

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF ROCKY)	CASE NO. PAC-E-23-03
MOUNTAIN POWER’S APPLICATION)	
FOR AUTHORITY TO ISSUE AND SELL)	ORDER NO. 35723
OR EXCHANGE NOT MORE THAN)	
\$5,000,000,000 OF DEBT, AND ENTER)	
INTO CREDIT SUPPORT)	
ARRANGEMENTS)	

On February 27, 2023, PacifiCorp, d/b/a Rocky Mountain Power (“Company”) applied under *Idaho Code* §§ 61-901, *et seq.*, for authority to issue and sell or exchange not more than \$5.0 billion aggregate principal amount at any one time and enter into letters of credit to provide additional credit support. Application, 1. This requested authority would increase the authority of \$3.0 billion pursuant to Order No. 34834 and remain in effect through September 30, 2028. *Id.* at 2. The Company requested an order be issued by March 31, 2023. *Id.* The Company represented that the additional credit will be used 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.” *Id.* at 9

At the Commission’s March 21, 2023, Decision Meeting, Staff recommended 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 \$5.0 billion, for a period of five years. *Id.* at 1-2.

To obtain the increase in authority and five-year extension for borrowing, the Company’s senior debt must maintain a BBB- or higher senior secured debt rating, as indicated by Standard and Poor’s Rating Services (“Standard and Poor’s”), and a Baa3 or higher senior secured debt

rating, as indicated by Moody’s Investor Services Inc. (“Moody’s”).¹ *Id.* at 1. The Company represents that the “issuances will be primarily fixed-rate First Mortgage Bonds” but would like flexibility for a “variety of borrowing options.” *Id.* at 7. The maturity, interest rate, and other terms are expected to be set at the time of issuance. *Id.* at 4.

STAFF REVIEW AND RECOMMENDATION

Staff recommended the Commission approve the Company’s request. Staff’s March 21, 2023 Decision Memorandum. Staff stated that the “foreign transactions will not be utilized for ratemaking unless, and until, PacifiCorp can show that the all-in costs are not greater than the all-in costs of similar domestic borrowings.” *Id.* at 2. Staff recommended that the Company follow the commitments and terms from Case No. PAC-E-14-05, Order No. 33083. *Id.* This includes, but is not limited to, that the Company’s senior secured debt rating remain at investment grade, and the Company will follow the established procedure of notification if the ratings are downgraded; and the Company will file quarterly financing activity reports and credit ratings reports, to the extent that they are not filed with the MEHC Acquisition Case (Case No. PAC-E-05-08, Order No. 29998). *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

¹ “BBB- or higher senior secured debt rating 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> Moody’s Baa ratings are defined as “obligations rated Baa are subject to moderate credit risk. They are considered medium-grade and as such may possess speculative characteristics. . . . Moody’s appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.” *Moody’s Rating Scale and Definitions*, p. 1. Moody’s (Accessed March 23, 2023.) https://www.moodys.com/sites/products/productattachments/ap075378_1_1408_ki.pdf

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 \$5.0 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 rating 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.*

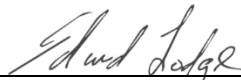
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 29th day of March 2023.



ERIC ANDERSON, PRESIDENT

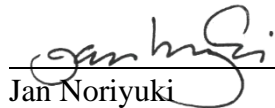


JOHN R. HAMMOND, JR., COMMISSIONER



EDWARD LODGE, COMMISSIONER

ATTEST:



Jan Noriyuki
Commission Secretary

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