

## DECISION MEMORANDUM

**TO:** COMMISSIONER ANDERSON  
COMMISSIONER CHATBURN  
COMMISSIONER HAMMOND  
COMMISSION SECRETARY  
LEGAL  
WORKING FILE

**FROM:** JOSEPH TERRY  
CLAIRE SHARP

**DATE:** DECEMBER 13, 2022

**RE:** PACIFICORP'S REQUEST TO INCREASE AND EXTEND ITS SHORT-TERM DEBT AUTHORITY FOR FIVE YEARS; CASE NO. PAC-E-22-17

On October 28, 2022, PacifiCorp filed an Application requesting a five-year extension in authority to borrow up to \$2.0 billion in short-term debt aggregate principal amount through November, 30, 2027. This authority would extend the existing short-term debt authority that expires April 30, 2026, pursuant to Order No. 34927 (prior authorities under Orders Nos. 33476, 32221, 27457, 28346, 28970, 29374, and 29999). The Company's application fee of \$1,000 was submitted under a separate cover. Staff confirmed the application fee was calculated correctly and was received by the Commission on November 14, 2022.

As a condition for the five-year time period, PacifiCorp's senior debt must maintain an investment grade credit rating by both Standard and Poor's Rating Services and Moody's Investor Services Inc. The other terms and conditions will not be changed.

The type of issue (promissory notes, commercial paper, or revolving credit) and terms of issue, including interest rate, will be determined at the date of issue. 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 and (b) not more than \$2.0 billion in aggregate principal amount outstanding at any time under other borrowing arrangements; and (2) commercial paper in the U.S. or foreign countries in aggregate principal amount not to exceed \$2.0 billion at any one time.

This increase is primarily due to the increased capital program required to support Company operations. PacifiCorp's capital expenditure program has grown significantly in size recently due to adding new renewable generation resources, associated transmission and investments in wildfire mitigation assets to meet the needs of PacifiCorp's customers and the policy objectives of PacifiCorp's state regulatory commissions.

## **STAFF DISCUSSION AND RECOMMENDATION**

Staff confirmed the application fee was calculated correctly and was received by the Commission on November 14, 2022. Because this Application is requesting an extension from the previous Order, using the previous application and information on file the Application complies with Commission rules, with the exception of IDAPA 31.01.01.141.08 requiring a public notice. Staff requested that the Company issue a public notice and the Company sent out a press release on the week of December 5, 2022.

The requested authority, if approved, will be continuous and would remain in effect until November 30, 2027. As a condition of the continuous five-year term, PacifiCorp must maintain a BBB- or higher senior secured debt rating by Standard and Poor's Rating Services, and a Baa3 or higher senior secured debt rating by Moody's Investors' Service, Inc. PacifiCorp's current senior secured debt ratings are A by Standard and Poor's, and A1 by Moody's.

If PacifiCorp's senior secured debt ratings fall below the investment grade level ("Downgrade"), it is recommended that PacifiCorp's authority not terminate, but instead such authority continue for a period of 180 days from the date of the Downgrade ("Continued Authorization Period") provided that PacifiCorp:

1. Promptly notifies the Commission in writing of the Downgrade; and
2. Files a supplemental application with the Commission within seven days after the Downgrade requesting a supplemental order ("Supplemental Order") authorizing PacifiCorp to continue to incur debt as provided in this Order, notwithstanding the Downgrade. Until PacifiCorp receives the Supplemental Order, any debt incurred or issued by PacifiCorp during the Continued Authorization Period will become due or mature no later than the final date of the Continued Authorization Period.

Staff recommends the authority be granted. The reasonableness of the interest rate and all-in-cost will be evaluated as part of the review of issuance documents in this case and future audits.

## COMMISSION DECISION

1. Does the Commission wish to authorize the Company to borrow \$2.0 billion in short-term debt be approved through November 30, 2027?
2. Does the Commission wish to continue the credit rating condition requiring investment grade for senior secured debt?

A handwritten signature in black ink, appearing to read "Joseph" followed by a large, stylized flourish or symbol.

Joseph Terry