

DATA REQUEST #2
PACIFICORP AND MIDAMERICAN ENERGY
P.U. Code Section 853(b) and 854(a) Application, A.05-07-010

VIA ELECTRONIC MAIL ONLY

Date: September 15, 2005

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Request No.: 2 Due Date: SEPTEMBER 26, 2005

Please provide the following information as it becomes available but no later than Monday, September 26, 2005. If you are unable to provide the information by this date, please provide a written explanation by Wednesday, September 21, 2005, as to why the response date cannot be met and your best estimate of when the information can be provided. If you have any questions regarding this data request, please call me immediately at the above phone number.

2.1. Applicants have stated that they would include “Most Favored Nation” treatment for agreements reached with other jurisdictions. Please explain exactly what that means and how it would work.

2.2. Provide all documents that identify any expected, potential, or estimated costs savings expected to result from the proposed transaction. Also provide your analysis broken down by department, area or function, and the amounts saved. Further, provide all studies, analysis, reports, presentation, workpapers or any other document used in preparing or developing your analysis.

2.3. Provided list of all “ring fencing” conditions that you have agreed to implement as a result of this transaction.

2.4. For PacifiCorp, provide the current “ring fencing” conditions that are currently in place due to prior proceedings in all jurisdictions.

The following are questions posed by other agencies and ORA would like to get a “me too” copy:

A. Due Diligence

2.5. Please provide a copy of your response to Oregon Public Utilities Commission’s Data Request No. 33:

“Please provide MEHC’s due diligence conducted, either in house or through consultants or other agents, in preparation for the purchase of PacifiCorp. Identify who conducted the due diligence by entity.”

2.6. Please provide a copy of your response to Citizen’s Utility Board of Oregon’s Data Request No. 3:

“Please provide all internal due diligence documents created by, or reviewed by, MEHC and/or Berkshire Hathaway in assessing PacifiCorp and in proceeding with the transaction. This request includes all studies, valuations, analyses of current operations and future or potential operations, financial models, consultants reports, minutes of governing groups (board or board committee), informational memos, etc. “

B. Ring Fencing

2.7. Please provide a copy of your response to Washington’s Public Counsel Data Request PC-42:

“[Ref.: Joint Application, p. 13]

- a) If not otherwise provided, please provide a complete copy of the S&P bond rating report on PacifiCorp in which that agency discusses “the benefit of any ‘ring-fencing’ measures that MEHC structures around PacifiCorp.”
- b) How does S&P define “ring-fencing.”
- c) Does the Company agree that one of the primary reasons that PacifiCorp was able to withstand the bankruptcy of its former parent, Enron, was the ring-fencing measures in place in Oregon? If so, why; if not, why not?
- d) Are the ring-fencing measures to be applied by MEHC in all jurisdictions equivalent to those in place in Oregon? Do they include dividend restrictions and restrictions on cash transfers from the utility to the parent without regulatory approval?”

2.8. Please provide a copy of your response to Utah Customer Consumer Services 2.36q and r:

Regarding "Ring-Fencing"

q. In the "simplified MEHC organizational chart" provided in Exhibit PJG-2 by Mr. Goodman, some subsidiaries (like MidAmerican Funding) are shown as included in the ring-fencing structure and some (like Home Services of America) are not so included. Please describe the differences with regard to ring-fencing between the two groups of subsidiaries.

r. Regarding "ring-fencing" protections of PacifiCorp (p. 16), please provide any studies or reports in the possession of MEHC the by analysts, rating agencies or other authorities of the effectiveness or otherwise of such protections.

2.9. Please provide a copy of your response to Utah Customer Consumer Services Data Request 4.9 and 4.11:

"4.9 Please show in detail how the costs of the special purpose holding company that would be used to "ring-fence" PacifiCorp would be charged to PacifiCorp. (a) Also show by year the anticipated charges to Utah by year from this special purpose holding company.

4.11 What specific provisions, if any, is MEHC offering that would protect ratepayers from upstream transactions? Please list all such protections. (a) For each protection listed, please explain in detail how such protection replaces or enhances the protection that would have existed under the PUHCA. "

2.10. Please provide a copy of your response to Industrial Customers of Northwest Utilities Data request 1.26 and 1.29:

"1.26 Concerning page 14 of Mr. Goodman's testimony at his discussion of non-jurisdictional affiliates, he states that "Ring-fencing" provisions will be provided for each of the diversified activities, including but not limited to provisions protecting the regulated utility from the liabilities or financial distress of MEHC. Concerning the appropriate Ring-fencing provisions for PacifiCorp and MEHC's other regulated utility operations, please provide the following:

a. A complete review of all Ring-fencing provisions that may be necessary in order to protect the utility's credit standing, access to capital, and ability to fund needed utility investments to maintain high quality, reliable utility service.

b. Please identify any restrictions on the movement of cash flows between utility affiliates and MEHC and its non-regulated affiliates in the form of dividend payment restrictions to MEHC, and prohibitions or restrictions on affiliate loans. “

“1.29 On pages 16 to 17 of Mr. Goodman’s testimony, he identifies Ring-fencing and states that it is recognized by the major credit rating agencies as an effective means to separate the credit quality of a parent from its subsidiary. Please provide copies of all credit rating agency reports on Ring-fencing strategies and the strengths and weaknesses of various Ring-fencing strategies to isolate the credit quality of regulated utility operations from higher risk parent companies and non-regulated affiliates.”