulatory obligations. The Company is able to purchase surety bonds from NICO at the same coverage for less expense. Accordingly, the transaction with NICO is consistent with the public interest.

Please do not hesitate to contact me if you have any questions.

Best Regards,

A handwritten signature in blue ink that reads "Mark C. Moench". The signature is written in a cursive, flowing style.

Mark C. Moench  
Senior Vice President and General Counsel  
PacifiCorp

Enclosures

cc: Chris Parker, DPU  
Michele Beck, OCS