

DECISION MEMORANDUM

TO: COMMISSIONER ANDERSON
COMMISSIONER HAMMOND
COMMISSIONER LODGE
COMMISSION SECRETARY
LEGAL
WORKING FILE

FROM: JOSEPH TERRY
MICHAEL DUVAL, DEPUTY ATTORNEY GENERAL

DATE: April 2, 2024

RE: IN THE MATTER OF ROCKY MOUNTAIN POWER'S APPLICATION FOR AUTHORITY TO ISSUE AND SELL OR EXCHANGE NOT MORE THAN \$5,000,000,000 OF DEBT, AND ENTER INTO CREDIT SUPPORT ARRANGEMENTS; CASE NO. PAC-E-24-03.

BACKGROUND

On March 13, 2024, PacifiCorp, d/b/a Rocky Mountain Power ("Company"), filed an Application requesting authority to incur debt up to \$5,000,000,000 aggregate principal amount at any one time. The Company also requests authority to enter into letters of credit arrangements to provide additional credit support. The Company requests this additional authority remain in effect through April 12, 2029, 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 A2 by Moody's.

The requested authority will amend and supersede Order No. 35723. (Case No. PAC-E-23-03). Under its current authority, the Company has issued all of the \$5 billion debt authorized in Order No. 35723. 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 the London Interbank Offered Rate ("LIBOR"). Fees will be charged based on the type

of security issued but are not expected to exceed 1% of the outstanding balance on domestic notes. The Commission has previously authorized the Company to incur the lien of PacifiCorp 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 requested financing authority will provide funds for one or more utility purposes, including the acquisition of property; the construction, completion, extension or improvement of utility functions; the improvement of service; the discharge or lawful refunding of obligations which were incurred for utility purposes; or the reimbursement of the Company's treasury for funds used for the foregoing purposes. Over \$1 billion worth of long-term debt will mature by the time the requested authority expires.

The Company's Application Fee in the amount of \$1,000 was received on March 26, 2024.

STAFF RECOMMENDATION

Staff recommends approval of the authority to incur up to \$5 billion debt for the period through April 12, 2029. The Company's prior commitments to a cost test in Case No. PAC-E-99-03 remain in effect—where 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.

Staff recommends 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, PacifiCorp's senior secured debt rating will remain at investment grade and will follow the established procedure of notification if the ratings are downgraded; and PacifiCorp 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).

COMMISSION DECISION

Should the \$5 Billion authority for debt be approved?

Should the authority be approved through April 12, 2029, with the existing terms and conditions including maintaining the investment grade rating, continuing the additional reporting

requirements, providing the anticipated details of the transaction, and meeting the all-in cost test commitment?



Joseph Terry

I:\Utility\UDMEMOS\PACE2403 Memo.docx