

Benefits of the Transaction

The MEHC acquisition of PacifiCorp satisfies the Commission's net benefits standard. The principal advantages of this transaction, from a customer perspective, are discussed in the testimony of MEHC witness Abel and are as follows:

- **\$812 million investment in emissions reduction technology for existing coal plants which, when coupled with the use of reduced emissions coal technology for new coal-fueled generation would be expected to reduce the SO₂ emissions rate by more than 50%, to reduce the NO_x emissions rate by more than 40%, to reduce the mercury emissions rate by nearly 40%, and to avoid an increase in CO₂ emissions rate;**
- **\$78 million investment in a Path C transmission upgrade to increase the transfer capability between PacifiCorp's east and west control areas;³**
- **\$196 million investment in a transmission line from Mona to Oquirrh to increase import capability into the Wasatch Front;**
- **\$88 million investment in a transmission link between Walla Walla and Yakima or Vantage to enhance the ability to accept wind energy;**
- **\$75 million investment in the Asset Risk Program;**
- **\$69 million investment in local transmission risk projects in all states;**
- **at least a 10 basis point reduction for five years (\$6.3 million) in the cost of PacifiCorp's issuances of long-term debt;**
- **at least a \$30 million reduction (over five years) in corporate overhead costs;**
- **consideration of reduced-emissions coal technologies such as IGCC and super-critical;**
- **affirmation of PacifiCorp's goal of 1400 MW of cost-effective renewable resources, including 100 MW of new wind energy within one year of the close of the transaction and up to 400 MW of new wind energy after the transmission line projects are completed;**

³ While MEHC has immersed itself in the details of PacifiCorp's business activities in the short time since the announcement of the transaction, it is possible that upon further review of this investment and the two which follow, the investments may not prove to be cost-effective or optimal for customers. If that should occur, MEHC pledges to propose an alternative with a comparable benefit to the Commission.

- **reduction in sulfur hexafluoride emissions;**
- **\$1 million shareholder-funded system-wide study designed to further demand-side management and energy efficiency programs where cost effective;**
- **a 2-year extension of the customer service standards and performance guarantees;**
- **a commitment of MEHC's resources and involvement, in cooperation with the PacifiCorp states, to look into transmission projects beneficial to the region such as the Rocky Mountain Area Transmission Study ("RMATS") and the Frontier transmission line project;**
- **uniform application of the commitments from the prior PacifiCorp transaction in all six states; and**
- **offering a utility own/operate option for consideration in renewable energy RFPs.**

The above-mentioned benefits will be of substantial value to PacifiCorp's customers, communities and employees in future years, as will MEHC's long-term commitment to assist PacifiCorp execute on its projected future capital needs, including long-term investment in PacifiCorp's integrated energy infrastructure.

MEHC believes the chief benefit from the proposed transaction is MEHC's willingness and ability to deploy capital to meet PacifiCorp's significant infrastructure needs. MEHC has focused on investments in the energy industry and is uniquely positioned to invest significant capital in the industry. Thus, MEHC is exceptionally well-matched to utilities, such as PacifiCorp, with a need for significant capital investment. This is particularly true when one considers the further advantage that arises from the reduced cost of debt that results from association with Berkshire Hathaway. As noted in the testimony of MEHC witness Goodman, the savings from this effect are substantial. The energy business is very capital intensive. With an owner like MEHC, that is well-positioned to undertake the efficient raising of capital, PacifiCorp will possess a key ingredient for successfully meeting its customers' current and future demands for energy. This is especially so since MEHC is free from the quarterly demand