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IDAHO PUBLIC  
UTILITIES COMMISSION



July 15, 2005

**BY OVERNIGHT MAIL**

Jean Jewell, Commission Secretary  
Idaho Public Utilities Commission  
427 W. Washington  
Boise, ID 83702-5983

**Re: Joint Application Of MidAmerican Energy Holdings Company And PacifiCorp  
d/b/a Utah Power & Light Company For An Order Authorizing Proposed  
Transaction**

Dear Ms. Jewell:

Enclosed for filing are the original and seven (7) copies of the Joint Application Of  
MidAmerican Energy Holdings Company ("MEHC") and PacifiCorp d/b/a Utah Power & Light  
Company ("PacifiCorp") for an Order Authorizing Proposed Transaction.

Persons authorized on behalf of MEHC to receive notices and communications with respect to  
this Application are:

Douglas L. Anderson  
Senior Vice President & General Counsel  
MidAmerican Energy Holdings Company  
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[mcmoench@midamerican.com](mailto:mcmoench@midamerican.com)

Persons authorized on behalf of PacifiCorp to receive notices and communications with respect  
to this Application are:

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Managing Director – Strategy  
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Carole Washburn  
July 15, 2005  
Page 2

Joint counsel for the Applicants should be served as follows:

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Also, it is respectfully requested that all formal correspondence and Staff requests regarding this filing be addressed to the following:

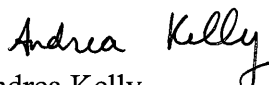
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By regular mail: Data Request Response Center  
PacifiCorp  
825 NE Multnomah, Suite 800  
Portland, OR 97232

Thank you for your assistance.

Sincerely,

  
Andrea Kelly  
Managing Director

cc: Service List

CERTIFICATE OF SERVICE

I hereby certify that on this 15th day of July 2005, I caused to be served, via Federal Express, a true and correct copy of the MEHC-PPW Acquisition 07-05 Filing to the following:

**Commission Staff**

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Peggy Ryan  
Regulatory Operations Coordinator

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IDAHO PUBLIC  
UTILITIES COMMISSION

**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 )**

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**CASE NO. PAC-E-05-8**

**JOINT APPLICATION**

**CASE NO. PAC-E-05-08**

**Direct Testimony and Exhibits**

**July 2005**

James M. Van Nostrand  
 James F. Fell (ISB # 2274)  
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 IDAHO PUBLIC  
 UTILITIES COMMISSION

Joint Counsel for MidAmerican Energy  
 Holdings Company and PacifiCorp dba Utah  
 Power & Light Company

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

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

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MidAmerican Energy Holdings Company (“MEHC”) and PacifiCorp d/b/a Utah Power & Light Company (“PacifiCorp”) (sometimes hereinafter jointly referred to as “Applicants”) hereby request an order of the Idaho Public Utilities Commission (“Commission”) authorizing a proposed transaction whereby MEHC would acquire all of the outstanding common stock of PacifiCorp and PacifiCorp would thereafter become an indirect wholly-owned subsidiary of MEHC (the “Application”).

**JURISDICTION**

This Application is filed pursuant to Idaho Code § 61-328, which requires authorization by order of the Commission before an electric public utility owning, controlling or operating any

property located in Idaho used in the generation, transmission, distribution or supply of electric power or energy to the public may merge, sell, lease, assign or transfer, directly or indirectly, such property, or the operation, management or control thereof.

### **TIME FOR PROCESSING THE APPLICATION**

MEHC and PacifiCorp respectfully request completion of all state reviews of the proposed transaction by February 28, 2006, in order to complete the acquisition on or before March 31, 2006. MEHC's proposed acquisition of PacifiCorp is an important transaction for PacifiCorp customers, employees and communities. In order to mitigate the ill effects of uncertainty associated with the sale of PacifiCorp, and expedite the delivery of important benefits, Applicants respectfully request that the Commission schedule review of the Application in a manner that will facilitate an order by February 28, 2006.

Closing on or before March 31, 2006, will facilitate the transition of PacifiCorp's financial reporting from a fiscal year ending March 31, which is the Scottish Power plc ("ScottishPower") approach, to a calendar fiscal year consistent with MEHC's financial statements. Calendar year reporting is consistent with regulatory reporting, which should enable the Commission to utilize a single year's audited financial statements rather than have regulatory reporting span across two fiscal years.

In connection with Applicants' request for a Commission order by February 28, 2006, it is noteworthy that the Securities and Exchange Commission ("SEC") will not act in advance of approvals from the respective state public utility commissions. The SEC's policy in this respect is founded on its desire to avoid pressuring the states to act in a particular manner, to avoid rendering decisions on theoretical transactions, and to avoid impacting share prices and value by having an extended period between approval and closing. Thus, ruling on the Application should

not be delayed in the hope that doing so would permit the SEC to rule first, and Applicants respectfully ask the Commission not to delay its ruling on the Application on this ground.

### APPLICANT INFORMATION

The exact name and address of MEHC's principal business office is as follows:

MidAmerican Energy Holdings Company  
666 Grand Avenue, Suite 2900  
Des Moines, Iowa 50309

MEHC is an Iowa corporation whose ownership, as of January 31, 2005, is as follows:

Berkshire Hathaway Inc. (83.75% economic interest); Walter Scott, Jr., including family interests, (15.89% economic interest); David Sokol (0.25% economic interest); and Greg Abel (0.11% economic interest). On a diluted basis the economic interests would be as follows:

Berkshire Hathaway Inc. (80.48% economic interest); Walter Scott, Jr., including family interests, (15.27% economic interest); David Sokol (2.91% economic interest); and Greg Abel (1.34% economic interest).<sup>1</sup> Further detail concerning the ownership of MEHC may be found at page 108 of MEHC's 2004 annual report on Form 10-K attached to MEHC witness Pat Goodman's testimony.

Berkshire Hathaway currently holds 9.9% of the voting stock ownership of MEHC and 41,263,395 shares of MEHC's zero coupon convertible preferred stock.<sup>2</sup> This preferred stock is

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<sup>1</sup> The voting stock ownership of these four investors is as follows: (1) Walter Scott, Jr., including family interests, holds an 88.1% voting interest; (2) Berkshire Hathaway, Inc. holds a 9.9% voting interest; (3) David Sokol holds a 1.4% voting interest; and (4) Greg Abel holds a 0.6% voting interest.

<sup>2</sup> While the convertible preferred stock does not vote with the common stock in the election of directors, the convertible preferred stock gives Berkshire Hathaway the right to elect 20% of MEHC's Board of Directors (currently two of the ten members of the MEHC Board of Directors). Additionally, the prior approval of Berkshire Hathaway, as the holder of convertible preferred stock, is required for certain fundamental transactions by MEHC, as further discussed in Mr. Goodman's testimony.

convertible into MEHC common shares at the option of Berkshire Hathaway under specific circumstances, as discussed more fully in Mr. Goodman's testimony. One such circumstance is the repeal or amendment of the Public Utility Holding Company Act of 1935 and any successor legislation ("PUHCA") such that the conversion of preferred stock would not cause Berkshire Hathaway (or any affiliate of Berkshire Hathaway) to become regulated as a registered holding company. MEHC anticipates that Berkshire Hathaway will exercise its right to convert the zero coupon convertible preferred stock in the event this circumstance occurs, whereupon Berkshire Hathaway's voting interest would correspond to its ownership interest.

Persons authorized on behalf of MEHC to receive notices and communications with respect to this Application are:

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Persons authorized on behalf of PacifiCorp to receive notices and communications with respect to this Application are:

Andrea L. Kelly  
Managing Director – Strategy  
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Joint counsel for the Applicants should be served as follows:

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James F. Fell  
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[jffell@stoel.com](mailto:jffell@stoel.com)

### **Data Requests**

Data requests for the Applicants should be addressed in the following manner with copies to Applicants' counsel:

By email (preferred): [datarequest@pacificorp.com](mailto:datarequest@pacificorp.com)

By fax: (503) 813-6060

By regular mail: Data Request Response Center  
PacifiCorp  
825 NE Multnomah, Suite 800  
Portland, Oregon 97232

### **MEHC Electronic Document Room**

MEHC has created an Electronic Document Room containing the documents listed in the attached Index, provided as Appendix 1 to this Application. These documents are intended to anticipate initial discovery needs and provide parties with a solid foundation of knowledge pertaining to MEHC and MidAmerican Energy Company ("MEC"). Provisions for quick access to the Electronic Document Room can be arranged by contacting the following representative of MEHC and MEC:

Charles ("Chuck") R. Montgomery  
MidAmerican Energy Company  
4299 NW Urbandale Drive  
Urbandale, Iowa 50322  
Phone: (515) 281-2976  
Fax: (515) 242-4398  
[crmontgomery@midamerican.com](mailto:crmontgomery@midamerican.com)

## DESCRIPTION OF TRANSACTION

On May 23, 2005, ScottishPower and PacifiCorp Holdings, Inc. (“PHI”), its wholly owned subsidiary directly holding PacifiCorp’s common stock, reached a definitive agreement (“Stock Purchase Agreement”), providing for the sale of all PacifiCorp common stock, held by PHI, to MEHC for a value of approximately \$9.4 billion, consisting of approximately \$5.1 billion in cash plus approximately \$4.3 billion in net debt and preferred stock, which will remain outstanding at PacifiCorp. The Stock Purchase Agreement is included as Appendix 2.

A limited liability company referred to as PPW Holdings LLC (“Holdings”) has been established as a direct subsidiary of MEHC. Holdings will receive an equity infusion of approximately \$5.1 billion raised by MEHC through the sale of convertible preferred stock to Berkshire Hathaway and long-term senior notes, preferred stock, or other securities with equity characteristics, to third parties. However, the transaction is not conditioned on such financing and if funds were not available from third parties, Berkshire Hathaway is expected to provide any required funding. Finally, Holdings will have no debt of its own for this transaction. Holdings will, as provided in the Stock Purchase Agreement, pay PHI \$5.1 billion in cash at closing in exchange for 100% of the common stock of PacifiCorp. In addition, it is projected that the approximately \$4.3 billion in net debt and preferred stock currently outstanding at PacifiCorp will remain outstanding as liabilities of PacifiCorp. The acquisition is subject to customary closing conditions, including approval of the transaction by the shareholders of ScottishPower and the receipt of required state and federal regulatory approvals.

The sale of PacifiCorp’s common stock to MEHC will also include transfer of control of the following PacifiCorp subsidiaries, which consist primarily of mining companies and companies created to handle environmental remediation and generate carbon offset credits:

