

**BEFORE THE**  
**WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND	)	
TRANSPORTATION COMMISSION,	)	
	)	
Complainant,	)	
	)	<b>Docket No. UE-061546</b>
vs.	)	
	)	
PACIFICORP d/b/a PACIFIC POWER &	)	
LIGHT COMPANY	)	
	)	
Respondent.	)	
_____	)	
	)	
In the Matter of the Petition of	)	
	)	
PACIFIC POWER & LIGHT COMPANY	)	<b>Docket No. UE-060817</b>
	)	
For an Accounting Order Approving Deferral	)	
of Certain Costs Related to the MidAmerican	)	
Energy Holdings Company Transition.	)	
_____	)	

**EXHIBIT NO.\_\_(WWB-5)**

**EXCERPT OF PACIFICORP-MIDAMERICAN MERGER CONDITIONS**

**February 16, 2007**

if a party in a proceeding before the Commission proposes an adjustment to PacifiCorp's revenue requirement that MEHC and PacifiCorp assert violates the regulatory theory of the matching principle. If PacifiCorp seeks recovery of the Acquisition Premium, then other Parties are free to oppose such recovery, including the validity of the matching principle.

- Wa 20 MEHC commits that no amendments, revisions or modifications will be made to the ring-fencing provisions of Commitment 11 b) without prior Commission approval pursuant to a limited re-opener under RCW 80.04.210 for the sole purpose of addressing the ring-fencing provisions.
- Wa 21 PacifiCorp will provide to Staff and Public Counsel, on an informational basis, credit rating agency news releases and final reports regarding PacifiCorp when such reports are known to PacifiCorp and are available to the public.
- Wa 22 MEHC and PacifiCorp will provide Commission Staff access to operational, internal and risk audit reports and documentation. PacifiCorp and Commission Staff will establish an agreeable procedure to review these confidential documents and the timeline to provide an annual listing of such audits.
- Wa 23 Berkshire Hathaway acknowledges the Commitments made by MEHC and PacifiCorp and will not impede satisfaction of the Commitments. Berkshire Hathaway acknowledges that it is bound by Commitments 4, 5 and 17 and that it is subject to Commitments that are applicable to the affiliates of PacifiCorp and MEHC; provided, however, that Berkshire Hathaway does not guarantee or agree to be responsible for performance of Commitments made by MEHC and PacifiCorp.
- Wa 24 MEHC and PacifiCorp commit that PacifiCorp will not make any dividends to PPW Holdings LLC or MEHC if PacifiCorp's unsecured debt rating is BBB- or lower by S & P or Fitch (or Baa3 or lower by Moody's), as indicated by two of the three rating agencies.
- Wa 25 MEHC and PacifiCorp commit to take actions described below to implement the Cascade Kraft Substation Outage and Power Quality Study dated January 10, 2005 ("Study") in order to increase power quality and improve reliability to the Boise Cascade facility in Wallula, Washington. Boise Cascade LLC ("Boise") will be responsible only for the costs of these actions to the extent they arise from changes to facilities owned by Boise rather than PacifiCorp.
- a) Actions. The following specific actions shall be taken by PacifiCorp:

- 1) No item number in Study: Complete the installation of upgraded transformer primary protection for PacifiCorp transformers located in the “Kraft Substation.” Installing “Transruptors” in place of fuses;
  - 2) Item 2 in Study: Replace the PacifiCorp fixed capacitor banks located in the “Kraft Substation” with units that do not cause voltage transients when switched on and in addition mitigate harmonic currents and voltage distortion;
  - 3) Item 5A in Study: Prepare an engineering study analyzing the cost of installation of adequate lightning protection to the 69 kV sub-transmission system that is interconnected to the “Kraft Substation;”
  - 4) Item 5B in Study: Prepare an engineering study analyzing the cost of installation of adequate lightning protection to the 230 kV transmission system that is interconnected to the “Wallula Substation;”
  - 5) Item 11 in Study: Control the vegetation near the 230 kV structures to prevent range fire damage to the structures;
  - 6) Item 12 in Study: Complete and continue the training of system operators to mitigate human errors; and
  - 7) No item number in Study: Upgrade Dodd Road Substation facilities to reduce the potential for faults on the secondary that pull the voltage down on the primary for extended time periods.
- b) Engineering Review and Approval. The engineering and detailed designs for items 1, 2, and 7 shall be completed by PacifiCorp and provided to Boise for its approval no later than twelve (12) months after the close of the transaction. If a dispute arises between the parties in respect of any engineering approval required by the preceding sentence either party may apply to the Commission for an order resolving the dispute on the basis of whether the disputed aspect of PacifiCorp’s design provides a cost effective design that complies with good industrial electrical practices.
- c) Completion Dates. Items 1, 2, and 7 shall be completed no later than 12 months after Boise’s approval of PacifiCorp’s engineering and detailed design or the Commission’s resolution of any disputes that arise out of such review and approval process. The engineering studies required by items 3 and 4 shall be completed within 12 months after the close of the transaction and a report specifying the actions that PacifiCorp intends to take with respect to such items and the timing of completion thereof and the means of financing such work shall be supplied at such time to each of Boise and the Commission Staff.
- d) Cost Responsibility. All work described in paragraph (a) above shall be completed by PacifiCorp at its sole cost and expense and without additional charge to Boise. The cost of such actions may be included in

base rates by PacifiCorp in PacifiCorp's next filed rate case applicable to its Washington service area; provided that the cost of the studies provided for in items 3 and 4 shall not be added to base rates until a solution to the problem reasonably acceptable to Boise and the Commission Staff has been implemented.

- Wa 26) MEHC and PacifiCorp acknowledge that the Commitments are being made by MEHC and PacifiCorp and are binding only upon them (and their affiliates where noted). MEHC and PacifiCorp are not requesting in this proceeding a determination of the prudence, just and reasonable character, rate or ratemaking treatment, or public interest of the investments, expenditures or actions referenced in the Commitments, and the Parties in appropriate proceedings may take such positions regarding the prudence, just and reasonable character, rate or ratemaking treatment, or public interest of the investments, expenditures or actions as they deem appropriate.