Exhibit No. _______

Joint Response of Staff and Joint Applicants
To Bench Request Nos. 1 - 4 issued February 7, 2006
Docket No. UE-051090

1. With reference to the rate credits provided by Washington-Specific Commitment Wa 3:

   a. What is the baseline from which the credits are calculated?
   Response:
   The baseline is the West Valley non-fuel costs paid by PacifiCorp for the period included in the present general rate case. On a total Company basis, the fixed lease costs were $17,019,000 (FERC Account 550) and the variable O & M costs were $1,928,000. The $5,000,000 reduction will be measured against the fixed lease costs recorded in Account 550.

   b. Assume for discussion that West Valley costs are included in Washington rates following the conclusion of Docket No. UE-050684.

      i. By what amount will those costs be reduced in that proceeding to reflect the credits?
      Response:
      If the MEHC acquisition of PacifiCorp closes prior to the conclusion of Docket No. UE-050684, then Washington revenue requirements could be reduced by the Washington portion of the $5 million savings. Using the SSGCT allocation factor under the Revised Protocol in the current case, Washington's share of the West Valley non-fuel costs is 8.2633%, resulting in a reduction of $413,000 for Washington. If the rate case concludes before the MEHC acquisition, the Washington portion of the credits will be deferred in an interest bearing account and included in the next Washington general rate case.

      ii. What is the earliest time these credits might cease to be a factor in the Company's rates?
      Response:
      - **Any deferred rate credits will be amortized over the period determined appropriate by the Commission in the first rate case addressing the rate credit/revenue requirement reduction.**

- **The first adjustment to the Company's revenue requirement will be addressed in the pending rate case or the rate case immediately following the current rate case. Alternatively, if the reduction is not achieved and the rate credit remains in effect, it will be necessary to review and adjust the credit as needed in subsequent rate cases.**
- **The need to reflect either an adjustment to the contract cost or rate credit will cease to be a factor in the first rate case with a test period that includes no costs subsequent to the termination of the West Valley contract in May 2008.**

iii. Against what benchmark will the Commission measure whether "such West Valley non-fuel cost savings" are reflected in PacifiCorp's rates in the future?

Response:

Please see the Response to Bench Request 1a. To the extent total company West Valley costs included in the test year in a future rate case are lower than this benchmark, "such West Valley non-fuel savings" would be assumed to be reflected in PacifiCorp's rates.

iv. What would constitute an "offsetting action or agreement" as specified in Wa 3b) ii)?

Response:

This "offsetting action or agreement" language was included in this commitment so that the parties to this lease agreement could not enter into another agreement with terms that were not arms length that would allow for value to be transferred from this West Valley lease to a new agreement.

v. How is "value" measured for purposes of Wa3 b) ii)?

Response:

Value for this purpose would be measured as any increase in costs to PacifiCorp resulting from any monetary or non-monetary exchange between PacifiCorp and PPM (or an affiliated company) at a price other than market.

2. For those credits that are subject to a "threshold" (Wa 4a, Wa 5a, Wa 6a), are the total effective amounts of the credit the amounts stated in the provisions, or the amounts by which Company costs exceed the thresholds?

   Response:

   The maximum amounts of the rate credits are the amounts shown in the commitments and they are:

   Wa 4a – $1.5 million

   Wa 5a – $4.3 million

   Wa 6a – $7.9 million from close to Dec 31, 2010 and $6.4 million thereafter through Dec 31, 2015.

3. What special records and accounting will be required to track corporate allocations from MEHC to PacifiCorp, costs associated with functions previously carried out by parents to PacifiCorp, and cost shifting among accounts, as provided in Wa 4b)?

   Response:

   It is not expected that any new accounting or special records will be required to track these costs and provide sufficient support for the Commission to make a determination that the costs have been removed and that the rate credit is not necessary. PacifiCorp currently has detailed billing information of the costs and functions that are being charged from Scottish Power and tracks these costs within its SAP system. Upon closing of the Transaction, MEHC will provide similar detailed billings that show functions and costs for those services provided to PacifiCorp and these costs will also be tracked in sufficient detail within its SAP system. This is consistent with the requirements of Commitment 14 which delineates principles to be applied to any cost allocation methodology applicable to corporate services.

4. What special records and accounting will be required to track PacifiCorp's corporate costs previously billed to PPM and other former affiliates of PacifiCorp, as provided in Wa 6a)?

   Response:

   It is not expected that any new accounting or special records will be required to track these costs and provide sufficient support for the Commission to make a determination that the costs have been removed and that the rate credit is not necessary. PacifiCorp currently has detailed billing information within its SAP system for the costs of services it provides to PPM and other affiliates. In

addition, as part of the separation activities related to the transaction, PacifiCorp has identified specific actions it has or will undertake to transfer employees and activities (and related costs) from PacifiCorp to PPM and other former affiliates. Records of these actions will be maintained for future rate cases to demonstrate satisfaction of this commitment.