

## DECISION MEMORANDUM

**TO:** COMMISSIONER KJELLANDER  
COMMISSIONER SMITH  
COMMISSIONER HANSEN  
COMMISSION SECRETARY  
COMMISSION STAFF  
WORKING FILE

**FROM:** TERRI CARLOCK

**DATE:** OCTOBER 31, 2003

**SUBJECT:** PACIFICORP REQUESTED SHORT-TERM DEBT AUTHORITY  
OF \$1.5 BILLION; CASE NO. PAC-E-03-11.

**RECOMMEND:** APPROVAL

PacifiCorp requests authority to borrow not more than \$1.5 billion in short-term debt aggregate principal amount through April 30, 2006. The authority would extend the existing short-term debt authority that expires April 30, 2004, Order No. 28970 (prior authorities Order Nos. 27457 and 28346). The other terms and conditions will not be changed.

The type of issue (promissory notes, revolving credit, commercial paper) and the terms of issue including interest rate will be determined at the date of issue. The short-term debt 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.

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 DISCUSSION AND RECOMMENDATION**

PacifiCorp requests the short-term debt authority be continuous and remain effective through April 30, 2006. Although the current authority does not expire until April 30, 2004, an extension at this time will allow 364-day terms to be fully utilized.

Currently PacifiCorp's ratings for Senior Secured Debt are "A3" by Moody's and "A" by Standard & Poors'. For Commercial Paper the ratings are "P2" by Moody's and "A2" by Standard & Poors'. At July 31, 2003, PacifiCorp's capital structure consisted of 45.3% common equity, 1.4% preferred stock and 53.3% long-term debt. I recommend 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 in future audits. The required fees have been paid.

## **COMMISSION DECISION**

Should authority to borrow \$1.5 billion in short-term debt be approved through April 30, 2006?

  
Terri Carlock

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