

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF ROCKY)	CASE NO. PAC-E-22-17
MOUNTAIN POWER’S APPLICATION)	
FOR AN ORDER INCREASING AND)	ORDER NO. 35630
EXTENDING ITS SHORT-TERM DEBT)	
AUTHORITY FOR FIVE YEARS)	
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On October 28, 2022, Rocky Mountain Power (“Company”) applied under *Idaho Code* §§ 61-901, *et seq.*, for authority to increase and extend its current authority to borrow up to \$2.0 billion in short-term debt for five years. This authority would extend the existing short-term debt authority that expires April 30, 2026, pursuant to Order No. 34927.¹ The Company requested an order be issued by December 15, 2022. The Company represented that the additional credit will be used to support the Company’s operations, as its “capital expenditure program has grown significantly in size due to adding new renewable generation resources, associated transmission costs and investments[, and] wildfire mitigation assets.” Application at 4-5.

At the Commission’s November 7, 2022, Decision Meeting, Staff recommended that the order deadline be extended to December 15, 2022, for good cause.² The Commission granted the extension in Order No. 35593. At the December 13, 2022, Decision Meeting, Staff recommended that the Commission approve the requested authority to increase and extend the Company’s credit authority.

Based on our review of the record, we issue this Order approving the Application as discussed below.

THE APPLICATION

The Company seeks authority to increase and extend its current authority to borrow up to \$2.0 billion, for a period of five years (“Line of Credit”). Application at 2.

To obtain the five-year extension for borrowing, the Company’s senior debt must maintain an investment grade credit rating by Standard and Poor’s Rating Services (“Standard and Poor’s”),

¹ The Commission granted prior authority under Orders Nos. 27457, 28346, 28970, 29374, 29999, 32221 and 33476.
² Per *Idaho Code* §61-904, the Commission has 30 days from the filing date to issue an order, unless it is necessary, for good cause, to suspend the effective date. The Commission approved an extension of the deadline due to the limited decision meetings, the holiday, and the need for additional analysis from Staff. Order No. 35593.

and Moody's Investor Services Inc. ("Moody's").³ *Id.* at 3. The Company represents that the other terms and conditions will not be changed from prior authorities, and that the type (promissory notes, commercial paper, or revolving credit) and terms of issue, including interest rate, will be determined at the date of issue. *Id.* The short-term debt may include: (1) "unsecured short-term promissory notes to and borrow from U.S. or foreign commercial banks (or their affiliates) under the following facilities: (a) not more than \$2.0 billion in aggregate principal amount outstanding at any one time under one or more revolving credit agreements ("Agreements"); and, (b) not more than \$2.0 billion in aggregate principal amount outstanding at any time under other borrowing arrangements ("Other Arrangements"); and, (2) "commercial paper ("Paper") in the U.S. or overseas, from time to time through November 30, 2027, in aggregate principal amounts not to exceed \$2.0 billion at any one time." *Id.*

STAFF REVIEW AND RECOMMENDATION

Staff recommended the Commission approve the Company's request.⁴ Staff Comments. Staff did not evaluate the reasonableness of the interest rate and all-in-cost. *Id.* at 2.

Staff recognized this authority is conditioned on the Company maintaining an investment grade senior debt rating by Standard and Poor's and Moody's. *Id.* Staff verified that the Company's current senior secured debt ratings are A by Standard and Poor's, and A1 by Moody's—both investment grade. *Id.*

If the Company's senior secure debt ratings fall below the investment grade level ("Downgrade"), Staff proposed that the Company's authority not immediately terminate. *Id.* Instead, Staff offered that if a Downgrade occur, the Company's authority to borrow should continue for a period of 180 days from the date of the Downgrade ("Continued Authorization Period") provided that the Company does the following:

1. Promptly notify the Commission in writing of the Downgrade; and
2. File a supplemental application with the Commission within seven days after the Downgrade requesting a supplemental order ("Supplemental Order") authorizing the Company to continue to incur debt as provided in this Order,

³ "Investment grade refers to "issuers and issues with relatively high levels of creditworthiness and credit quality. . . . In S&P Global Ratings long-term rating scale, issuers and debt issues that receive a rating of 'BBB-' or above are generally considered by regulators and market participants to be "investment-grade," while those that receive a rating lower than 'BBB-' are generally considered to be "speculative-grade." *Guide to Credit Rating Essentials*, p. 9. Standard & Poor's. (Accessed December 14, 2022.)

https://www.spglobal.com/ratings/division-assets/pdfs/guide_to_credit_rating_essentials_digital.pdf

⁴ Staff requested that the Company issue a public notice under IDAPA 31.01.01.141.08, and the Company sent out a press release on or around December 5, 2022.

despite the Downgrade. Until the Company receives the Supplemental Order, any debt incurred or issued by the Company during the Continued Authorization Period will become due or mature no later than the final date of the Continued Authorization Period.

Id.

FINDINGS AND DISCUSSION

The Company is an electrical corporation and public utility in Idaho as defined in *Idaho Code* §§ 61-119 and 61-129. The Commission has jurisdiction over the Application under *Idaho Code* §§ 61-901, *et seq.* We find that the proposed transaction is in the public interest and a formal hearing on this matter is not required. Further, we find that the proposed issuance is for a lawful purpose and is within the Company's corporate powers, that the Application reasonably conforms to Rules 141 through 150 of the Commission's Rules of Procedure, IDAPA 31.01.01.141-150, and that the Company has paid all fees due under *Idaho Code* § 61-905. Accordingly, we find that the Application should be approved, and the proposed financing should be allowed, conditional on the Company maintaining the investment grade ratings requirement specified above and in prior orders.

The Commission's Order approving the proposed financing and the general purposes to which the proceeds may be put is not a determination that the Commission approves of the particular use to which these funds will be put. The Order also is not a Commission determination or approval of the type of financing or the related costs for ratemaking purposes. The Commission does not have before it for determination, and so does not determine, the effect of the proposed transaction on rates the Company will charge for electric service.

ORDER

IT IS HEREBY ORDERED that the Company's Application to increase and extend its current authority to borrow up to \$2.0 billion, for a five-year period, is granted.

IT IS FURTHER ORDERED that the Company must continue to file quarterly reports with the Commission setting forth the date of issuance, principal amount, interest rate, date of maturity and identity of payee for all promissory notes issued during the quarter. The Company must continue to file its capitalization ratios with the quarterly reports.

IT IS FURTHER ORDERED that the Company continue to maintain investment grade ratings by Standard and Poor's and by Moody's Investor Services for the Company's senior secured debt.

IT IS FURTHER ORDERED that if the Company's senior secured debt falls below investment grade, the Company shall promptly notify the Commission in writing of the Downgrade.

IT IS FURTHER ORDERED that should such a Downgrade occur, the Company shall file a supplemental application with the Commission within seven days after the Downgrade requesting a supplemental order ("Supplemental Order") authorizing the Company to continue to incur debt as provided in this Order, despite the Downgrade. Until the Company receives the Supplemental Order, any debt incurred or issued by the Company during the Continued Authorization Period will become due or mature no later than the final date of the Continued Authorization Period.

IT IS FURTHER ORDERED that the foregoing authorization is without prejudice to the regulatory authority of the Commission with respect to rates, utility capital structure, service accounts, valuation, estimates for determination of cost or any other matter which may come before this Commission pursuant to its jurisdiction and authority as provided by law.

IT IS FURTHER ORDERED that nothing in this Order and no provisions of Chapter 9, Title 61, Idaho Code, or any act or deed done or performed in connection therewith 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 Chapter 9, Title 61, Idaho Code.

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

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *See Idaho Code § 61-626.*

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 15th day of December 2022.



ERIC ANDERSON, PRESIDENT

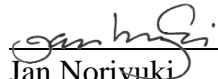


JOHN CHATBURN, COMMISSIONER



JOHN R. HAMMOND, JR., COMMISSIONER

ATTEST:



Jan Noriyuki
Commission Secretary

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