

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of PacifiCorp (U-901-E) and
MidAmerican Energy Holdings Company for
Exemption Under Section 853(b) from the Approval
Requirements of Section 854(a) of the Public
Utilities Code with Respect to the Acquisition of
PacifiCorp by MidAmerican.

Application 05-07-010
(Filed July 15, 2005)

**NOTICE OF ACCEPTANCE OF MIDAMERICAN ENERGY
HOLDINGS COMPANY AND PACIFICORP OF THE
COMMISSION DECISION APPROVING THE
ACQUISITION OF PACIFICORP**

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Date: February 21, 2006

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of PacifiCorp (U-901-E) and MidAmerican Energy Holdings Company for Exemption Under Section 853(b) from the Approval Requirements of Section 854(a) of the Public Utilities Code with Respect to the Acquisition of PacifiCorp by MidAmerican.

Application 05-07-010
(Filed July 15, 2005)

**NOTICE OF ACCEPTANCE OF MIDAMERICAN ENERGY
HOLDINGS COMPANY AND PACIFICORP OF THE
COMMISSION DECISION APPROVING THE
ACQUISITION OF PACIFICORP**

Pursuant to Ordering Paragraph 7 of Decision 06-02-033, issued February 16, 2006, MidAmerican Energy Holdings Company and PacifiCorp (U-901-E) (“Applicants”) hereby provide notice to the Commission and to all parties in this proceeding that Applicants accept the Commission Decision, Findings of Fact, Conclusions of Law and Ordering Paragraphs approving the acquisition of PacifiCorp by MidAmerican Energy Holdings Company.

The Commission’s order modifies Commitments 1 and 17 as filed by the Applicants and other signatories to the settlement, thereby triggering the Applicants’ reservation of rights under Section 1.5 of the Stipulation. The Applicants provide this notice that they waive those rights and accept the Commission’s changes to Commitments 1 and 17 consistent with the Commission’s clarified intent regarding

Commitment 17.

As modified by the Commission in Appendix D, Commitment 17 reads as follows:

17. For accounting purposes, the premium paid by MEHC for PacifiCorp will be recorded in the accounts of the acquisition company and not in the utility accounts of PacifiCorp. MEHC and PacifiCorp will not recover the acquisition premium in PacifiCorp's regulated retail rates.

Absent further clarification, the unqualified ratemaking prohibition in the second sentence of Commitment 17, as modified by the Commission, would not be acceptable to the Applicants. However, the Commission has provided the further clarification needed by the Applicants in Ordering Paragraph 10, which states:

10. Any benefits that MidAmerican Energy Holdings Company (MEHC) receives from the acquisition premium shall accrue exclusively to MEHC. Any benefits of the transaction that occur solely at the holding company level, such as tax benefits to MEHC, shall not be imputed for ratemaking purposes.

Thus, the Commission, makes clear by virtue of the provisions of Ordering Paragraph 3, that Commitment 17 is to be read together with, and interpreted in conjunction with, Ordering Paragraph 10. Interpreted together, Ordering Paragraph 10 and Commitment 17 provide assurance that the Commission does not intend to engage in asymmetric ratemaking by including benefits in rates without also including associated costs. The Commission's adoption of this statement of regulatory policy makes it possible for the Applicants to accept Commitment 17, as modified by the Commission.

The Applicants acknowledge and appreciate the effort of the Commission in carefully reviewing the Comments submitted with respect to the Proposed Decision

and in adding supplemental language to the Decision to clarify both the intent and the effect of its Order approving the acquisition.

Upon the closing of the transaction, the Applicants will comply with the provisions of Ordering Paragraph 6 of the Decision and notify the Director of the Energy Division when the transfer of control takes place.

Dated: February 21, 2006

Respectfully submitted,

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By /s/ Joseph F. Wiedman

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CERTIFICATE OF SERVICE

I, Melinda LaJaunie, certify that I have on this 21st day of February 2006 caused a copy of the foregoing

**NOTICE OF ACCEPTANCE OF MIDAMERICAN ENERGY HOLDINGS
COMPANY AND PACIFICORP OF THE COMMISSION DECISION
APPROVING THE ACQUISITION OF PACIFICORP**

on the below-listed parties to A.05-07-010 via hand-delivery to the addresses indicated:

Commissioner John Bohn
California Public Utilities Commission
505 Van Ness Avenue, 5th Floor
San Francisco, CA 94102

ALJ Timothy Kenney
California Public Utilities Commission
505 Van Ness Avenue, 5th Floor
San Francisco, CA 94102

I declare on penalty of perjury under California law that the foregoing is true.

Executed this 21st day of February 2006 at San Francisco, California.

/s/ Melinda LaJaunie
Melinda LaJaunie

SERVICE LIST – A.05-07-010
(Updated February 2, 2006)

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