

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Joint Application of

MIDAMERICAN ENERGY  
HOLDINGS COMPANY AND  
PACIFICORP, d/b/a PACIFIC  
POWER & LIGHT COMPANY

For an Order Authorizing Proposed  
Transaction.

DOCKET NO. UE-051090

DECLARATION OF JOHN P. WHITE IN  
SUPPORT OF INTERVENTION

I, John P. White, declare as follows:

1. I am over the age of eighteen, have personal knowledge of the facts contained herein, and am competent to testify thereto. I make this declaration based upon my own personal knowledge.

2. I am currently employed as the Senior Regional Transmission Engineer at Public Utility District No. 1 of Snohomish County, Washington ("Snohomish PUD"). I have been employed by Snohomish for more than nine years, and before that I was employed for many years at Puget Sound Power & Light. I understand PacifiCorp is proposing a merger with Mid American Energy Company. I have direct experience in a number of areas of concern related to the proposed merger, including, for example, power supply, emerging technology, and matters related to the Bonneville Power Administration ("BPA"). As set forth below, Snohomish PUD has a direct interest in that merger proceeding.

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3. Snohomish PUD is a public utility district organized under Title 54 RCW. It is a municipal corporation created by, and existing at the pleasure of the electorate. The District is owned by the citizens that it serves, and, therefore, Snohomish PUD has a duty to protect the interests of the public, as those interests relate to retail utility service.

4. Snohomish PUD provides electrical service throughout Snohomish County, and in the Camano Island portion of Island County. Snohomish PUD also provides water service in some portions of its electrical territory. Snohomish PUD currently serves approximately 270,000 residential and 27,000 commercial/industrial customers.

5. As a public power entity serving the citizens of this state, Snohomish PUD has a unique "public interest" perspective, which should be represented in this proceeding before the Commission. Snohomish PUD has a duty to ensure that its citizen-owners receive adequate power at a reasonable cost. To fulfill that duty, it has a direct stake in understanding and evaluating the merged entity's role in the dynamic, competitive electrical energy marketplace, weighing and contributing evidence of the proposed impacts of the combined entity on existing and prospective electrical energy customers, and the emergence of promising new technologies, and assessing whether electrical power generation and distribution forces impacted in the retail electrical energy marketplace may cause Snohomish PUD economic harm or otherwise detrimentally affect its ability to sustain an economically and technologically viable operation in the future.

6. The merger may indirectly impact Snohomish PUD's citizen-owners with higher prices and decreased availability of power. The merger could also reduce market

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options in a variety of emerging technologies, causing a negative impact upon cost and service. Snohomish PUD sits in the same position as PacifiCorp's Washington retail customers with respect to purchasing electrical power at competitive prices and in green alternative energy resources such as wind generation. Any change in that pricing will be borne in part by Snohomish PUD's citizen-owners.

7. Snohomish PUD and the merged entity sell the same commodity, electrical power. The merger may cause reduced competition in the short term market for the purchase and sale of power. Snohomish depends on purchases and sales in the short-term markets to balance its available supplies with its moment-to-moment load, which varies depending on factors such as weather and economic activity. Hence, the sale and purchase of power directly affects our operations. Any return on sales benefits our customer-owners and our customer-owners likewise must bear the burden of any losses. On behalf of its citizen-owners, Snohomish PUD asserts an interest in assuring electrical power that the conditions of the merger are not anti-competitive and that the benefits of the competition will be available to all customers. Snohomish PUD can provide useful information, advice, and input about how the merger will affect competition vis-à-vis its ratepayers.

8. The merger may also potentially cause unfair competition excluding Snohomish PUD from the market in electrical industry restructuring. In such a case, the public would not benefit from the merger as it could impact access in electrical markets.

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9. Snohomish PUD also has an interest in the intersection and/or conflict involving technologies deployed by electrical energy and telecommunication providers in the distribution of broadband services over electrical lines.

10. In that regard, Snohomish PUD stands in essentially in the same shoes as consumers because under law it cannot provide retail telecommunication services but can only make its facilities available to other parties for use in providing retail telecommunications services. RCW § 54.16.330. Hence, to the extent the merger affects competition among providers of Broadband Over Power Lines ("BPL") services, it affects Snohomish PUD directly and affects Snohomish PUD in a way similar to PacifiCorp consumers as well as other publicly owned utilities in the state (which serve approximately 45% of consumers in Washington). Snohomish PUD likewise has concerns about the potential for cross-subsidization between the merged entity's regulated electric retail operations and developing business lines such as those related to emerging technologies like BPL.

11. Snohomish PUD, therefore, has an interest in emerging shared technology such as broadband service over electric lines as a prospective competitor. In such a market, there would be no service territories or fixed customer bases. The merged entity, therefore, could potentially solicit Snohomish PUD's customers, using its size to undercut or impair fair competition for these emerging technologies. Snohomish PUD has an interest in ensuring that its customer-owners benefit from robust technological

development and fair competition in order to maximize the benefits they receive from this and similar emerging technologies.

12. Snohomish PUD also has an interest and concern about regional transmission and residential exchange issues which are posed by the merger of a prominent regional investor-owner utility and a public utility holding company whose subsidiary operations cover approximately a third of the territory of the United States. Snohomish PUD relies upon the regional transmission grid to move power from remote generation sources to its system. A substantial part of that grid will be operated by the merged entity, and the merged entity will succeed to the substantial investment made by PacifiCorp over nearly a decade in developing a regional transmission entity. Snohomish PUD is entirely dependent on the regional transmission system to serve our citizen-owners. Snohomish PUD owns no transmission of its own. Further, Snohomish has been deeply involved from the beginning in the development of a regional transmission entity, including heavy involvement in the "IndeGO" (a.k.a. "Independent Grid Operator") proposal of the late 1990s, the RTO West proposal, the current Grid West proposal, and the development of the proposal now being developed by the Transmission Improvement Group ("TIG"). The WUTC has a particular interest in these regional transmission issues, as demonstrated most recently by a workshop held on August 5, 2005, which I attended as a TIG Workgroup leader and as a Snohomish representative.

13. The proposed merger raises two additional critical concerns for Snohomish related to REP. The Residential Exchange Program ("REP") is a program created by

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Section 5(c) of the 1980 Northwest Power Act, 16 U.S.C. §839c, which, as I understand it, was intended to allow the residential and small-farm customers of Pacific Northwest investor-owned utilities such as PacifiCorp to share in the benefits of the Northwest's abundant public hydropower resources, subject to strict statutory limits. Snohomish PUD has an interest in seeing that the statutory and regulatory limits on REP are observed by the merged entity. I understand that to the extent that the cost of REP benefits change because of the merger, Snohomish PUD and other publicly-owned utilities are directly affected because they bear the costs of the REP as a pass-through from Bonneville. Second, Snohomish PUD is actively involved in litigation involving the REP in the Ninth Circuit. If Snohomish succeeds in this litigation, I understand that the merged entity could become liable for a substantial portion of a refund to BPA, which for Northwest investor-owned utilities in the aggregate could be in the range \$500 to \$1.5 billion. Hence, while a admittedly conditional issue, Snohomish PUD has an interest in the merger proposal because it could affect the financial standing of the merged entity and its ability to make good on such a substantial refund obligation.

14. Snohomish PUD believes that the merger proceeding before the Washington Utilities and Transportation Commission presents the most appropriate forum for addressing its concerns. This proceeding provides an important opportunity, either to prevent the merger (in the event that the legitimate concerns of all represented cannot be adequately addressed), or to condition the merger upon implementation of specific accounting and/or other mechanisms to ensure that hundreds of thousands customers in

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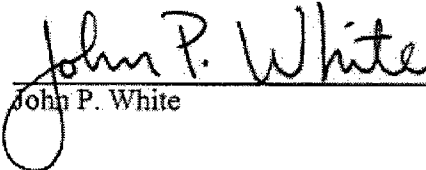
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Snohomish County are treated fairly and in a fashion that blunts as much as possible any anticompetitive impacts of the merger.

15. If Snohomish PUD is not allowed to participate in the merger proceedings, it will have no other meaningful opportunity to address its concerns at the state level. Our customers may not share in any indirect benefits stemming from the merger and instead, may suffer from higher costs of market concentration and inefficiencies if not checked. We have thus a further interest in the outcome of the proceeding as both a direct and indirect retail customer of PacifiCorp.

16. Finally, without our participation, issues such as the interplay of shared emerging technologies and ensuring fair access to regional transmission systems operated and/or partially controlled by the applicants may not receive the degree of examination Snohomish PUD believes is warranted at this pivotal time in the state and regional electric energy industry. For all of the reasons above, we ask the Commission to grant Snohomish PUD status as an intervenor in this proceeding.

Signed at Everett, Washington, this 8th day of August, 2005.

  
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John P. White

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CERTIFICATE OF SERVICE

I hereby certify that on August 8, 2005, I caused to be served the original and 15 copies of the foregoing document to the following address via legal messenger delivery:

Carole Washburn, WUTC Executive Secretary  
Washington Utilities and Transportation Commission  
P.O. Box 47250  
1300 S. Evergreen Park Drive, S.W.  
Olympia, WA 98504-7250

I certify I have also provided to the Washington Utilities and Transportation Commission's Secretary an official electronic file containing the foregoing document via email to: [records@wutc.wa.gov](mailto:records@wutc.wa.gov)

and an electronic copy via email and a copy via first class mail, postage prepaid, to:

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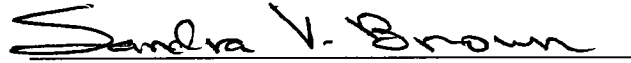
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DATED in Seattle, WA, this 8th day of August, 2005.

  
Sandra V. Brown

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