

DECISION MEMORANDUM

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

**FROM: JOSEPH TERRY
MICHAEL DUVAL, DEPUTY ATTORNEY GENERAL**

DATE: APRIL 30, 2024

**RE: IN THE MATTER OF THE APPLICATION OF ROCKY MOUNTAIN
POWER FOR AN ORDER INCREASING AND EXTENDING THE
SHORT-TERM DEBT AUTHORITIES FIVE YEARS; CASE NO.
PAC-E-24-07**

On April 5, 2024, Rocky Mountain Power (“Company” or “PacifiCorp”) filed an Application requesting an increase in its short-term borrowing authority up to \$3 billion aggregate principal amount and extend the authority through May 31, 2029. This authority would extend the existing short-term debt authority that expires November 30, 2027. Order No. 35630 (prior authorities under Orders Nos. 34927, 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 April 11, 2024.

Like previous filings of this type, 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 of \$3 billion in aggregate may include (1) unsecured short-term promissory notes to borrow from U.S. or foreign commercial banks (or their affiliates) under the following facilities: (a) not more than \$3.0 billion in aggregate principal amount outstanding at any one time under one or more revolving credit agreements; and (b) not more than \$3.0 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 \$3.0 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 related to 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

Because the Application is requesting an increase to the limit and extension from the previous Order, using the previous application and information on file the Application complies with Commission rules.

The requested authority, if approved, will be continuous and would remain in effect until May 31, 2029. As a condition of the continuous five-year term, PacifiCorp must continue to 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 BBB+ by Standard and Poor's, and A2 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. Instead, it is recommended that 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 received the Supplemental Order, any debt incurred or issued by PacifiCorp during the Continued Authorization Period would 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

Does the Commission wish to authorize the Company to borrow \$3.0 billion in short-term debt through May 31, 2027?

Does the Commission wish to continue the credit rating condition requiring investment grade for senior secured debt?



Joseph Terry

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