

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF ROCKY MOUNTAIN)	
POWER'S APPLICATION FOR)	CASE NO. PAC-E-18-10
AUTHORITY TO: (1) ISSUE AND SELL OR)	
EXCHANGE NOT MORE THAN)	
\$2,000,000,000 OF DEBT, AND (2) ENTER)	ORDER NO. 34205
INTO CREDIT SUPPORT)	
ARRANGEMENTS)	

On October 23, 2018, PacifiCorp dba Rocky Mountain Power (Company) applied to the Idaho Public Utilities Commission for an Order allowing it to incur debt up to \$2,000,000,000 aggregate principal amount at any one time. The Company also requests authority to enter into letter of credit arrangements to provide additional credit support. The Company requests this additional authority remain in effect through Sept 30, 2023 so long as the Company's bond rating for senior secured debt remains investment grade. Based on our review of the record, we issue this Order approving the Application as noted below.

THE APPLICATION

The Company is an Oregon corporation that provides electric service as Rocky Mountain Power to customers in Idaho, Utah, and Wyoming, and as Pacific Power in California, Oregon and Washington.

With this Application, the Company seeks authority to incur debt up to \$2,000,000,000 aggregate principal amount at any one time. The Company also requests authority to enter into letter of credit arrangements to provide additional credit support. The Company requests this additional authority remain in effect through Sept 30, 2023 so long as the Company's bond rating for senior secured debt remains investment grade. Investment grade is BBB- or higher by Standard & Poor's Rating Services (S&P) and Baa3 or higher by Moody's Investors' Service, Inc. (Moody's). The Company's current secured debt ratings are A+ by S&P and A1 by Moody's.

The Company explains that the requested authority will amend and supersede Order No. 33083 (Case No. PAC-E-17-05). Under current authority the Company has issued \$850 million in debt, including \$600 million issued in July of 2018. The remaining \$472 million is not anticipated to be utilized, and will be replaced with this request if granted. The securities will be issued in one or more tranches and will consist of securities issued or exchanged as public or

private placements in the form of secured or unsecured debt. The maturity, other terms, and interest rate for each issue will be determined at the time of issuance. The issuance(s) may be at a fixed rate set at the time of issuance or variable interest rate based on a published index of short-term rates such as Treasury bills, commercial paper, or LIBOR. Fees will be charged based on the type of security issued, but are not expected to exceed 1% of the outstanding balance. Any First Mortgage Bonds will be issued under the Company Mortgage. The Commission has previously authorized the Company to incur the lien of the Company Mortgage in Case No. U-1045, Order No. 22157. The variety of funding options requested will allow the Company to evaluate the all-in cost of each option after considering all associated fees so the issuances result in lowest cost issuances.

The Company explains that the requested financing authority will provide funds for one or more utility purposes. These include capital requirements for the following purposes: (1) the acquisition of property, (2) the construction, completion, extension or improvement of utility facilities, (3) the improvement of service, (4) the discharge or lawful refunding of obligations which were incurred for utility purposes, or (5) the reimbursement of the Company's treasury for funds used for the foregoing purposes.

STAFF REVIEW

Staff recommended the Commission approve the Company's requested shelf authority of \$2,000,000,000 debt for the period through September 30, 2023. Staff notes that the Company's prior commitments since Case No. PAC-E-99-03 to a cost test remains effective where foreign transactions will not be utilized for ratemaking unless and until the Company can show that the all-in costs are not greater than the all-in costs of similar domestic borrowings.

The commitments and terms from prior cases, up to and including Case No. PAC-E-14-05, Order No. 33083 remain in effect. This includes, but is not limited to, that the Company's senior secured debt rating will remain at investment grade and will follow the established procedure of notification if the ratings are downgraded and the Company will file quarterly financing activity reports and credit rating reports, to the extent that they are not filed with the MEHC Acquisition Case (Case No. PAC-E-05-08, Order No. 29998).

FINDINGS OF FACT AND CONCLUSIONS OF LAW

The Commission finds that the Company is an Oregon corporation that is qualified to do business in Idaho. The Company is an electric corporation within the definition of *Idaho Code*

§ 61-119, and a public utility within the definition of *Idaho Code* § 61-129. The Commission has jurisdiction over this Application under *Idaho Code* § 61-901, *et seq.*

The Commission finds that the Company's Application should be approved. The Company's Application reasonably conforms to Rules 141 through 150 of the Commission's Rules of Procedure (IDAPA 31.01.01.141-150), and the Company has paid all fees required by *Idaho Code* § 61-905. Further, the proposed issuance is for a lawful purpose, is within the Company's corporate powers, and is compatible with the public interest.

The Commission's approval of the issuance is not a finding of fact or a conclusion of law that the particular use to which these funds are to be put is approved by this Order. The issuance of an Order authorizing the proposed issuance does not constitute agency determination or approval of the type of financing or the related costs for ratemaking purposes. The Commission does not have before it for determination in this case and therefore does not determine the effect of issuance on rates to be charged by the Company for electric service to consumers in the State of Idaho.

ORDER

IT IS HEREBY ORDERED that the Company's Application is approved. As requested in the Application, the Company is authorized to issue and sell or exchange debt in the aggregate principal amount of up to \$2,000,000,000, and to enter into such arrangements as may be needed to provide additional credit support for the payment of the debt.

IT IS FURTHER ORDERED that the authority approved by this Order shall remain in effect through Sept 30, 2023 so long as the Company's bond rating for senior secured debt remains investment grade. Investment grade is BBB- or higher by Standard & Poor's Rating Services (S&P) and Baa3 or higher by Moody's Investors' Service, Inc. (Moody's).

IT IS FURTHER ORDERED that the Company will continue to meet the following requirements: (1) keep its commitments and perform its duties as expressed in this Commission's prior orders; (2) file quarterly financing activity reports and credit rating reports with the Commission, to the extent not otherwise filed in Case No. PAC-E-05-08; (3) meet the all-in cost test commitment for foreign transactions; (4) provide the anticipated details of the transaction as soon as possible prior to the issuance; and (5) file the "Report of Securities Issued," and verified copies of any credit arrangement entered into pursuant to this Order as soon as they become available.

IT IS FURTHER ORDERED that the issuance of this Order does not constitute acceptance of the Company's exhibits or other material accompanying this Application for any purpose other than the issuance of this Order.

IT IS FURTHER ORDERED that nothing in this Order or any act or deed performed in connection with this Order shall be construed to obligate the State of Idaho to pay or guarantee in any manner whatsoever any security authorized, issued, assumed or guaranteed under the provisions of this Order.

IT IS FURTHER ORDERED that this authorization is without prejudice to the Commission's regulatory authority regarding rates, service, accounts, evaluation estimates or determination of costs or any other matter which may come before the Commission pursuant to its jurisdiction and authority as provided by law.

THIS IS A FINAL ORDER. Any person interested in the Order (or in issues decided by this Order) may petition for reconsideration within twenty-one (21) days of the service date of this Order with regard to any matter decided in this Order and in this case. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *See Idaho Code* §§ 61-626 and 62-619.


DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this ^{7th}
day of December 2018.


PAUL KJELLANDER, PRESIDENT


KRISTINE RAPER, COMMISSIONER


ERIC ANDERSON, COMMISSIONER

ATTEST:


Diane M. Hanian
Commission Secretary

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