

**MidAmerican Energy Holdings Company and PacifiCorp
Annual Report of Status of Commitments
For the Period March 21, 2006 through March 31, 2007**

Transmission Commitments

Commitment Number	Commitment Description	Status Description
34	<p>MEHC and PacifiCorp have identified incremental transmission projects that MEHC and PacifiCorp believe will enhance reliability, facilitate the receipt of renewable resources, or enable further system optimization. Subject to permitting and the availability of materials, equipment and rights-of-way, MEHC and PacifiCorp commit to use their best efforts to achieve the following transmission system infrastructure improvements:</p> <p>a) <u>Path C Upgrade (~\$78 million)</u> – Increase Path C capacity by 300 MW (from S.E. Idaho to Northern Utah). The target completion date for this project is 2010. MEHC and PacifiCorp assert that this project:</p> <ul style="list-style-type: none"> • enhances reliability because it increases transfer capability between the east and west control areas, • facilitates the delivery of power from wind projects in Idaho, and • provides PacifiCorp with greater flexibility and the opportunity to consider additional options regarding planned generation capacity additions. <p>b) <u>Mona - Wasatch (~\$196 million)</u> – Increase the import capability from Mona into the Wasatch Front (from Wasatch Front South to Wasatch Front North). This project would enhance the ability to import power from new resources delivered at or to Mona, and to import from Southern California by “wheeling” over the Adelanto DC tie. The target completion date for this project is 2011. MEHC and PacifiCorp assert that this project:</p> <ul style="list-style-type: none"> • enhances reliability by enabling the import of power from Southern California entities during emergency situations, • facilitates the acceptance of renewable resources, and • enhances further system optimization since it enables the further purchase or exchange of seasonal resources from parties capable of delivering to Mona. <p>c) <u>Walla Walla - Yakima or Mid-C (~\$88 million)</u> – Establish a link between the “Walla Walla bubble” and the “Yakima bubble” and/or reinforce the link between the “Walla Walla bubble” and the Mid-Columbia (at Vantage). MEHC and PacifiCorp assert that either of these projects presents opportunities to enhance PacifiCorp’s ability to accept the output from wind generators and balance the system cost effectively in a regional environment. The target completion date for this project is 2010.</p>	<p>a) In March 2007 a facility study was completed evaluating both a 138 kV and 345 kV project. PacifiCorp has decided to pursue the 345 kV. A request will be submitted for management review to evaluate and select a preferred transmission line route and develop a project estimate for a double-circuit 345-kilovolt line from a future International Substation in Utah to the future Populus substation that will be located near Downey, Idaho. Rights-of-way acquisition activities have been started in the densely populated southern portion of the project.</p> <p>b) Mona – Oquirrh. The West Jordan staff continues to review the Conditional Use Permit application for the Oquirrh substation. PacifiCorp is executing a Memorandum of Understanding with the Bureau of Land Management for the preparation and review of the Environmental Impact Study required for the transmission line. The Bureau of Land Management selected Environmental Planning Group, Inc. as the third party consultant to write the Environmental Impact Study.</p> <p>c) Walla Walla – Yakima or Mid-C. The facility study is scheduled for completion in April 2007. This report will contain a scope of work, a cost estimate and a schedule to complete the project. Once the report is completed it will be presented to PacifiCorp’s merchant group. PacifiCorp will proceed to apply for the necessary right-of-way applications with the impacted County departments in Washington with a filing target during May 2007.</p>
35	<p>MEHC and PacifiCorp make the following commitments to improve system reliability:</p>	<p>a) High-priority replacement equipment has been identified and incorporated in the Asset Risk Register and budget plans. For the period January through March 2007, \$15,216,552 of the \$75M</p>

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	<p>a) investment in the Asset Risk Program of \$75 million over the three years, 2007-2009,</p> <p>b) investment in local transmission risk projects across all states of \$69 million over eight years after the close of the transaction,</p> <p>c) O & M expense for the Accelerated Distribution Circuit Fusing Program across all states will be increased by \$1.5 million per year for five years after the close of the transaction, and</p> <p>d) extension of the O&M investment across all states for the Saving SAIDI Initiative for three additional years at an estimated cost of \$2 million per year.</p> <p>e) MEHC and PacifiCorp will support the Bonneville Power Administration in its development of short-term products such as conditional firm. No less than three months following the close of the transaction, PacifiCorp will initiate a process to collaboratively design similar transmission products and will include stakeholders in the process. PacifiCorp will make every reasonable effort to complete a product by the end of 2008.</p> <p>f) PacifiCorp will continue to offer its Partial Interim Service product and will make commercially reasonable efforts to offer transmission customers as much firm service as the Company's transmission studies show is available, including weeks with a month. PacifiCorp will also continue its OATT tariff provision that allows transmission customers to alter pre-scheduled transactions up to 20 minutes before the hour as long as such provision is consistent with established scheduling practices and does not jeopardize system reliability. PacifiCorp will notify parties to this proceeding if it proposes changes to these two elements of its OATT.</p>	<p>commitment has been spent.</p> <p>b) Initial work on high priority N-1 projects has begun. For the period April 2006 through March 2007, \$605,948 of the \$69M commitment has been spent.</p> <p>c) For Fusing Improvement Projects for April through December 2006, actual funds spent were \$1,826,336. For the period January through March 2007, \$380,279 has been spent to date.</p> <p>d) For Saving SAIDI projects for April through December 2006, actual funds spent were \$2,437,125. For the period January through March 2007, \$2,083,357 has been spent to date.</p> <p>e) On June 16, 2006, PacifiCorp provided notice via email and posting on its OASIS describing the process that PacifiCorp intends to utilize to assess customer requirements and its ability to develop and offer a conditional firm product.</p> <p>Stakeholder meetings were subsequently held in Portland October 6, 2006, and in Salt Lake City October 23, 2006. State government representation as well as potential interveners, major customers and transmission dependent utilities participated. In addition to discussing PacifiCorp's system and historical usage on several transmission paths, an overview of the differences between Bonneville Power Administration's system and PacifiCorp's system was discussed.</p> <p>On February 26, 2007, FERC issued Order 890 which requires PacifiCorp to study conditional firm options for customers who request transmission service. The product is mandated by the order. The Company is assessing the specifics around study requirements and operating requirements to insure PacifiCorp has the processes and systems in place to study and manage the required product.</p> <p>f) PacifiCorp continues to offer its Partial Interim Service product.</p>
36	<p>MEHC recognizes that it can and should have a role in addressing the critical importance of transmission infrastructure to the states in which PacifiCorp serves. MEHC also recognizes that some transmission projects, while highly desirable, may not be appropriate investments for PacifiCorp and its regulated customers. Therefore, MEHC commits its resources and leadership to assist PacifiCorp states in the development of transmission projects upon which the states can agree. Examples of such projects would be RMATS and the proposed Frontier transmission line.</p>	<p>MidAmerican Energy Holdings Company (MEHC) acknowledges and has demonstrated its commitment to the importance of the transmission infrastructure within PacifiCorp states. MEHC as part of a coalition of investor-owned utilities known as the Western Regional Transmission Expansion Partnership, in April 2006, signed a letter agreement with representatives of the governors of California, Wyoming, Utah and Nevada known as the Coordinating Commitment, to develop a feasibility report for the Frontier Line project. MEHC and PacifiCorp have remained active participants in the project, participating in numerous committee meetings, chairing subcommittee meetings, and developing and hosting the Partnership's website.</p>

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53	53) MEHC or PacifiCorp commit to commence as soon as practical after close of the transaction a system impact study to examine the feasibility of constructing transmission facilities from the Jim Bridger generating facilities to Miners Substation in Wyoming. Upon receipt of the results of the system impact study, MEHC or PacifiCorp will review and discuss with stakeholders the desirability and economic feasibility of performing a subsequent facilities study for the Bridger to Miners transmission project.	Studies were completed and a video conference stakeholder meeting was held on August 23, 2006, to discuss results of studies.
C-2	In implementing Commitment 35, PacifiCorp will make cost-effective investments in California to the extent reasonably required to serve load.	Pacific Power is in the process of expanding the capacity of the Company transmission line between Yreka and Weed plus the capacity of the connecting substations in order to accommodate the increased electrical load. Another project will install a new substation transformer at the Company's Copco facility to strengthen reliability for Yreka customers due to summer load growth.
U45/Wy23	<p>a) MEHC and PacifiCorp commit to complete as soon as practical after close of the transaction, a system impact study and commence a facilities study to examine the feasibility of construction of transmission facilities from the Jim Bridger generating facilities to Ben Lomond.</p> <p>b) In addition to analyzing the system impacts of the Jim Bridger to Ben Lomond transmission facilities, MEHC and PacifiCorp will request that a system impact study also analyze the system impacts of combining the Bridger to Ben Lomond project with the Jim Bridger to Miners substation project addressed in Commitment 53.</p> <p>c) Upon receipt of the results of the system impact studies provided for in Commitment 53 and this Commitment U 45, MEHC or PacifiCorp will review and discuss with stakeholders the desirability and economic feasibility of performing a subsequent facilities study for the Bridger to Miners transmission project.</p>	Studies were completed and a stakeholder meeting was held on August 23, 2006 to discuss results of the studies. The meeting was held via video conference in Salt Lake City, Portland, Oregon and Cheyenne, Wyoming. At that meeting, the Company indicated that they would likely move forward with the facilities study. The facilities study was completed and it was determined that point-to-point service was not the appropriate option. A system impact study for a network resource was requested on September 5, 2007. The system impact study was received on November 30, 2006, and the final facilities study is expected to be received in April 2007.
Wy24	MEHC, and where appropriate PacifiCorp, will continue to work with stakeholders to identify and consider the feasibility of additional cost-effective transmission infrastructure in the states served by PacifiCorp. In addition to the transmission projects identified in the other commitments, MEHC will consider the Trans-West Express project as a potential for analysis.	Refer to General Commitment 36.