

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND)
TRANSPORTATION COMMISSION,)
))
Complainant,)
))
v.)
))
PACIFICORP d/b/a PACIFIC POWER)
AND LIGHT COMPANY,)
))
Respondent.)

Docket No. UE-100749

EXHIBIT NO.__(GRM-6)
PACIFICORP’S RESPONSE TO
UTC STAFF DATA REQUEST NO. 25

October 5, 2010

UE-100749/PacifiCorp
August 25, 2010
Public Counsel Data Request 5 – 1st Revised

Public Counsel Data Request 5

Employee Benefits-SERP plan.

Please provide a copy of the most recently completed SERP plan actuarial reports prepared for the Company. Please also provide the total dollar amount included above the line in the test year for SERP on a total Company and Washington jurisdictional basis.

1st Revised Response to Public Counsel Data Request 5

The total cost for SERP included in the test year is \$3,537,000 on a total company basis. SERP costs are combined with all other labor and benefit expenses before being allocated to jurisdictions. As a result, SERP costs included in the test year are not directly available on a Washington allocated basis. However, these costs can be calculated using the Washington allocation of total utility labor in the test year of approximately 6.725%. See the calculation below for the Washington allocation of SERP costs using Washington's overall allocation of total utility labor.

SERP costs	\$3,537,000
Non-Utility / Capital portion (28.667%)	\$1,013,952
Utility Labor portion	\$2,523,048

Washington % of Total Utility Labor	6.725%
Washington Allocation	\$169,675

PREPARER: Erich D. Wilson / R. Bryce Dalley

SPONSOR: Erich D. Wilson / R. Bryce Dalley

UE-100749/PacifiCorp
August 31, 2010
Public Counsel Data Request 64

Public Counsel Data Request 64

Re: Employee Levels.

Please provide the actual number of employees, by month, for the test year and subsequent to date. If the labor force levels are other than full-time equivalent positions, please provide a separate listing stated in terms of full-time equivalent positions.

Response to Public Counsel Data Request 64

Please refer to Attachment PC 64 for the actual number of PacifiCorp full-time equivalent positions, by month, for 2009 through June 2010.

PREPARER: Gary Tawwater

SPONSOR: Erich D. Wilson

Full-Time Equivalents

Personnel Area Name	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	
Non-Union Interwest Mining	20.0	19.0	19.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
Exempt	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Non-Exempt	21.0	20.0	20.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0
Non-Union Interwest Mining Total	1992.0	2002.0	2008.0	2000.0	2009.0	2004.0	2003.0	2003.0	1998.5	1988.0	1992.5	1983.0	1979.0	1977.0	1975.0	1960.5	1957.5	1956.5	1956.5
Non-Union PacifiCorp	231.0	232.0	234.0	233.0	231.0	231.0	229.0	227.0	224.0	225.0	224.0	224.0	223.0	224.0	225.0	225.0	224.0	221.0	221.0
Exempt	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Officer	178.0	178.0	178.0	178.0	176.5	176.0	175.0	174.5	175.0	174.0	172.0	170.0	173.0	176.0	176.0	177.0	175.5	175.0	175.0
PCCC Non-Exempt	2409.0	2420.0	2428.0	2419.0	2424.5	2419.0	2415.0	2412.5	2405.5	2395.0	2396.5	2385.0	2384.0	2385.0	2384.0	2370.5	2365.0	2360.5	2360.5
Non-Union PacifiCorp Total	423.5	420.5	422.5	423.0	422.0	420.0	421.0	417.0	417.0	417.0	418.5	417.0	415.0	415.5	415.0	415.0	413.0	409.0	409.0
Union PacifiCorp	1191.5	1190.5	1189.5	1186.5	1186.0	1183.5	1181.0	1174.5	1171.5	1168.5	1163.5	1161.0	1156.5	1155.5	1151.5	1148.5	1146.5	1140.0	1140.0
IBEW 57 Laramie	6.0	7.0	6.0	7.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
IBEW 57 PD	562.0	563.0	562.0	562.0	562.0	559.0	555.0	554.0	551.0	549.0	548.0	546.0	548.0	546.0	546.0	544.0	540.0	540.0	540.0
IBEW 57 PS	488.5	492.5	491.5	491.5	491.5	489.5	484.5	483.5	483.5	481.5	481.0	479.0	478.0	475.5	478.5	476.0	477.0	479.0	479.0
IBEW 57 Combustion Turbine	29.0	29.0	29.0	29.0	29.0	29.0	29.0	29.0	29.0	29.0	29.0	29.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0
UIWUA 127 Wyoming	624.0	621.0	620.0	617.0	614.0	612.0	612.0	610.5	601.5	603.5	603.5	594.5	587.5	585.0	587.0	592.0	591.0	590.5	590.5
UIWUA 197	27.0	27.0	27.0	27.0	27.0	27.0	27.0	27.0	27.0	27.0	27.0	26.0	26.0	26.0	26.0	26.0	26.0	26.0	26.0
Union PacifiCorp Total	3351.5	3350.5	3347.5	3343.0	3339.5	3328.0	3317.5	3303.5	3288.5	3283.5	3278.5	3260.5	3247.0	3239.5	3240.0	3237.5	3229.5	3220.5	3220.5
Total Full-Time Equivalents	5781.5	5790.5	5795.5	5783.0	5785.0	5752.0	5737.5	5721.0	5699.0	5683.5	5680.0	5650.5	5636.0	5629.5	5629.0	5614.0	5600.5	5586.0	5586.0

UE-100749/PacifiCorp
September 8, 2010
Public Counsel Data Request 83

Public Counsel Data Request 83

Re: PacifiCorp's Response to WUTC Data Request No. 25.

- a) Please provide a complete list of management fee costs that are charged to PacifiCorp by MEHC on the following bases:
 1. Direct Charges
 2. Indirect Charges
 3. Service Charges
- b) Please provide a narrative explanation, as well as the actual allocation percentages, used to assign indirect and service charges between PacifiCorp and MEHC's other subsidiaries.
- c) How is the management fee (charged by MEHC to PacifiCorp) allocated between PacifiCorp's state operations?
- d) Please provide an explanation of each heading listed under "Invoice Details" in the Attachment WUTC 25-1. Please also provide a complete list of the types of costs included in each:
 1. LTIP
 2. LEGISLATIVE
 3. AIRCRAFT
 4. B-T-L
 5. SERP
 6. MEHC BONUS
 7. MEHC BONUS (heading used twice)
 8. AIRCRAFT
 9. OTHER
 10. A-T-L

Response to Public Counsel Data Request 83

- a) Please refer to Attachment PC 83 -1 for a complete list of management fee costs charged to PacifiCorp by MEHC and MEC in calendar year 2009.
- b) Please refer to Attachment PC 83 -2 for the requested narrative explanation and Attachment PC 83-1 for the actual allocation percentages.
- c) The management fee charged by MEHC to PacifiCorp is allocated between PacifiCorp's state operations on an SO factor.
- d)
 1. LTIP – Stands for Long-Term Incentive Partnership Plan. The LTIP is designed to retain and reward key employees for their exceptional performance and motivate them to create long-term, sustainable value. The LTIP provides for annual awards based upon significant accomplishments by the individual participants

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Public Counsel Data Request 83

and the achievement of company goals. Participation is discretionary and except for limited situations of extraordinary performance, awards are capped at 1.5 times base salary. These cash-based awards are subject to mandatory deferral and equal annual vesting over a five-year period starting in the performance year. LTIP charges are recorded below-the-line and are not part of rate cases.

2. LEGISLATIVE - Labor and non-labor lobbying charges excluded from rate cases and are booked below-the-line.
3. AIRCRAFT (BTL) - Charges for the use of MEC's planes by executives for business trips benefiting PacifiCorp. Charges in excess of commercial equivalents are booked below-the-line and are not part of rate cases.
4. B-T-L - Stands for below-the-line. These charges are not included in rate cases.
5. SERP - The Supplemental Executive Retirement Plan is a retention tool that provides additional retirement benefits to executives depending upon the achievement of company goals.
6. MEHC BONUS - MEHC's annual incentive awards based on individual and company performances which are measured against defined goals.
7. MEC BONUS - MEC's annual incentive awards based on individual and company performances which are measured against defined goals.
8. AIRCRAFT (ATL) - Charges for the use of MEC's aircraft by executives for business trips benefiting PacifiCorp. These charges are commercial equivalents and are included in rate cases.
9. OTHER - All other invoiced charges not specifically called out under the "Invoice Details" heading. These charges are included in rate cases as decided by PacifiCorp's regulations department.
10. A-T-L - Stands for above-the-line. These charges are included in rate cases.

PREPARER: Nancy Adolphson

SPONSOR: To Be Determined

Public Counsel Data Request 119

**Re: PacifiCorp's Response to Public Counsel Data Request No. 64 –
Workforce Levels.**

- (a) Please provide the actual number of PacifiCorp full-time equivalent positions as of the first of July, August, 2010, and the actual number of full-time equivalents as of September 1, 2010.
- (b) Please provide a narrative description of Interwest Mining and how its employees provide service to PacifiCorp's Washington customers, i.e., why labor costs for Interwest Mining employees are included in Washington rates.

Response to Public Counsel Data Request 119

- (a) The full-time equivalent positions provided in Attachment PC 64 represented month-end values. The 'Jun-10' header was positions as of June 30, 2010, which is representative of the first of July. Please refer to Attachment PC 119 for full-time equivalents as of July 31, 2010 and August 31, 2010.
- (b) Please refer to the Company's response to PC Data Request 124 (b). Labor related charges for Interwest Mining are allocated to the Company's east control area and are not included in Washington results.

PREPARER: Gary Tawwater

SPONSOR: To Be Determined

Full-Time Equivalents

Personnel Area Name	Personnel Subarea Name	Jul-10	Aug-10
Non-Union Interwest Mining	Exempt	4.0	4.0
	Non-Exempt	1.0	1.0
Non-Union Interwest Mining Total		5.0	5.0
Non-Union Pacificorp	Exempt	1,957.0	1,957.0
	Non-Exempt	223.0	231.0
	Officer	8.0	8.0
	PCCC Non-Exempt	172.5	170.5
Non-Union Pacificorp Total		2,360.5	2,366.5
Union Pacificorp	IBEW 125	406.0	403.0
	IBEW 57 Laramie	8.0	8.0
	IBEW 57 PD	1,133.0	1,128.0
	IBEW 57 PS	536.0	536.0
	IBEW 659	478.0	479.0
	IBEW57 Combustion Turbine	28.0	28.0
	UWUA 127 Wyoming	593.5	590.5
	UWUA 197	26.0	26.0
Union Pacificorp Total		3,208.5	3,198.5
Total Full-Time Equivalents		5,574.0	5,570.0

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September 29, 2010
Public Counsel Data Request 138

Public Counsel Data Request 138

Re: Workforce Levels -- Compensation and Benefits.

- (a) Please re-calculate PacifiCorp's test period wage expense after restating and pro forma adjustments for salary increases *but excluding* wages paid to the 20 highest-paid employees, based on PacifiCorp's actual employee count as of August, 2010.
- (b) Please add to the figure provided in (a) PacifiCorp's test year AIP cost *excluding* incentives paid to the 20 highest-paid employees, based on PacifiCorp's actual employee count as of August, 2010
- (c) For the amounts provided in (a) and (b) above, please provide the total company *and* Washington-allocated amounts.
- (d) Please re-calculate PacifiCorp's test period employee benefits expenses after restating and pro forma adjustments for increased benefit costs, excluding benefits for the 20 highest-paid employees, based on PacifiCorp's actual employee count as of August, 2010.

Response to Public Counsel Data Request 138

- (a) The Company objects to this request on the basis that it requests information for a time period irrelevant to this proceeding, 12-months ended August 31, 2010. In order to recalculate test period wage expense using employee counts as of August 2010, PacifiCorp would also need to update other costs for the same period. In addition, the wage expenses included in the Company's filing were developed using actual costs and employee levels for the historic test period, 12-months ended December 31, 2009. Because the Company did not model test period wage expense on an individual employee basis, it cannot remove specific employees and recalculate test period wage expense in its model as requested by Public Counsel.
- (b) Please refer to the Company's response to part (a) above.
- (c) Please refer to the Company's response to part (a) above.
- (d) Please refer to the Company's response to part (a) above.

PREPARER: R. Bryce Dalley

SPONSOR: R. Bryce Dalley

WUTC Data Request 25

Re: Exhibit No. ____ (RBD-3), Adjustment 4.5 – Affiliate management Fee

Please explain the components of, and provide the calculation of, the MEHC Management Fee of \$8,353,029 booked in 2009. Does PacifiCorp expect this fee to be of a similar magnitude in upcoming years?

Response to WUTC Data Request 25

Please refer to Attachment WUTC 25-1 for the components of the MEHC Management Fee of \$8,353,029. Please refer to Attachment WUTC 25-2 for the Intercompany Administrative Service Agreement (IASA) agreement. The IASA addresses the affiliate management fee between PacifiCorp and its affiliates.

Under the IASA, management fees are charged on the following basis:

- 1.) **Direct charges:** The costs are directly assigned. The party receiving the benefit will be charged for the operating costs incurred by the party providing the services, including, but not limited to, allocable salary and wages, paid absences, payroll taxes, payroll additives (insurance premiums, health care, retirement benefits, etc.), direct non-labor costs and reimbursements of out-of-pocket third party costs and expenses such as travel and training.
- 2.) **Indirect charges:** Costs incurred for the general benefit of the receiving group for which direct charging and service charges are not practical. An allocation methodology has been established and used consistently from year to year.
- 3.) **Service charges:** Costs that are impractical to charge directly, but for which a cost/benefit relationship can be reasonably identified. A practical allocation method has been established by the providing party that allocates the cost of this service equitably and consistently to the recipient party.

In the filing, Adjustment 4.5 of Exhibit No. __ (RBD-3) reduces the \$8,353,209 expense booked to the allowed \$7.3 million in accordance with MEHC transaction commitment WA 4. This commitment expires December 31, 2010. The Company will continue to effectively manage the management fee charges and will strive to keep any growth in charges at reasonable levels, aligned with inflationary assumptions and projected new operational support requirements.

PREPARER: R. Bryce Dalley

SPONSOR: R. Bryce Dalley

WA UE-100749

MidAmerican Energy Holdings Company Invoices to PacifiCorp

WUTC 25

INVOICE DATE	TOTAL Actual	EXPENSED	EXPENSE S. WILLIAMS	CAPITALIZED S. WILLIAMS	CAPITALIZED POPULUS	CAPITALIZED R. METCALF	CAPITALIZED NERC/CIP COMPLIANCE	ACCRUALS	ACCRUAL REVERSALS	5452616 TOTAL	545266	
											A-T-L	B-T-L
Jan-09	702,379.23	681,600.92		3,119.19	3,873.39	13,785.73		700,000.00	(700,000.00)	700,000.00	700,000.00	33,174.21
Feb-09	797,620.77	782,050.97	437.79	687.95	1,568.65	13,313.20		797,620.77	(797,620.77)	797,620.77	746,047.48	47,918.66
Mar-09	640,888.29	622,577.81	1,206.94	333.56	263.88	17,713.04		750,000.00	(750,000.00)	734,430.20	686,511.24	38,530.54
Apr-09	859,111.71	840,910.72	1,212.94			18,200.99		859,111.71	(859,111.71)	731,689.52	700,745.89	31,053.12
May-09	750,000.00	732,528.25	458.67	458.65		17,013.10		750,000.00	(750,000.00)	732,528.25	695,548.81	38,979.44
Jun-09	750,000.00	736,165.58	227.43	454.88		13,378.54		750,000.00	(750,000.00)	(13,854.42)	(48,123.14)	35,288.72
Jul-09	750,000.00	734,155.64	379.03	694.89		15,149.47				734,155.64	717,724.21	16,431.43
Aug-09	750,000.00	733,618.33	979.69			16,391.67				733,618.33	717,173.64	16,444.69
Sep-09	588,242.11	572,281.00		454.84		15,506.27				572,281.00	586,864.68	(14,603.68)
Oct-09	426,385.66	412,313.86		606.46		17,721.30				602,699.78	585,578.15	17,121.63
Nov-09	1,364,344.70	1,316,766.49		254.49		13,817.31				412,313.86	400,589.50	11,724.36
Dec-09	9,900,000.01	8,767,669.35	4,902.49	7,736.86	1,985.00	19,651.46	25,269.80			1,316,766.49	1,172,189.90	144,576.59
2009 TOTAL	9,900,000.01	8,767,669.35	4,902.49	7,736.86	7,690.92	191,633.08	25,269.80	4,606,732.48	(4,606,732.48)	8,767,669.35	8,353,029.34	414,640.01

A-T-L = Above the Line
B-T-L = Below the Line

WA UE-100749

WUTC 25

INVOICE DATE	LTP	INVOICE DETAILS											PAID	
		LEGISLATIVE	AIRCRAFT	B-T-L	SERP	MEHC BONUS	MEC BONUS	AIRCRAFT	OTHER	A-T-L	TOTAL	TOTAL	(CO. 1000)	DATE
Jan-09	-	33,174.21	62,883.14	96,057.35	20,374.91	77,938.37	10,371.09	18,924.92	478,712.59	606,321.88	702,379.23	702,379.23	702,379.23	02/28/09
Jan-09	199,006.00	47,918.96	31,790.14	278,715.10	27,215.36	83,984.65	10,602.26	12,133.95	522,804.45	656,740.67	935,455.77	797,620.77	797,620.77	03/23/09
Feb-09	-	38,530.54	18,547.50	57,078.04	25,681.85	79,461.35	12,276.08	14,740.78	451,650.19	583,810.25	640,888.29	640,888.29	640,888.29	05/15/09
Mar-09	-	31,053.12	174,496.70	205,549.82	27,166.53	100,688.60	12,798.49	15,093.70	528,164.75	684,882.07	890,431.89	842,830.71	842,830.71	05/15/09
Apr-09	-	36,979.44	120,388.00	157,367.44	30,357.15	96,093.85	12,330.43	8,438.70	595,457.20	742,878.43	900,045.87	750,000.00	750,000.00	06/30/09
May-09	-	35,288.72	42,140.00	77,428.72	27,257.50	85,273.98	10,535.13	10,420.20	433,068.13	566,554.32	724,220.53	724,220.53	07/31/09	
Jun-09	-	16,431.43	31,575.00	48,006.43	26,181.74	80,418.12	12,755.01	10,645.30	546,811.51	676,811.68	724,818.11	750,000.00	08/31/09	
Jul-09	-	(16,444.69)	24,937.00	8,492.31	25,644.02	73,788.44	12,853.99	11,188.80	488,032.17	613,327.44	621,819.75	750,000.00	09/29/09	
Aug-09	-	18,285.70	5,040.50	23,326.20	24,128.38	94,569.67	9,882.47	5,869.20	217,686.34	331,344.83	354,671.03	459,553.45	459,553.45	10/30/09
Sep-09	-	17,121.63	67,769.50	84,891.13	32,317.48	80,537.33	8,023.61	12,797.74	430,413.23	581,196.88	666,088.01	666,088.01	11/30/09	
Oct-09	-	11,724.36	49,609.33	61,333.69	27,452.70	77,914.81	7,826.56	16,894.11	382,874.62	501,587.46	562,921.15	562,921.15	12/22/09	
Nov-09	2,690,087.00	55,825.35	71,158.89	2,817,071.24	28,308.52	771,914.81	131,341.88	139,747.60	282,493.73	1,107,437.73	1,356,487.87	1,356,487.87	01/26/10	
Dec-09	2,889,093.00	325,888.77	700,335.70	3,915,317.47	322,086.14	1,700,237.11	131,341.88	5,359,280.91	7,652,693.64	11,569,071.11	9,000,000.01	9,000,000.01		
2009 TOTAL														

INTERCOMPANY ADMINISTRATIVE SERVICES AGREEMENT

BETWEEN

MIDAMERICAN ENERGY HOLDINGS COMPANY

AND

ITS SUBSIDIARIES

This Intercompany Administrative Services Agreement ("Agreement") is entered into as of March 31, 2006 by and between MidAmerican Energy Holdings Company (hereinafter the "Company") and its direct and indirect subsidiaries (hereinafter the "Subsidiaries") (each a "Party" and together the "Parties").

WHEREAS, the Company provides senior management, executive oversight and other administrative services that provide value to and benefit the Subsidiaries as entities in the consolidated group;

WHEREAS, the Subsidiaries have access to professional, technical and other specialized resources that the Company may wish to utilize from time to time in the provision of such administrative services; and

WHEREAS, the Company and Subsidiaries may desire to utilize the professional, technical and other specialized resources of certain Subsidiaries;

NOW, THEREFORE, in consideration of the premises and mutual agreements set forth herein, the Company and Subsidiaries agree as follows:

ARTICLE 1. PROVISION OF ADMINISTRATIVE SERVICES

Upon and subject to the terms of this Agreement, services will be provided between and among the Company and its Subsidiaries that are not directly applicable to the production, distribution or sale of a product or service available to customers of the Company or its subsidiaries ("Administrative Services"). For purposes of this Agreement, Administrative Services shall include, but not be limited to the following:

- a) services by executive, management, professional, technical and clerical employees;
- b) financial services, payroll processing services, employee benefits participation, supply chain and purchase order processing services, tax and accounting services, contract negotiation and administration services, risk management services, environmental services and engineering and technical services;
- c) the use of office facilities, including but not limited to office space, conference rooms, furniture, equipment, machinery, supplies, computers and computer software, insurance policies and other personal property;
- d) the use of automobiles, airplanes, other vehicles and equipment;

To obtain specialized expertise or to achieve efficiencies, the following situations may arise under this Agreement whereby Administrative Services may be provided between and among the Company and its Subsidiaries:

- a) The Company may directly assign or allocate common costs to the Subsidiaries,
- b) The Company may procure Administrative Services from the Subsidiaries for its own benefit,
- c) The Company may procure Administrative Services from the Subsidiaries for subsequent allocation to some or all Subsidiaries commonly benefiting, or
- d) The Subsidiaries may procure Administrative Services from each other.

ARTICLE 2. DEFINITIONS

For purposes of this Agreement these terms shall be defined as follows:

- (a) "Laws" shall mean any law, statute, rule, regulation or ordinance.
- (b) "State Commissions" shall mean any state public utility commission or state public service commission with jurisdiction over a rate-regulated Party.
- (c) "Subsidiaries" shall mean current and future direct and indirect majority-owned subsidiaries of the Company.

ARTICLE 3. EFFECTIVE DATE

This Agreement shall be effective as of the date set forth above; provided, however, that in those jurisdictions in which regulatory approval is required before the Agreement becomes effective, the effective date shall be as of the date of such approval.

ARTICLE 4. CHARGES AND PAYMENT

- (a) CHARGES.

Parties shall charge for Administrative Services on the following basis:

- (i) Direct Charges: The Party receiving the benefit of Administrative Services ("Recipient Party") will be charged for the operating costs incurred by the Party providing the Administrative Services ("Providing Party"), including, but not limited to, allocable salary and wages, incentives, paid absences, payroll taxes, payroll additives (insurance premiums, health care and retirement benefits and the like), direct non-labor costs, if any, and similar expenses, and reimbursement of out-of-pocket third party costs and expenses.
- (ii) Service Charges: Costs that are impractical to charge directly but for which a cost/benefit relationship can be reasonably identified. A practical allocation method will be established by Providing Party that allocates the cost of this service equitably and consistently to the Recipient Party. Any changes in the methodology will be communicated in writing to rate-regulated subsidiaries at least 180 days before the implementation of the change.
- (iii) Allocations: Costs incurred for the general benefit of the entire corporate group for which direct charging and service charges are not practical. An allocation methodology will be established and used consistently from year to year. Any changes to the methodology will be communicated

in writing to rate-regulated subsidiaries at least 180 days before the implementation of the change.

The charges constitute full compensation to the Providing Party for all charges, costs and expenses incurred by the Providing Party on behalf of the Recipient Party in providing the Administrative Services, unless otherwise specifically agreed to in writing between the Parties.

If events or circumstances arise which, in the opinion of the Parties, render the costs of providing any Administrative Services materially different from those charged under a specific rate or formula then in effect, the specific rate or formulas shall be equitably adjusted to take into account such events or changed circumstances.

Providing Parties will bill each and all Recipient Parties, as appropriate, for Administrative Services rendered under this Agreement in as specific a manner as practicable. To the extent that direct charging for services rendered is not practicable, the Providing Party may utilize allocation methodologies to assign charges for services rendered to the Recipient Party, reflective of the drivers of such costs. Such allocation methodologies may utilize allocation bases that include, but are not limited to: employee labor, employee counts, assets, and multi-factor allocation formulae.

Any cost allocation methodology for the assignment of corporate and affiliate costs will comply with the following principles:

- i) For Administrative Services rendered to a rate-regulated subsidiary of the Company or each cost category subject to allocation to rate-regulated subsidiaries by the Company, the Company must be able to demonstrate that such service or cost category is reasonable for the rate-regulated subsidiary for the performance of its regulated operations, is not duplicative of Administrative Services already being performed within the rate-regulated subsidiary, and is reasonable and prudent.
- ii) The Company and Providing Parties will have in place positive time reporting systems adequate to support the allocation and assignment of costs of executives and other relevant personnel to Recipient Parties.
- iii) Parties must maintain records sufficient to specifically identify costs subject to allocation, particularly with respect to their origin. In addition, the records must be adequately supported in a manner sufficient to justify recovery of the costs in rates of rate-regulated subsidiaries.
- iv) It is the responsibility of rate-regulated Recipient Parties to this Agreement to ensure that costs which would have been denied recovery in rates had such costs been directly incurred by the regulated operation are appropriately identified and segregated in the books of the regulated operation.

(b) PAYMENT.

(i) Each Providing Party shall bill the Recipient Party monthly for all charges pursuant to this Agreement via billings to the Company. The Company, in its capacity as a clearinghouse for

intercompany charges within the Company shall aggregate all charges and bill all Recipient Parties in a single bill. Full payment to or by the Company for all Administrative Services shall be made by the end of the calendar month following the intercompany charge. Charges shall be supported by reasonable documentation, which may be maintained in electronic form.

(ii) The Parties shall make adjustments to charges as required to reflect the discovery of errors or omissions or changes in the charges. The Parties shall conduct a true-up process at least quarterly and more frequently if necessary to adjust charges based on reconciliation of amounts charged and costs incurred. It is the intent of the Parties that such true-up process will be conducted using substantially the same process, procedures and methods of review as have been in effect prior to execution of this Agreement by the Parties.

ARTICLE 5. GENERAL OBLIGATIONS; STANDARD OF CARE

Rate-regulated Parties will comply with all applicable State and Federal Laws regarding affiliated interest transactions, including timely filing of applications and reports. The Parties agree not to cross-subsidize between the rate-regulated and non-rate-regulated businesses or between any rate-regulated businesses, and shall comply with any applicable State Commission Laws and orders. Subject to the terms of this Agreement, the Parties shall perform their obligations hereunder in a commercially reasonable manner.

ARTICLE 6. TAXES

Each Party shall bear all taxes, duties and other similar charges except taxes based upon its gross income (and any related interest and penalties), imposed as a result of its receipt of Administrative Services under this Agreement, including without limitation sales, use, and value-added taxes.

ARTICLE 7. ACCOUNTING AND AUDITING

Providing Parties and the Company shall maintain such books and records as are necessary to support the charges for Administrative Services, in sufficient detail as may be necessary to enable the Parties to satisfy applicable regulatory requirements ("Records"). All Parties:

- (a) shall provide access to the Records at all reasonable times;
- (b) shall maintain the Records in accordance with good record management practices and with at least the same degree of completeness, accuracy and care as it maintains for its own records; and
- (c) shall maintain its own accounting records, separate from the other Party's accounting records.

Subject to the provisions of this Agreement, Records supporting intercompany billings shall be available for inspection and copying by any qualified representative or agent of either Party or its affiliates, at the expense of the inquiring Party. In addition, State Commission staff or agents may audit the accounting records of Providing Parties that form the basis for charges to rate-regulated subsidiaries, to determine the reasonableness of allocation factors used by the Providing Party to assign costs to the Recipient Party and amounts subject to allocation or direct charges. All Parties agree to cooperate fully with such audits.

ARTICLE 8. BUDGETING

In advance of each budget year, Providing Parties shall prepare and deliver to the Recipient Parties, for their review and approval, a proposed budget for Administrative Services to be performed during that year. The approved schedule of budgeted Administrative Services shall evidence the base level of Administrative Services. The schedule shall be updated at least annually. Each Party shall promptly notify the other Party in writing of any requested material change to the budget costs for any service being provided.

ARTICLE 9. COOPERATION WITH OTHERS

The Parties will use good faith efforts to cooperate with each other in all matters relating to the provision and receipt of Administrative Services. Such good faith cooperation will include providing electronic access in the same manner as provided other vendors and contractors to systems used in connection with Administrative Services and using commercially reasonable efforts to obtain all consents, licenses, sublicenses or approvals necessary to permit each Party to perform its obligations. Each Party shall make available to the other Party any information required or reasonably requested by the other Party regarding the performance of any Administrative Service and shall be responsible for timely providing that information and for the accuracy and completeness of that information; provided, however, that a Party shall not be liable for not providing any information that is subject to a confidentiality obligation owed by it to a person or regulatory body other than an affiliate of it or the other Party. Either Party shall not be liable for any impairment of any Administrative Service caused by it not receiving information, either timely or at all, or by it receiving inaccurate or incomplete information from the other Party that is required or reasonably requested regarding that Administrative Service. The Parties will cooperate with each other in making such information available as needed in the event of any and all internal or external audits, utility regulatory proceedings, legal actions or dispute resolution. Each Party shall fully cooperate and coordinate with each other's employees and contractors who may be awarded other work. The Parties shall not commit or permit any act, which will interfere with the performance of or receipt of Administrative Services by either Party's employees or contractors.

ARTICLE 10. COMPLIANCE WITH ALL LAWS

Each Party shall be responsible for (i) its compliance with all laws and governmental regulations affecting its business, including but not limited to, laws and governmental regulations governing federal and state affiliate transactions, workers' compensation, health, safety and security, and (ii) any use it may make of the Administrative Services to assist it in complying with such laws and governmental regulations.

ARTICLE 11. LIMITATION OF LIABILITY

Notwithstanding any other provision of this Agreement and except for (a) rights provided under Article 12 in connection with Third-Party Claims, (b) direct or actual damages as a result of a breach of this Agreement, and (c) liability caused by a Party's negligence or willful misconduct, no Party nor their respective directors, officers, employees and agents, will have any liability to any other Party, or their respective directors, officers, employees and agents, whether based on contract, warranty, tort, strict liability, or any other theory, for any indirect, incidental, consequential, special damages, and no Party, as a result of providing a Service pursuant to this Agreement, shall be liable to any other Party for more than the cost of the Administrative Service(s) related to the claim or damages.

ARTICLE 12. INDEMNIFICATION

Each of the Parties will indemnify, defend, and hold harmless each other Party, members of its Board of Directors, officers, employees and agents against and from any third-party claims resulting from any negligence or willful misconduct of a Party's employees, agents, representatives or subcontractors of any tier, their employees, agents or representatives in the performance or nonperformance of its obligations under this Agreement or in any way related to this Agreement. If a Third-Party claim arising out of or in connection with this Agreement results from negligence of multiple Parties (including their employees, agents, suppliers and subcontractors), each Party will bear liability with respect to the Third-Party Claim in proportion to its own negligence.

ARTICLE 13. DISPUTE RESOLUTION

The Parties shall promptly resolve any conflicts arising under this Agreement and such resolution shall be final. If applicable, adjustments to the charges will be made as required to reflect the discovery of errors or omissions in the charges. If the Parties are unable to resolve any service, performance or budget issues or if there is a material breach of this Agreement that has not been corrected within ninety (90) days, representatives of the affected Parties will meet promptly to review and resolve those issues in good faith.

ARTICLE 14. TERMINATION FOR CONVENIENCE

A Party may terminate its participation in this Agreement either with respect to all, or with respect to any one or more, of the Administrative Services provided hereunder at any time and from time to time, for any reason or no reason, by giving notice of termination at least sixty (60) days in advance of the effective date of the termination to enable the other Party to adjust its available staffing and facilities. In the event of any termination with respect to one or more, but less than all, Administrative Services, this Agreement shall continue in full force and effect with respect to any Administrative Services not terminated hereby. If this Agreement is terminated in whole or in part, the Parties will cooperate in good faith with each other in all reasonable respects in order to effect an efficient transition and to minimize the disruption to the business of all Parties, including the assignment or transfer of the rights and obligations under any contracts. Transitional assistance service shall include organizing and delivering records and documents necessary to allow continuation of the Administrative Services, including delivering such materials in electronic forms and versions as reasonably requested by the Party.

ARTICLE 15. CONFIDENTIAL INFORMATION/NONDISCLOSURE

To the fullest extent allowed by law, the provision of any Administrative Service or reimbursement for any Administrative Service provided pursuant to this Agreement shall not operate to impair or waive any privilege available to either Party in connection with the Administrative Service, its provision or reimbursement for the Administrative Service.

All Parties will maintain in confidence Confidential Information provided to each other in connection with this Agreement and will use the Confidential Information solely for the purpose of carrying out its obligations under this Agreement. The term Confidential Information means any oral or written information, (including without limitation, computer programs, code, macros or instructions) which is made available to the Company, its

Subsidiaries or one of its representatives, regardless of the manner in which such information is furnished. Confidential Information also includes the following:

a. All Information regarding the Administrative Services, including, but not limited to, price, costs, methods of operation and software, shall be maintained in confidence.

b. Systems used to perform the Administrative Services provided hereunder are confidential and proprietary to the Company, its Subsidiaries or third parties. Both Parties shall treat these systems and all related procedures and documentation as confidential and proprietary to the Company, its Subsidiaries or its third party vendors.

c. All systems, procedures and related materials provided to either Party are for its internal use only and only as related to the Administrative Services or any of the underlying systems used to provide the Administrative Services.

Notwithstanding anything in this Article 15 to the contrary, the term "Confidential Information" does not include any information which (i) at the time of disclosure is generally available to and known by the public (other than as a result of an unpermitted disclosure made directly or indirectly by a Party), (ii) was available to a Party on a non-confidential basis from another source (provided that such source is not or was not bound by a confidentiality agreement with a Party or had any other duty of confidentiality to a Party), or (iii) has been independently acquired or developed without violating any of the obligations under this Agreement.

The Parties shall use good faith efforts at the termination or expiration of this Agreement to ensure that all user access and passwords are cancelled.

All Confidential Information supplied or developed by a Party shall be and remain the sole and exclusive property of the Party who supplied or developed it.

ARTICLE 16. PERMITTED DISCLOSURE

Notwithstanding provisions of this Agreement to the contrary, each Party may disclose Confidential Information (i) to the extent required by a State Commission, a court of competent jurisdiction or other governmental authority or otherwise as required by law, including without limitation disclosure obligations imposed under the federal securities laws, provided that such Party has given the other Party prior notice of such requirement when legally permissible to permit the other Party to take such legal action to prevent the disclosure as it deems reasonable, appropriate or necessary, or (ii) on a "need-to-know" basis under an obligation of confidentiality to its consultants, legal counsel, affiliates, accountants, banks and other financing sources and their advisors.

ARTICLE 17. SUBCONTRACTORS

To the extent provided herein, the Parties shall be fully responsible for the acts or omissions of any subcontractors of any tier and of all persons employed by such subcontractors and shall maintain complete

control over all such subcontractors. It being understood and agreed that not anything contained herein shall be deemed to create any contractual relation between the subcontractor of any tier and the Parties.

ARTICLE 18. NONWAIVER

The failure of a Party to insist upon or enforce strict performance of any of the terms of this Agreement or to exercise any rights herein shall not be construed as a waiver or relinquishment to any extent of its right to enforce such terms or rights on any future occasion.

ARTICLE 19. SEVERABILITY

Any provision of this Agreement prohibited or rendered unenforceable by operation of law shall be ineffective only to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement.

ARTICLE 20. ENTIRE AGREEMENT/DOCUMENTS INCORPORATED BY REFERENCE


All understandings, representations, warranties, agreements and any referenced attachments, if any, existing between the Parties regarding the subject matter hereof are merged into this Agreement, which fully and completely express the agreement of the Parties with respect to the subject matter hereof.

ARTICLE 21. OTHER AGREEMENTS

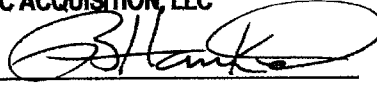
This Agreement does not address or govern the Parties' relationship involving: (a) the tax allocation agreement nor (b) any other relationships not specifically identified herein. All such relationships not addressed or governed by this Agreement will be governed and controlled by a separate agreement or tariff specifically addressing and governing those relationships or by applicable Laws or orders.

This Agreement has been duly executed on behalf of the Parties as follows:

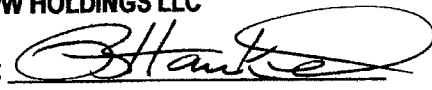
MIDAMERICAN ENERGY HOLDINGS COMPANY

By: 
Patrick J. Goodman
Title: Sr. Vice President & Chief Financial Officer

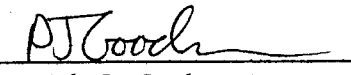
NNGC ACQUISITION, LLC

By: 
Brian K. Hankel
Title: Vice President & Treasurer


PPW HOLDINGS LLC

By: 
Brian K. Hankel
Title: Vice President & Treasurer

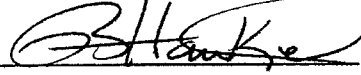
KR HOLDING, LLC

By: 
Patrick J. Goodman
Title: Vice President & Treasurer

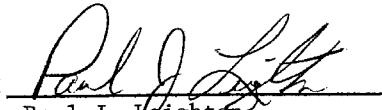
CE ELECTRIC UK FUNDING COMPANY

By: 
Patrick J. Goodman
Title: Director


CALENERGY INTERNATIONAL SERVICES, INC.

By: 
Brian K. Hankel
Title: Vice President & Treasurer

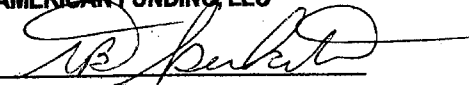
HOME SERVICES OF AMERICA, INC.

By: 
Paul J. Leighton
Title: Asst Secretary

CE CASECNAN WATER AND ENERGY COMPANY, INC.

By: 
Brian K. Hankel
Title: Vice President & Treasurer

MIDAMERICAN FUNDING, LLC

By: 
Thomas B. Specketer
Title: Vice President & Controller