

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF PACIFICORP DBA)
ROCKY MOUNTAIN POWER’S) **CASE NO. PAC-E-16-03**
APPLICATION FOR AN ORDER)
EXTENDING SHORT-TERM DEBT) **ORDER NO. 33476**
AUTHORITY FOR FIVE YEARS.)

On January 26, 2016, PacifiCorp dba Rocky Mountain Power filed an Application with the Commission for an Order allowing it to extend short-term debt authorities granted in Order No. 32221 (Case No. PAC-E-11-09) for five years, through April 30, 2021. The other terms and conditions of the previous debt authority would not change. Based on our review of the record, we issue this Order approving the Application as noted below.

BACKGROUND

In February 2006, PacifiCorp applied to the Commission for authorization to borrow no more than \$1.5 billion aggregate principal in short-term debt through April 30, 2011. The Commission granted the Company’s 2006 request in Order No. 29999. On March 9, 2011, the Company requested that the Commission allow it to extend that authority for an additional five years. The Commission granted that request on the condition that the Company’s senior secured debt be rated “investment grade.” Order No. 32221 at 3-4.

THE CURRENT APPLICATION

With this Application, the Company seeks authority to extend these short-term debt authorities for an additional five years—through April 30, 2021. The extension would allow the Company to issue short-term debt that 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 \$1.5 billion in aggregate principal amount outstanding at any one time under one or more revolving credit agreements (Agreements); and (b) not more than \$1.5 billion in aggregate principal amount outstanding at any one time under other borrowing arrangements (Other Arrangements); and (2) commercial paper (Paper) in the U.S. or overseas in an aggregate principal amount not to exceed \$1.5 billion outstanding at any one time; provided, further, that the aggregate principal amounts outstanding under the Agreements, Other Arrangements and Paper not exceed \$1.5 billion at any one time.

PacifiCorp states that it currently has two revolving credit agreements totaling \$1.2 billion. These credit agreements currently have final termination dates of June 28, 2017 (\$600 million of commitments) and March 27, 2018 (\$600 million of commitments). According to the Company, the requested extension is essential to utilize these existing revolving credit agreements and preserve its ability to issue commercial paper after April 30, 2016.

The Company states that proceeds from the debt issuances will be utilized for general utility purposes including improvement or maintenance of service or facilities, construction purposes, acquisition of utility property, discharge or refunding of existing issuances or to reimburse the Company's treasury.

STAFF REVIEW

Staff recommended the Commission approve the Company's requested shelf debt of \$1.5 billion through April 30, 2021. Staff also recommended, as a condition of granting the requested authority, the Commission require that PacifiCorp 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 Investor Services, Inc. ("investment grade"). Staff finally recommended continuing the existing procedures should PacifiCorp's senior secured debt ratings fall below the investment grade levels.

Staff also observed that the Company's other prior commitments and obligations from other cases shall remain in effect.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

PacifiCorp 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 Idaho Public Utilities Commission has jurisdiction over this matter pursuant to Title 61 of the Idaho Code. See *Idaho Code* §§ 61-901-902.

We find that an evidentiary hearing is unnecessary in this matter. The Application conforms to the Commission's Rules 141-146 (IDAPA 31.01.01.141-.146), and the Company has paid all fees required by *Idaho Code* § 61-905. Further, the proposed issuance is for a lawful purpose, is within the Company's corporate powers, and is compatible with the public interest. We thus find that the Company's Application should be approved as conditioned below.

As was the case in our previous extension of authority (Order 32221), the Commission conditions the extension of debt authority granted in this Order upon PacifiCorp's

maintenance of senior secured debt at an investment grade credit rating. Should the Company's senior secured debt be downgraded below investment grade subsequent to the issuance of the debt securities authorized in this Order, PacifiCorp shall promptly notify the Commission in writing, and file a supplemental application requesting that the Commission grant continuing authority to issue debt securities and incur debt in the manner described in this Order. Finally, the Commission finds that the funds obtained through the proposed extension of authority for debt issuances will be used for general utility purposes including improvement or maintenance of service or facilities, construction purposes, acquisition of utility property, discharge or refunding of existing issuances or to reimburse the Company's treasury.

The Commission's approval of the extension is not a finding of fact or a conclusion of law that the particular use to which these funds are to be put to use is approved by this Order. The issuance of an Order authorizing an extension for issuance does not constitute agency determination or approval of the type of financing or the related costs for ratemaking purposes. The Commission does not have before it for determination in this case and therefore does not determine the effect of issuance on rates to be charged by the Company for electric service to consumers in the State of Idaho.

ORDER

IT IS HEREBY ORDERED that PacifiCorp dba Rocky Mountain Power's Application for authority to extend debt authorities granted in Order No. 32221 (Case No. PAC-E-11-09) for an additional five years, through April 30, 2021, is approved. As requested in the Application, the Company is authorized to issue and sell or exchange debt of up to \$1.5 billion in aggregate principal, and to enter into credit arrangements.

IT IS FURTHER ORDERED that the Company continue to maintain an investment grade rating, BBB- or higher by Standard & Poor's, and Baa3 or higher by Moody's Investor Services, for the Company's senior secured debt.

IT IS FURTHER ORDERED that if the Company's senior secured debt falls below investment grade, PacifiCorp 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 (7) days after the Downgrade requesting a supplemental Order from the Commission authorizing the Company to

continue to incur Debt as provided in this Order, notwithstanding the Downgrade. Until such a supplemental Order is issued, any Debt incurred or issued by the Company during that period will become due or mature no later than the final date of the Continued Authorization Period.

IT IS FURTHER ORDERED that nothing in this Order or any act or deed performed in connection with this Order 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 this Order.

IT IS FURTHER ORDERED that this authorization is without prejudice to the regulatory authority of this Commission with respect to rates, service, accounts, evaluation estimates or determination of costs or any other matter which may come before the Commission pursuant to its jurisdiction and authority. For ratemaking purposes, the Commission shall reserve judgment on the reasonableness of the Company's capital costs, comparative underwriting analysis and any associated commissions and expenses incurred for any or all security issuances. In its next general rate case filing, the Company will be required to show that its capital cost, comparative underwriting analysis, embedded expenses, and methods of securities marketing are just and reasonable.

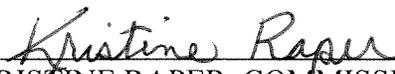
IT IS FURTHER ORDERED that the issuance of this Order does not constitute acceptance of the Company's exhibits or other material accompanying the Application for any purpose other than the issuance of this Order.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one days of the service date of this Order with regard to any matter decided in this Order. Within seven 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 4th
day of March 2016.



PAUL KJELLANDER, PRESIDENT

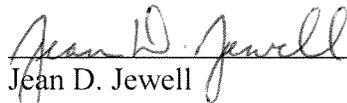


KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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