



January 7, 2009

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Pacific Power |  
Rocky Mountain Power |  
PacifiCorp Energy

825 NE Multnomah, Suite 1900 LCT  
Portland, Oregon 97232

**VIA OVERNIGHT DELIVERY**

IDAHO PUBLIC  
UTILITIES COMMISSION

Idaho Public Utilities Commission  
472 West Washington  
Boise, ID 83702-5983

Attention: Ms. Jean D. Jewell  
Commission Secretary

**Re: Idaho Docket No. PAC-E-05-08 Compliance Filing**

To the Idaho Public Utilities Commission:

PacifiCorp submits the attachment in compliance with the Commission's Order in this case issued on February 13, 2006 and amended on March 14, 2006. The Order approved the Stipulation supporting the acquisition of PacifiCorp by MidAmerican Energy Holdings Company.

Commitment I20 of the Stipulation provides that PacifiCorp will provide to the Commission, on an informational basis, credit rating agency news releases and final reports regarding PacifiCorp when such reports are known to PacifiCorp and are available to the public.

Therefore, in compliance with Commitment I20 of the Stipulation, please find the attached report related to PacifiCorp.

Very truly yours,

Bruce Williams  
Vice President and Treasurer

Enclosure

**RESEARCH**

**Research Update:**

**MidAmerican Energy Holdings Co., Subs Ratings Affirmed; Remain On Watch Neg**

**Publication date:**  
**Primary Credit Analyst:**

17-Dec-2008  
Anne Selting, San Francisco (1) 415-371-5009;  
anne\_selting@standardandpoors.com

**Rationale**

On Dec. 17, 2008, Standard & Poor's Ratings Services affirmed the ratings of MidAmerican Energy Holdings Company (MEHC) and those of its U.S. regulated subsidiaries, including the electric utilities PacifiCorp and MidAmerican Energy Company, and the gas pipelines operations of Northern Natural Gas Co. and Kern River Gas Transmission Co. The ratings of MEHC and these subsidiaries remain on CreditWatch with negative implications.

The affirmation follows the announcement today that MEHC and Constellation Energy Group (BBB/WatchNeg/A-2) have terminated MEHC's \$4.7 billion planned acquisition of Constellation. Constellation has instead elected to pursue an alternative proposal received Dec. 3 from Electricité de France International (EDFI), a subsidiary of Electricité de France S.A. (AA-/WatchNeg/A-1+). EDFI has bid \$4.5 billion for a 50% ownership interest in Constellation's nuclear assets. Constellation's shareholder vote to consider the MEHC acquisition, scheduled for Dec. 23, has been cancelled.

**CreditWatch**

The CreditWatch listing reflects our intent to reassess MEHC's future business strategy, which may be inconsistent with the company's current 'A' category rating. Current ratings have clearly been conditioned on MEHC focusing squarely on regulated, integrated electric and gas operations. By contemplating the acquisition of a predominately merchant generation company such as Constellation, MEHC has demonstrated a willingness to increase its own business risk profile.

The resolution of the CreditWatch listing will consider MEHC's ongoing business strategy, its revised financial projections, and its future financial policy (including the ultimate disposition of the sizable payments MEHC has received from Constellation in lieu of closing the transaction). Additionally, we will evaluate the existence and permanence of the sizable capital available to MEHC via Berkshire Hathaway, Inc. (AAA/Stable/A-1+), which owns approximately 88% of MEHC's common voting stock.

Constellation announced today it has paid MEHC \$175 million in termination fees, and about \$435 million in cash, which consists of a preferred dividend payout of \$17 million and \$418 million, reflecting the conversion of a portion of MEHC's preferred shares. In addition, MEHC is receiving nearly 20 million shares of Constellation common stock, representing a nearly 10% ownership stake. Constellation is also expected to imminently repay a \$1 billion note owed to MEHC which would otherwise bear 14% interest and be due at the end of 2009.

To fund the \$1 billion equity infusion MEHC provided to Constellation in late September MEHC issued a like amount of trust preferred stock to its ultimate parent, Berkshire. This obligation, with an 11% coupon, remains outstanding.

## Ratings List

### Ratings Affirmed

MidAmerican Energy Holdings Co. Corporate Credit Rating	A-/Watch Neg/--
MidAmerican Energy Co. PacifiCorp Corporate Credit Rating	A-/Watch Neg/A-1
Commercial Paper Local Currency	A-1/Watch Neg
Northern Natural Gas Co. Corporate Credit Rating	A/Watch Neg/--
Kern River Gas Transmission Co. Senior Secured	A-/Watch Neg

Complete ratings information is available to subscribers of RatingsDirect, the real-time Web-based source for Standard & Poor's credit ratings, research, and risk analysis, at [www.ratingsdirect.com](http://www.ratingsdirect.com). All ratings affected by this rating action can be found on Standard & Poor's public Web site at [www.standardandpoors.com](http://www.standardandpoors.com); select your preferred country or region, then Ratings in the left navigation bar, followed by Credit Ratings Search.

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