

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE APPLICATION )**  
**OF PACIFICORP DBA ROCKY MOUNTAIN )** **CASE NO. PAC-E-10-02**  
**POWER FOR AUTHORITY TO (1) ISSUE )**  
**AND SELL OR EXCHANGE NOT MORE )**  
**THAN \$2,000,000,000 OF DEBT; (2) ENTER )**  
**INTO CREDIT SUPPORT ARRANGEMENTS; )**  
**(3) ENTER INTO CURRENCY SWAPS; AND )** **ORDER NO. 31018**  
**(4) CONTRIBUTE OR SELL ADDITIONAL )**  
**DEBT TO SPECIAL-PURPOSE ENTITIES. )**  
**)**

---

On February 5, 2010, PacifiCorp dba Rocky Mountain Power filed an Application requesting authority to incur debt up to \$2,000,000,000 aggregate principal amount at any one time. PacifiCorp requests that this additional authority remain in effect through February 28, 2015, so long as the Company's bond rating for senior secured debt remains investment grade.

Having fully considered the Application and exhibits, the Commission enters this Order approving PacifiCorp's Application.

**THE APPLICATION**

The Company seeks authority to: (1) issue and sell or exchange, in one or more public offerings or private placements, not later than February 28, 2015, fixed or floating rate debt (Debt) in the aggregate principal amount of not more than \$2,000,000,000 or, if such Debt is issued at an original issue discount, such greater amount as shall result in an aggregate offering price of not more than \$2,000,000,000 (or its equivalent amount in, or based upon, foreign currencies determined at the time of issue); (2) enter into letter of credit arrangements with one or more banks or such other agreements or arrangements as may be necessary or appropriate, from time to time, to provide additional credit support for the payment of the principal of, the interest on, and the premium (if any) on such Debt; (3) enter into one or more currency swaps; and (4) contribute or sell additional Debt to special-purpose entities (SPEs) in an amount based upon the common securities of the SPE and Commission approval of the proposed guarantee and expense payment agreements relating to the preferred securities of the SPE. Such authority would remain in effect until February 28, 2015, so long as the Company maintains a BBB- or higher senior secured debt rating, as indicated by Standard & Poor's Rating Services, and a Baa3

or higher senior secured debt rating, as indicated by Moody's Investors' Service, Inc.

### **STAFF RECOMMENDATION**

Staff recommends approval of the shelf authority of \$2,000,000,000 debt for the period through February 28, 2015. The Company's prior commitment since Case No. PAC-E-99-3 to a cost test remains effective where foreign transaction will not be utilized for ratemaking unless and until PacifiCorp can show that the all-in costs are not greater than the all-in cost of similar domestic borrowings.

The remaining commitments and terms in prior cases, including Case No. PAC-E-07-16, Order No. 30489, remain effective. As a condition of this authority, PacifiCorp's senior secured debt will be rated at investment grade or PacifiCorp will follow the established procedure of notification if the ratings drop. The Company will still be required to notify the Commission of its intent to utilize a SPE and provide all details anticipated with the transaction. The required Quarterly Financing Activity Reports and credit rating reports, to the extent not filed in the MEHC Acquisition Case No. PAC-E-05-8, Order No. 29998, will continue to be filed in this case.

### **FINDINGS OF FACT**

The Company was incorporated under Oregon law in August 1987 for the purpose of facilitating consummation of a merger with Utah Power & Light Company, a Utah corporation, and changing the state of incorporation of PacifiCorp from Maine to Oregon. The Company currently serves customers as Rocky Mountain Power in Idaho, Utah and Wyoming and as Pacific Power in California, Oregon and Washington.

The Company proposes to issue or exchange the Debt in either public offerings or private placements, domestically or overseas from time to time not later than February 28, 2015, so long as the Company maintains a BBB- or higher senior secured debt rating, as indicated by Standard & Poor's Rating Services, and a Baa3 or higher senior secured debt rating, as indicated by Moody's Investors' Service, Inc. The Debt may have various maturities, although medium-term notes generally have maturities longer than nine months. The Company finds that the variety of borrowing options available to it dictate that it have the ability to select the debt instrument, market and maturity that allows it to borrow at a lower all-in cost, consistent with its financial goals. The type of issue and its terms including interest rate will be determined at the date of issue and the Company will notify the Commission Staff of the terms as soon as practical

before the issue. The type of issue utilized by the Company will be based on the all-in costs and benefits of the alternatives. The Company committed in Case No. PAC-E-99-3 to a cost test where foreign transactions will not be utilized for ratemaking unless and until it can assure the all-in costs of the foreign borrowing is no more than the all-in cost of similar domestic borrowings.

If the Debt bears a fixed rate, the interest rate will be set at the time of issuance. If the Debt bears a floating rate, the interest rate will be set periodically based upon a published or quoted index. The Debt may be publicly or privately placed in the domestic or foreign markets. Selection of the method of issuance and the location will depend on the relative all-in cost and other benefits of the alternatives being considered.

The types of offerings contemplated by the Company in its Application include:

- a. Conventional first mortgage bonds placed publicly or privately in the domestic or foreign markets;
- b. Secured or unsecured medium-term notes placed publicly or privately in the domestic or foreign markets;
- c. Floating rate debt placed publicly or privately in the domestic or foreign markets;
- d. Eurodollar financings placed publicly or privately overseas;
- e. Debt issued overseas denominated in, or based upon, foreign currencies combined with a currency swap to effectively eliminate the currency risk; and
- f. Subordinated debt placed publicly or privately in the domestic or foreign markets and issued either alone or in conjunction with an offering of preferred securities by an SPE organized by the Company.

The Application recognizes that a foreign currency offering involves a degree of risk to a U.S. issuer because changes in the relationship between the value of the U.S. dollar and foreign currency may increase the ultimate cost of the debt. Currency swaps allow a party to make a series of payments in U.S. dollars in exchange for a series of payments in, or based upon, foreign currencies. Combining a foreign currency offering with a currency swap effectively eliminates the currency risk by providing the issuer a stream of foreign currency payments equal to obligations on the foreign debt.

The net proceeds of the issuances will be used for one or more of the utility purposes authorized by *Idaho Code* § 61-901. To the extent that any funds to be reimbursed were used for the discharge or refunding of obligations, those obligations or their precedents were originally incurred in furtherance of a utility purpose.

### CONCLUSIONS OF LAW

PacifiCorp dba Rocky Mountain Power is an electrical corporation within the definition of *Idaho Code* § 61-119, and a public utility within the definition of *Idaho Code* § 61-129. The Commission has jurisdiction over this Application pursuant to the provisions of *Idaho Code* § 61-901 *et seq.* The Commission further finds that the Application reasonably conforms to Rules 141 through 150 of the Commission's Rules of Procedure, IDAPA 31.01.01.141-150.

Based upon the representation in the Application, we find that the funds obtained through the proposed types of offerings will be used for the acquisition of property; the construction, completion, extension or improvement of utility facilities; the improvement or maintenance of its 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.

PacifiCorp has paid all lawful fees as provided by *Idaho Code* § 61-905. The Commission further finds that the proposed transaction is in the public interest and a formal hearing on this matter is not required. The method of issuance is proper.

The general purposes to which the proceeds will be put are lawful purposes under the Public Utilities Law of the State of Idaho, are within PacifiCorp's corporate powers, and are compatible with the public interest. However, this general approval of the general purposes to which the proceeds will be put is neither a finding of fact nor a conclusion of law that any particular construction program of the Company which may be benefited by the approval of this Application has been considered or approved by this Order and this Order shall not be construed to that effect.

The issuance of an Order authorizing the proposed financing does not constitute agency determination/approval of the type of financing or the related costs for ratemaking purposes, which determination the Commission expressly reserves until the appropriate proceeding.

## O R D E R

IT IS HEREBY ORDERED that PacifiCorp dba Rocky Mountain Power's Application is granted. The Company is authorized to: (1) issue and sell or exchange, in one or more public offerings or private placements, not later than February 28, 2015, fixed or floating rate debt (Debt) in the aggregate principal amount of not more than \$2,000,000,000 or, if such Debt is issued at an original issue discount, such greater amount as shall result in an aggregate offering price of not more than \$2,000,000,000 (or its equivalent amount in, or based upon, foreign currencies determined at the time of issue); (2) enter into letter of credit arrangements with one or more banks or such other agreements or arrangements as may be necessary or appropriate, from time to time, to provide additional credit support for the payment of the principal of, the interest on, and the premium (if any) on such Debt; (3) enter into one or more currency swaps; and (4) contribute or sell additional Debt to special-purpose entities (SPEs) in an amount based upon the common securities of the SPE and Commission approval of the proposed guarantee and expense payment agreements relating to the preferred securities of the SPE. Such authority would remain in effect until February 28, 2015, so long as the Company maintains a BBB- or higher senior secured debt rating, as indicated by Standard & Poor's Rating Services, and a Baa3 or higher senior secured debt rating, as indicated by Moody's Investors' Service, Inc.

IT IS FURTHER ORDERED that if the Company's senior secured debt ratings fall below the investment grade levels referenced in the above ordering paragraph (the "Downgrade"), the Company's authority to incur Debt as provided in this Order shall not terminate, but instead such authority will continue for a period of 364 days from the date of the Downgrade (the "Continued Authorization Period") provided that the Company:

- (1) Promptly notifies the Commission in writing of the Downgrade; and
- (2) Files a supplemental application within seven (7) days after the Downgrade, requesting a supplemental order ("Supplemental Order") authorizing the Company to continue to incur Debt as provided in this Order, notwithstanding 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 Company shall file with the Commission an application seeking approval of any proposed contribution or sale by the Company of additional Debt to special-purpose entities (SPEs) before such an agreement may be deemed effective.

IT IS FURTHER ORDERED that the Company shall file with the Commission on a quarterly basis debt reports including any Debt authorized by this Order and, to the extent not otherwise an obligation of the Company pursuant to Commitment I 20 approved by Order No. 29998 in Case No. PAC-E-05-8, all credit rating agency reports related to the Company issued during the quarter.

IT IS FURTHER ORDERED that the Company shall file, as soon as they become available, the following:

- (a) The "Report of Securities Issued" required by 18 C.F.R. § 34.10;
- (b) Verified copies of any agreement entered into in connection with the issuance of Debt pursuant to this Order; and
- (c) A verified statement setting forth in reasonable detail the disposition of the proceeds of each offering made pursuant to this Order.

IT IS FURTHER ORDERED that this authorization is without prejudice to the regulatory authority of the Commission with respect to rates, service, accounts, valuation, estimates or determination of costs, 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 the Company notify the Commission as soon as possible prior to the issuance with as much information as possible on the issue. The notice may be by telephone or facsimile to be followed with letter of verification if notice is less than seven days.

IT IS FURTHER ORDERED that issuance of this Order does not constitute acceptance of the Company's exhibits or other material 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.

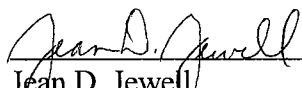
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho, this 5<sup>th</sup> day of March 2010.

  
JIM D. KEMPTON, PRESIDENT

  
MARSHA H. SMITH, COMMISSIONER

  
MACK A. REDFORD, COMMISSIONER

ATTEST:

  
Jean D. Jewell  
Commission Secretary

O:PAC-E-10-02\_ks