BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE JOINT APPLICATION OF MIDAMERICAN ENERGY HOLDINGS COMPANY AND PACIFICORP DBA UTAH POWER & LIGHT COMPANY FOR AN ORDER AUTHORIZING PROPOSED TRANSACTION	) CASE NO. PAC-E-05-08))) Direct Testimony of Thomas B. Specketer)))

PACIFICORP

CASE NO. PAC-E-05-08

July 2005

Q. Please state your name, employer and business address.

A. My name is Thomas B. Specketer, MidAmerican Energy Company ("MEC"), 666 Grand Avenue, Suite 2900, Des Moines, Iowa 50309.

Q. What is your position in the company and your previous work experience?

A. I am currently vice president U.S. regulatory accounting and MEC controller. My primary duties include responsibility for all accounting, financial reporting, regulatory reporting, tax and budgeting activities for MEC, and regulatory accounting oversight for all domestic regulated entities in the MidAmerican Energy Holdings Company ("MEHC") group. I have been employed by MEC, or one of its predecessor companies, for over 25 years. During this time, I have held various staff and managerial positions within the accounting, tax and finance organizations.

Q. What is your educational background and your involvement in professional associations?

A. I received a Bachelor of Science degree in mathematics from Morningside College. In addition to formal education, I have also attended various educational, professional and electric industry related seminars during my career at MEC. I am a member of Edison Electric Institute's Chief Accounting Officers Committee and a past member of the Tax Executives Institute, Iowa Association of Tax Representatives and Institute of Management Accountants.

Q. Please describe the purpose of your testimony.

A. The chief purpose of my testimony is to provide an overview of the process by which shared services costs will be distributed to PacifiCorp and other MEHC subsidiaries after completion of the proposed transaction. Therefore, my testimony will address the allocation methodologies expected to be employed, the service agreement that will govern the shared services to be rendered, and the expected costs to PacifiCorp of shared services under MEHC ownership, in contrast to those PacifiCorp experienced under Scottish Power plc ("ScottishPower") ownership. Additionally, I will address other accounting issues pertinent to this transaction that may be of interest to the Commission and sponsor some of the commitments in MEHC witness Gale's Exhibit No. 2.

Accounting Changes

Q. Please discuss accounting changes brought about by this transaction.

A. PacifiCorp will operate very much as it does today. Upon the closing of the transaction, however, it is MEHC's intent to transition PacifiCorp to a calendar year-end in contrast to its present March 31 fiscal year-end. The change in year-end will assure greater consistency in information supplied to PacifiCorp's various regulatory bodies and investors, and assure that financial information provided to MEHC is on a basis consistent with other MEHC subsidiaries.

Shared Services Costs

Q. What cost changes will occur as a result of this transaction?

A. As mentioned previously, PacifiCorp will operate very much as it does today and, accordingly, most costs incurred by PacifiCorp will not change as a result of this transaction. One exception is the cost of corporate shared services. With the change in ownership, PacifiCorp will no longer incur shared services costs from

ScottishPower, but will incur costs of a similar nature from MEHC and MEC.

Q. Why are these shared corporate services being provided by MEHC?

A. If the Public Utility Holding Company Act of 1935 had remained in effect, shared corporate services would have been provided by a new service company. With the repeal of that law, there is no need to form a new company. The people who are MEHC employees providing shared corporate services can continue to remain holding company employees. MEHC will have the same systems in place that a service company would have had to ensure that costs are captured and properly billed and/or allocated to all entities in the MEHC group that benefit from the services provided, including MEHC, PacifiCorp and MEC.

Q. Please describe how shared costs, common to multiple subsidiaries of MEHC, will be charged to PacifiCorp.

A. Common costs of MEHC will originate in two entities: in MEHC itself, and in MEC. MEC, a vertically integrated utility owned by MEHC, serves regulated and unregulated electric and gas customers primarily in Iowa, Illinois, South Dakota and Nebraska. MEC is described in more detail by MEHC witness Gale.

Q. Please describe the shared corporate services that will originate at MEHC.

A. Employees of MEHC include senior executives who provide strategic management, coordination and corporate governance services to all MEHC subsidiaries, including board of directors support, strategic planning, financial planning and analysis, insurance, environmental compliance, financial reporting, human resources, legal, accounting and other administrative services.

Q. Will any PacifiCorp employees be transferred to MEHC?

A. No.

Q. Please describe the shared services that will be provided by MEC.

A. MEC employees will also coordinate certain administrative services on behalf of MEHC, including budgeting and forecasting, human resources, and tax compliance. Amounts to be charged to PacifiCorp from MEC are not expected to exceed $4.0 million per year.

Q. Will any other incidental services between MEC and PacifiCorp be provided?

A. For operational reasons, such as a storm restoration, it may be necessary and beneficial to send crews of one utility to the other's service territory to assist in restoration efforts. In addition, other operational expertise may be requested from time to time to take advantage of specific expertise that exists at each of the utilities. Services such as these would also be provided at cost.

Q. How will costs from these two sources (MEHC and MEC) flow to PacifiCorp?

A. Cost assignments to PacifiCorp will be based on generally accepted cost assignment practices. As described in more detail below, direct costs for the MEHC and MEC services will be billed to the entity benefiting from the service provided. All other costs related to the services provided, including indirect costs, will be fully allocated to MEHC and all benefiting subsidiaries.

Q. Could you give an example of what you mean by direct and indirect costs?

A. Direct costs arise from services that are specifically attributable to a single entity. For example, if I'm researching an accounting issue for an affiliate, I would directly bill that entity for the time spent researching the issue. However, the cost of the reference material purchased to research accounting issues would benefit more than one entity, so the cost of the reference material would be an indirect cost and allocated to all entities that benefit from the materials.

Q. Please describe the service agreement that will govern the shared services to be provided.

A. The services will be governed by the existing Intercompany Administrative Services Agreement ("IASA") that has been executed by MEHC and its subsidiaries. The IASA is used to govern the provision of certain administrative services between MEHC and affiliates. The existing IASA is attached as Exhibit No. 12. This agreement outlines the terms and conditions of the shared services arrangement between MEHC and its subsidiaries, which will eventually include PacifiCorp.

Q. Please describe the system of accounts that will be used to capture and bill shared costs.

A. Costs and billings originating at MEHC will be accounted for using MEHC's existing system of accounts. The MEHC system of accounts provides details on the type of cost activity involved and the area responsible for incurred the charge. As a regulated public utility, MEC is required to use and account for costs using the FERC uniform system of accounts. In addition to the FERC primary accounts, MEC utilizes an additional three-digit "sub-account" field to provide more descriptive detail of the type of cost activity involved. Both MEHC and MEC utilize a responsibility center field in the code block to establish budgetary control of amounts charged and provide an audit trail to the department originally incurring the charges. Other segments of the code block used by MEC capture cost elements (descriptive of the nature of costs, e.g., labor, payables, etc.) and project numbers. Both the MEHC and MEC code blocks accommodate a high degree of flexibility and capability in tracking and reporting costs.

Q. How will MEC segregate shared costs from costs it incurs on its own behalf or directly on behalf of other MEHC subsidiaries?

A. A separate "business unit" will be established within MEC's accounting system which will be structured to capture the costs of functions providing shared services. Expenses originating in this "business unit" will allocate to all benefiting MEHC entities, instead of merely to MEC operations, to the extent that costs are not directly billed to MEC or to other MEHC subsidiaries. MEC has employed this kind of accounting system in order to allocate costs for state jurisdictional reporting purposes, and this methodology has been utilized in Iowa, Illinois, and South Dakota for a number of years as the basis for rate filings. The allocation process utilizes well-established controls, and an audit trail is maintained such that all costs subject to allocation can be specifically identified back to their origin.

Q. On what basis will shared services be charged?

A. Shared services, whether directly billed or allocated, will be charged at fully loaded actual cost. This means that only the actual cost of providing the service, with no markup for profit, will be charged. Labor, for example, will include such items as loadings for benefits, paid absences and payroll taxes attributable to such labor for actual time spent providing the service. Non-labor costs will be directly billed or allocated at actual amounts incurred by MEHC and MEC.

Q. Will this result in any cross-subsidization between MEHC entities?

A. No. To the contrary, billing at cost will eliminate any potential cross-subsidization between entities and ensure that only actual costs are reflected in rates charged to both MEC customers and PacifiCorp customers.

Q. Will MEHC own assets used for shared services?

A. Yes, it will own assets used for providing shared services. Assets used for shared services will be billed, based on utilization of the asset, at an amount that recovers the fixed costs of the asset.

Q. Will MEHC earn a profit on any shared services it provides?

A. No, MEHC will not earn profits on such services. All such shared services costs incurred by MEHC will be directly charged when the benefiting organization can be specifically identified, and any residual indirect amounts will be allocated each month to all benefiting subsidiaries. Shared services costs incurred by MEC on behalf of MEHC subsidiaries will also be fully allocated, to the extent not directly charged.

Q. Will any costs remain at MEHC?

A. Yes. Costs attributable to activities not appropriately billed or allocated to MEHC subsidiaries, such as general merger and acquisition costs, and interest expense of

MEHC, will be paid for and remain at MEHC. MEHC's share of indirect costs will also remain at MEHC.

Q. Will any costs, other than the shared costs mentioned above, be charged to PacifiCorp from any other affiliates of MEHC?

A. It is not expected that any significant administrative costs will originate from any MEHC affiliate other than MEC. However, when specific expertise is needed or available from other MEHC business platforms, the IASA provides the flexibility for any member of the MEHC group to request services at cost from other entities in the group. Services of this nature are situation-specific and not expected to be recurring.

In addition, normal course of business transactions negotiated at arms-length or subject to tariff provisions, such as the existing contracts between PacifiCorp and MEHC subsidiaries to purchase gas transportation service from Kern River Gas Transmission Company and steam from Intermountain Geothermal Company for PacifiCorp's Blundell plant, may be initiated by PacifiCorp. These services would continue to be subject to the applicable state or federal regulatory approvals, including existing tariffs.

Q. What allocation methodology will be used to allocate MEHC and MEC shared costs not directly billed to MEHC entities?

A. Indirect costs of MEHC and MEC, allocable to MEHC and all subsidiaries, will be allocated using a two-factor formula comprised of assets and payroll, each equally weighted. Within thirty (30) days of receiving all necessary state and federal regulatory approvals of the proposed transaction, a final cost allocation methodology will be submitted to the Commissions. On an ongoing basis, the Commission will be notified of anticipated or mandated changes to this cost allocation methodology. Of course, as specified in commitment 7(f) in Table 1 later in my testimony, the Commission will determine the appropriate corporate cost allocation for establishing rates.

Q. Why is the two-factor formula appropriate?

A. This allocation methodology is based on the formula presently approved for use by MEC and MEHC to allocate indirect common corporate costs. Further, it is consistent with the IASA that will govern these services, and it has been utilized by MEC for a number of years as the basis for rate filings in each of the states it operates. These regulators have recognized that a single allocation factor to allocate common corporate costs is not reasonable.

Q. How does the two-factor formula compare to the three-factor formula used by PacifiCorp?

A. The factors produce similar results. Estimated costs allocated to PacifiCorp using the two-factor formula are not expected to be materially different than costs allocated using the three-factor formula.

Q. Will PacifiCorp's inter-jurisdictional cost allocation methodology change as a result of the MEHC purchase transaction?

A. No. The methodology described above will only be used to allocate shared services costs from MEHC and MEC. PacifiCorp's current methods for assigning costs jurisdictionally will not change as a result of the transaction.

Q. What is the expected impact on PacifiCorp costs of the shared services charges from MEHC and MEC?

A. Shared services charges to PacifiCorp are expected to decrease from historical amounts billed to PacifiCorp from ScottishPower. Exhibit No. 13 presents an analysis of historical shared services costs from ScottishPower and expected shared services costs upon MEHC's acquisition of PacifiCorp. Net cross-charges to be paid by PacifiCorp to ScottishPower for the fiscal year ending March 31, 2006, are projected to be $15.0 million. MEHC estimates that its shared costs to PacifiCorp would have totaled $9.6 million for the same period. MEHC is making a commitment that such costs will not exceed $9 million per year for five (5) years following the close of this transaction.

Q. Will PacifiCorp continue to provide services to its direct subsidiaries?

A. Yes, such services will continue under existing service agreements.

Q. Please summarize this portion of your testimony regarding the shared services acquisition commitments that MEHC is undertaking in connection with the proposed transaction.

A. Shared services costs will be direct billed or allocated to PacifiCorp, MEHC and other subsidiaries, primarily from MEHC or MEC. To the extent costs are not directly billed and need to be allocated, a two-factor allocator consisting of assets and labor, each equally weighted, will be used to allocate the costs to each entity benefiting from the type of cost incurred. The IASA will govern the shared services to be provided by MEHC or MEC. MEHC is making a commitment that shared services costs from MEHC and MEC will not exceed $9 million per year for five (5) years following the close of the transaction.

Commitments

Q. Are you providing support for some of the commitments in MEHC witness Gale's Exhibit No. 2?

A. Yes. I am sponsoring the following financial and structural commitments that MEHC is undertaking with respect to the proposed transaction.

Table 1
Financial and Structural Commitments that MEHC is Undertaking in Connection with the Proposed Transaction

	Regulatory Oversight	
D	**Accounting Records**	The Commission or its agents may audit the accounting records of MEHC and its subsidiaries that are the bases for charges to PacifiCorp, to determine the reasonableness of allocation factors used by MEHC to assign costs to PacifiCorp and amounts subject to allocation or direct charges. MEHC agrees to cooperate fully with such Commission audits.
E	**Affiliate Transactions**	MEHC and PacifiCorp will comply with all existing Commission statutes and regulations regarding affiliated interest transactions, including timely filing of applications and reports.
F	**Affiliate Transactions**	PacifiCorp will file on an annual basis an affiliated interest report including an organization chart, narrative description of each affiliate, revenue for each affiliate and transactions with each affiliate.
G	**Cross-subsidization**	PacifiCorp and MEHC will not cross-subsidize between the regulated and non-regulated businesses or between any regulated businesses, and shall comply with the Commission's then-

		existing practice with respect to such matters.
H	**Affiliate Transactions**	Due to PUHCA repeal, neither Berkshire Hathaway nor MEHC will be registered public utility holding companies under PUHCA. Thus, no waiver by Berkshire Hathaway or MEHC of any defenses to which they may be entitled under *Ohio Power Co. v. FERC,* 954 F.2d 779 (D.C. Cir.), *cert. denied sub nom. Arcadia v. Ohio Power Co.,* 506 U.S. 981 (1992) (*"Ohio Power"),* is necessary to maintain the Commission's regulation of MEHC and PacifiCorp. However, while PUHCA is in effect, Berkshire Hathaway and MEHC waive such defenses.
K	**Cost Allocations**	Within 30 days of receiving all necessary state and federal regulatory approvals of the final corporate and affiliate cost allocation methodology, a written document setting forth the final corporate and affiliate cost methodology will be submitted to the Commission. On an on-going basis, the Commission will also be notified of anticipated or mandated changes to the corporate and affiliate cost allocation methodologies.
L	**Cost Allocations**	Any proposed cost allocation methodology for the allocation of corporate and affiliate investments, expenses, and overheads required by law or rule to be submitted to the Commission for approval, will comply with the following principles: (a) For services rendered to PacifiCorp or each cost category subject to allocation to PacifiCorp by MEHC or any of its affiliates, MEHC must be able to demonstrate that such service or cost category is necessary to

		PacifiCorp for the performance of its regulated operations, is not duplicative of services already being performed within PacifiCorp, and is reasonable and prudent. (b) Cost allocations to PacifiCorp and its subsidiaries will be based on generally accepted accounting standards; that is, in general, direct costs will be charged to specific subsidiaries whenever possible and shared or indirect costs will be allocated based upon the primary cost-driving factors. (c) MEHC will have in place time reporting systems adequate to support the allocation of costs of executives and other relevant personnel to PacifiCorp. (d) An audit trail will be maintained such that all costs subject to allocation can be specifically identified, particularly with respect to their origin. In addition, the audit trail must be adequately supported. Failure to adequately support any allocated cost may result in denial of its recovery in rates. (e) Costs which would have been denied recovery in rates had they been incurred by PacifiCorp regulated operations will likewise be denied recovery whether they are allocated directly

		or indirectly through subsidiaries in the MEHC group. (f) Any corporate cost allocation methodology used for rate setting, and subsequent changes thereto, will be submitted to the Commission for approval if required by law or rule.

Q. Does this conclude your testimony?

A. Yes it does.

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UTILITIES COMMISSION

Case No. PAC-E-05-08
Exhibit No. 12
Witness: Thomas B. Specketer

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

PACIFICORP

Exhibit Accompanying Direct Testimony of Thomas B. Specketer

Intercompany Administrative Services Agreement

July 2005

FIRST AMENDMENT
TO
INTERCOMPANY ADMINISTRATIVE SERVICE AGREEMENT

This First Amendment is made and entered into this first day of December, 1996, by and between MidAmerican Energy Company (MidAmerican) and MidAmerican Energy Holdings Company (Holdings), for itself and its subsidiaries.

RECITALS

1. MidAmerican and Holdings entered into an Intercompany Administrative Service Agreement (IASA) dated March 1, 1996.
2. In Illinois Commerce Commission Docket No. 96-0446, MidAmerican agreed to and the Commission ordered MidAmerican to amend the IASA to add certain provisions.

In consideration of the mutual covenants and agreements herein contained, the parties agree as follows:

1. The IASA shall be amended in Article II. Charges for Administrative Services by adding a new Section 2.03 which states:

> 2.03 Other Charges. In lieu of the charges billed under Section 2.01, the parties may provide Administrative Services on the basis of a fee for service. A fee for service shall be used when it is impractical to charge the other party under Section 2.01 for each individual usage of a particular Administrative Service. Such services include, but are not limited to, use of MidAmerican's computer systems, telephone systems and aircraft. The fee for service shall be determined or re-determined from time to time based on periodic studies of costs associated with providing the service. Before imposing a fee for service for a particular Administrative Service or changing such fee, the providing party shall give the other party reasonable notice of the amount of the fee or any change thereto.

2. The IASA shall be amended in Article II. Charges for Administrative Services by adding a new Section 2.04 which states:

2.04 Management Fee. In addition to the other charges which may be billed hereunder, MidAmerican shall pay to Holdings a management fee. The management fee shall be based on MidAmerican's corporate governance costs allocated to Holdings on the basis of a formula which averages the percentages of total payroll and total assets of each affiliate subject to an IASA compared to MidAmerican's payroll and assets. If the management fee as allocated is based on estimated costs, MidAmerican shall true-up the estimated costs used to determine the management fee against such actual costs for the year and any difference shall be reflected into the management fee calculation for the subsequent year.

3. The IASA shall be amended in Article V. Miscellaneous by adding a new Section 5.08 which states:

5.08 Regulatory Compliance. This Agreement shall be applied and administered consistent with applicable regulatory requirements.

4. Except as herein amended, the IASA shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have caused this First Amendment to be executed in their respective corporate names, by their duly authorized representative, as of the day and year first above written.

MidAmerican Energy Company

By ______________________
Name: P. G. Lindner
Title: Senior Vice President and Chief Financial Officer

MidAmerican Energy Holdings Company

By ______________________
Name: S. J. Bright
Title: President and Chief Executive Officer

INTERCOMPANY ADMINISTRATIVE SERVICES AGREEMENT

This Intercompany Administrative Service Agreement (Agreement) is made and entered into this first day of March, 1996, by and between MidAmerican Energy Company, an Iowa corporation (MidAmerican) and MidAmerican Energy Holdings Company, an Iowa corporation (Holdings), for itself and its subsidiaries.

RECITALS

1. Holdings and its subsidiaries are "affiliated interests" of MidAmerican as that term is defined by Section 7-101 of the Illinois Public Utilities Act, 220 ILCS 5/7-101.
2. Holdings and its subsidiaries are "affiliates" of MidAmerican as that term is defined by Section 476.72, *Iowa Code*.
3. MidAmerican may, from time to time or on an ongoing basis, provide administrative services to Holdings and/or its subsidiaries.
4. Holdings and/or its subsidiaries may, from time to time or on an ongoing basis, provide administrative services to MidAmerican.

In consideration of the mutual covenants and agreements herein contained, the parties agree as follows:

Article I. Applicability

1.01 Holdings Subsidiaries. As used hereinafter, all references to "Holdings" shall include MidAmerican Energy Holdings Company and its subsidiaries.

1.02 Applicability. This Agreement shall apply to Administrative Services provided by either MidAmerican or Holdings to the other, from time to time or on an ongoing basis, the provision and use of which is not the subject of a separate agreement among the parties. Administrative Services provided under this Agreement shall be provided from time to time or on an ongoing basis as agreed to by the parties. If a party elects to discontinue the provision or use of an Administrative Service provided under this Agreement, such party shall provide the other party with reasonable advanced notice of such discontinuance.

1.03 Administrative Services. For purposes of this Agreement, Administrative Services shall include, but not be limited to, the following:

a. The use of office facilities including, but not limited to, office space, conference rooms, fixtures, furniture, equipment, machinery, supplies, personal computers, mainframe computers, computer software and other personal property;

b. The use of airplanes, automobiles, other vehicles and equipment;

c. Personal services by executive, management, professional, technical and clerical employees;

d. Financial services, payroll processing, employee benefits participation, purchase order processing, billing services, mail services, tax sharing, contract negotiation and administration, engineering services.

1.04 Scheduling and Use. Each party reserves the right to provide and schedule the provision of Administrative Services pursuant to this Agreement so as not to interfere with the operations of the party providing such services. Except for corporate overheads, neither party shall be required by this Agreement to use the Administrative Services of the other party available pursuant hereto.

Article II. Charges and Billings for Administrative Services

2.01 Charges. Administrative Service charges will be made at full cost, as incurred by the provider. Charges will be documented by the provider of the service and will be available for audit by the party receiving the charge. Three types of categories have been established which provide reasonable and practical means for properly charging Administrative Services. They are:

a. Direct charges - for costs which have a direct relationship with the service or goods received.

1. Each Administrative Service in this category shall be provided on the basis of direct labor cost attributed to providing that Administrative Service plus a loading rate representative of the providing party's overall actual costs to cover employee benefits, payroll taxes and overhead, plus direct non-labor expenses, if any, for providing that Administrative Service.

2. The loading rate shall be determined to be the base labor loading rate specified from time to time by the providing party's accounting department. Such loading rate shall be adjusted periodically to reflect actual periodic changes in the underlying costs being loaded.

b. Service Charges - for costs that are impractical to charge directly but for which a cost/benefit relationship can be reasonably identified. A practical allocation method can be established and performed when the benefit of doing so outweighs the cost thereof.

c. Management Fee - for costs incurred for the general benefit of the entire corporate group for which direct charging and service charges are not practical.

2.02 Billings. The providing party shall bill the other party monthly for Administrative Services furnished hereunder. Such bills, accompanied by supporting detail, shall be rendered as soon as practicable after the end of each month (but not later than the 25th day of the following month) and shall be paid within ten days after the date of invoice. If, in order to furnish such bills within the time specified, it shall be necessary to use estimates of any items, such estimates shall be used and the necessary corrections shall be made at the earliest practicable time.

III. Indemnification

3.01 Indemnification. Each party shall protect, defend, indemnify and hold harmless the other party, its subsidiaries and affiliates and its and their agents, officers and employees from and against any loss or damage resulting from the prosecution of the work, and all claims, actions, suits, proceedings, costs, expenses, damages and liabilities (including legal expense and incidental and consequential damages) arising out of or connected with the provision or use of the Administrative Services provided (including all defects whether or not discoverable by either party) pursuant to this Agreement and resulting from the negligence or willful misconduct of the indemnifying party. The foregoing indemnification obligation shall extend to and include any and all liability of every kind and character, arising as a result of the Administrative Service provided or used, including damage to property, injury to or death of any persons in any manner resulting from the provision or use of the Administrative Service and resulting from the negligence or willful misconduct of the indemnifying party.

IV. Term

4.01 Term. This Agreement shall be effective upon completion of the statutory share-for-share exchange provided by the Agreement and Plan of Exchange entered into by MidAmerican and Holdings as of January 24, 1996 and continue in effect until terminated by either party upon sixty (60) days written notice to the other party.

V. Miscellaneous

5.01 Cooperation. The parties shall cooperate to the fullest extent in the administration of this Agreement and the provision of Administrative Services thereunder.

5.02 Entire Agreement; Amendments. This Agreement constitutes the sole and entire agreement between the parties with respect to the subject matter herein and supersedes all previous proposals, oral or written, negotiations, representations, commitments and all other communications between the parties. This Agreement shall not be amended, modified or supplemented except by a written instrument signed by an authorized representative of each of the parties hereto.

5.03 Assignment. This Agreement may not be assigned by either party without the prior written consent of the other party.

5.04 Access to Records. During the term of this Agreement and for a period of seven years after the expiration or termination of this Agreement, each party shall have reasonable access to and the right to examine any and all books, documents, papers and records which pertain to the Administrative Services provided by the other party hereunder. Each party shall maintain all such records for a period of seven years after expiration or termination of this Agreement.

5.05 Partial Invalidity. Wherever possible, each provision hereof shall be interpreted in such manner as to be effective and valid under applicable law, but in case any one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such provision shall be ineffective to the extent, but only to the extent, of such invalidity, illegality or unenforceability without invalidating the remainder of such invalid, illegal or unenforceable provision or provisions or any other provision hereof, unless such a construction would be unreasonable.

5.05 Waiver. Failure by either party to insist upon strict performance of any term or condition herein shall not be deemed a waiver of any rights or remedies that either party may have against the other nor in any way to affect the validity of this Agreement or any part hereof or the right of any party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other or subsequent breach.

5.06 Status of Parties. In the performance of the Administrative Services hereunder, the providing party shall be an independent contractor with authority to control and direct the performance of the work hereunder.

5.07 Governing Law. This Agreement shall be governed by, construed and interpreted pursuant to the laws of the State of Iowa.

IN WITNESS WHEREOF, the parties have caused this Administrative Services Agreement to be executed in their respective corporate names, by their duly authorized representative, as of the day and year first above written.

MIDAMERICAN ENERGY COMPANY

By: L E Cooper
Name: Lance E. Cooper
Title: Group Vice President-Finance & Accounting

MIDAMERICAN ENERGY HOLDINGS COMPANY

By:
Name: John A. Rasmussen, Jr.
Title: Vice President & General Counsel

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Case No. PAC-E-05-08
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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

PACIFICORP

Exhibit Accompanying Direct Testimony of Thomas B. Specketer

Analysis of Shared Services Costs

July 2005

REVISED 8/17/05

PacifiCorp
Exhibit No. 13
CASE NO. PAC-E-05-8
Witness: Thomas B. Specketer

MidAmerican Energy Holdings Company
Projected Shared Services Costs to PacifiCorp
(000's)

Description	MEHC	MEC	Total
Salaries, benefits and bonuses	$ 3,057	$ 1,220	$ 4,277
Other employee compensation	1,933	655	2,587
Outside services	453	715	1,168
Travel costs, incl. corporate aircraft	420	983	1,403
Other	51	80	131
Total	$ 5,913	$ 3,652	$ 9,566
Expected Net Scottish Power charges for Fiscal Year 2006			15,000
			$ (5,434)