



RECEIVED

Pacific Power |
Rocky Mountain Power |
PacifiCorp Energy
825 NE Multnomah, Suite 1900 LCT
Portland, Oregon 97232

May 15, 2013

2013 MAY 15 AM 10:12

IDAHO PUBLIC
UTILITIES COMMISSION

VIA OVERNIGHT DELIVERY

Idaho Public Utilities Commission
472 West Washington
Boise, ID 83702-5983

Attention: Ms. Jean D. Jewell
Commission Secretary

Re: Idaho Docket No. PAC-E-05-08 Compliance Filing

To the Idaho Public Utilities Commission:

PacifiCorp submits the attachments in compliance with the Commission's Order in this case issued on February 13, 2006 and amended on March 14, 2006. The Order approved the Stipulation supporting the acquisition of PacifiCorp by MidAmerican Energy Holdings Company.

Commitment I20 of the Stipulation provides that PacifiCorp will provide to the Commission, on an informational basis, credit rating agency news releases and final reports regarding PacifiCorp when such reports are known to PacifiCorp and are available to the public.

Therefore, in compliance with Commitment I20 of the Stipulation, please find the attached report related to PacifiCorp.

Very truly yours,

Bruce Williams
Vice President and Treasurer

Enclosure

MOODY'S

INVESTORS SERVICE

Credit Opinion: PacifiCorp

Global Credit Research - 08 May 2013

Portland, Oregon, United States

Ratings

Category	Moody's Rating
Outlook	Stable
Issuer Rating	Baa1
First Mortgage Bonds	A2
Senior Secured	A2
Sr Unsec Bank Credit Facility	Baa1
Senior Unsecured MTN	(P)Baa1
Prof. Stock	Baa3
Commercial Paper	P-2
Ult Parent: Berkshire Hathaway Inc.	
Outlook	Stable
Issuer Rating	Aa2
Senior Unsecured	Aa2
ST Issuer Rating	P-1
Parent: MidAmerican Energy Holdings Co.	
Outlook	Stable
Sr Unsec Bank Credit Facility	Baa1
Senior Unsecured	Baa1
Commercial Paper	P-2

Contacts

Analyst	Phone
Mihoko Manabe/New York City	212.553.1942
William L. Hess/New York City	212.553.3837

Key Indicators

[1]PacifiCorp

	2012	2011	2010	2009
(CFO Pre-W/C + Interest) / Interest Expense	4.9x	4.8x	5.3x	5.2x
(CFO Pre-W/C) / Debt	21.1%	21.0%	25.7%	26.0%
(CFO Pre-W/C - Dividends) / Debt	18.4%	13.5%	25.7%	26.0%
Debt / Book Capitalization	38.3%	39.8%	38.8%	42.4%

[1] All ratios calculated in accordance with the Global Regulated Electric Utilities Rating Methodology using Moody's standard adjustments.

Note: For definitions of Moody's most common ratio terms please see the accompanying User's Guide.

Opinion

Rating Drivers

Reasonably supportive regulatory environment

Diversification to mitigate exposures to environmental spending, economic cycles

Solid credit metrics

Benefits from Berkshire Hathaway affiliation

Corporate Profile

PacifiCorp (Baa1 senior unsecured, stable) is a vertically integrated electric utility company headquartered in Portland, Oregon serving 1.8 million retail electric customers in six states, including Utah (44% of PacifiCorp's 2012 retail electricity volumes), Oregon (23%), Wyoming (17%), Washington (7%), Idaho (7%), and California (2%). PacifiCorp also has ancillary operations in wholesale power marketing (18% of 2012 electricity volumes, as a result of excess electricity generation or other system balancing activities) and coal mining services, both which support its core utility business.

PacifiCorp is the largest subsidiary of MidAmerican Energy Holdings Company (MEHC: Baa1 senior unsecured, stable), accounting for roughly 40% of MidAmerican's operating income in 2012. MEHC, in turn, is a consolidated subsidiary of Berkshire Hathaway Inc. (BRK: Aa2 Issuer Rating, stable).

SUMMARY RATING RATIONALE

PacifiCorp's ratings are supported by the stability of the utility's regulated cash flows, the geographically diverse and relatively constructive regulatory environments in which it operates, the diversification of its generation portfolio, and solid credit metrics. The rating also considers PacifiCorp's position as a subsidiary of MEHC, a holding company whose subsidiaries are primarily engaged in regulated activities, and the benefits from its affiliation with BRK.

DETAILED RATING CONSIDERATIONS

Reasonably supportive regulatory environment

PacifiCorp's rating recognizes the rate-regulated nature of its electric utility operations which generate stable and predictable cash flows. PacifiCorp operates in regulatory jurisdictions that Moody's considers as average in terms of framework, consistency and predictability of decisions along with an expectation of timely recovery of costs and investments. This "average" assessment is in line with Moody's views of most US state jurisdictions compared to regulatory environments elsewhere in the world.

Regulatory lag is a challenge for PacifiCorp, which has long maintained large capital programs to meet load growth as well as regulatory requirements for emissions control, renewable standards, and reliability. Although PacifiCorp has been filing rate cases every year or so in its largest jurisdictions and getting reasonable outcomes, the large capital investments cause its actual returns on equity to be in the 7%- 8% range compared to the roughly 10% that it is allowed.

Expecting weak load growth over the next decade, the company has cut future capital expenditures to roughly \$1.1 billion a year, down considerably from the \$1.5 billion it has spent in recent years. Almost half of the reduction is in generation. Less capital spending will reduce the need for rate relief and, consequently, regulatory lag.

The most significant of the 2012 rate orders was in Utah, by far its biggest jurisdiction, where \$154 million in rate increases (8.5%) will be staged in over 2 years. Sizable rate cases have been filed in Oregon and Washington in Q1 2013, requesting increases of \$56 million (5%) and \$43 million (14%), respectively. These cases should be decided by year-end 2013.

Future rate filings will arise from its \$6 billion Energy Gateway transmission program, with multiple segments currently under construction, and its Lake Side 2 gas plant, which is expected to come online in 2014. The ability to use a forward test year in its rate requests helps to limit regulatory lag in Utah, Oregon, Wyoming, and California. The company has been successful in getting approvals for its major projects; however, it is exposed to some disallowances in most of its jurisdictions, where pre-approvals on projects or cash returns on construction work in progress are not granted.

The company has obtained energy cost adjustment mechanisms in all its jurisdictions now except Washington. Such mechanisms to recover fuel and purchased power costs -- a large, volatile expense -- are more established in other parts of the country. While this development is supportive of credit quality, there remains some lag in recovering portions of energy costs. For example, in Utah, Wyoming, and Idaho, the majority of the difference between the actual power costs and costs established in its base rates is deferred. This difference is then recovered or refunded after an annual filing.

Diversification to mitigate exposures to environmental spending, economic cycles

PacifiCorp benefits from a well diversified generation portfolio. Its 11,224 MW of net generating capacity is comprised primarily of its low cost base-load coal plants (55% of the company's generation), along with 25% from its gas assets and 10% from hydro.

With coal accounting for a slight majority of its generation capacity, PacifiCorp is subject to numerous emissions standards, but the company is well positioned to comply with the vast majority of its plants already equipped with sulfur dioxide and nitrogen oxide controls.

Reflecting a common strategic imperative among MEHC affiliates, PacifiCorp has been investing heavily to increase its non-carbon generation resources, and in so doing, has become the second-largest utility owner of wind generation facilities in the US. Owning this much wind capacity not only mitigates exposure to stricter environmental rules for coal plants, but also helps in meeting ambitious renewable portfolio standards in Oregon, Washington, and California.

The market and customer diversity of PacifiCorp's six-state service territory is favorable, because it mitigates the economic and regulatory impacts in any one jurisdiction. This benefit is demonstrated by the recent economic impact on retail sales. Load has been declining for five straight years in the Pacific Northwest from still weak industrial demand, while the Rocky Mountain states have enjoyed some commercial and industrial growth from oil and gas activity, which has been offset by self-generation among its industrial customers.

Solid credit metrics

PacifiCorp's overall key credit metrics in 2012 mapped to the low A range in the Regulated Utilities Methodology. The ratio of cash from operations before changes in working capital (CFO pre-W/C) to Debt, calculated in accordance with Moody's standard adjustments, was unchanged from 2011 at 21%, compared to 26% in both 2010 and 2009. Its CFO pre-W/C interest coverage was 4.9x in 2012 versus 4.8x in 2011 and the 5x range in 2010 and 2009.

PacifiCorp's credit metrics - like the rest of the utilities industry - have been buoyed by the effects of bonus depreciation, a temporary tax benefit which will extend through 2013. Normalized to exclude bonus depreciation, CFO pre-W/C to Debt would have been in the upper-teens and CFO pre-W/C interest expense coverage would have been in the mid to lower 4 times range during 2009-2011. After bonus depreciation ends in 2013, PacifiCorp's credit metrics will return to more normal, sustainable levels.

Benefits from Berkshire Hathaway affiliation

PacifiCorp paid dividends of \$200 million to MEHC in 2012, and \$550 million in 2011, which was its first since being acquired by MEHC in 2006. MEHC had made equity contributions in each of the previous five years totaling \$1.1 billion to help PacifiCorp finance its capital expenditures during this period. The dividends were intended to manage PacifiCorp's equity ratio (as measured by unadjusted equity to equity plus debt) around 50% after it had accreted to 53% as of year-end 2010. PacifiCorp is not held to a regular dividend, but will likely make additional dividends periodically, depending on its capital requirements and equity ratio.

From a credit perspective, the company's ability to retain its earnings as an entity that is privately held, particularly by a deep-pocketed sponsor like BRK, is an advantage over most other investor owned utilities that are typically held to a regular dividend to their shareholders. An additional tangible benefit from PacifiCorp's BRK affiliation is an equity commitment agreement, expiring on February 28, 2014, between MEHC and BRK, under which BRK has committed to provide up to \$2 billion through February 2014. Equity from this agreement may be requested to fund MEHC's debt obligations or to provide capital to MEHC's regulated subsidiaries, including PacifiCorp. This agreement thus provides PacifiCorp with an additional source of alternate liquidity. We do not expect the commitment to be renewed, thus somewhat weakening the liquidity profile in 2014 and beyond, but we see no reason why BRK would not be supportive in the event of extraordinary and unanticipated difficulty at MEHC.

Liquidity Profile

PacifiCorp has good near-term liquidity, with \$133 million in cash and two \$600 million revolvers expiring in 2017 and 2018, of which about \$888 million was available as of March 31, 2013. In 2012, the company generated cash flow from operations before working capital changes of \$1.5 billion which will more than cover the \$1.1 billion a year it plans on capital expenditures. Excluding minor amounts of revenue bonds, significant upcoming debt maturities include \$200 million due on September 15, 2013 and \$200 million due on August 15, 2014. The roughly \$400 million reduction in annual capital expenditures will reduce the need for long and short term borrowings.

PacifiCorp uses its credit facilities to backstop its commercial paper program and to support its variable rate tax-exempt bonds. These credit agreements do not require MAC representation for borrowings, which Moody's views positively. The sole financial covenant is a limitation on debt to 65% of total capitalization. As of March 31, 2013, PacifiCorp had ample headroom under that covenant with that ratio at 47% as defined in the agreement.

Rating Outlook

The stable outlook incorporates Moody's expectation that PacifiCorp will continue to receive reasonable regulatory treatment for the recovery of its capital expenditures, and that the funding requirements will be financed in a manner consistent with management's commitment to maintain a healthy financial profile. After the bonus depreciation ends in 2013, Moody's anticipates that PacifiCorp's credit metrics will return to the levels more typical before 2009, with CFO pre-W/C to Debt just below 20%.

What Could Change the Rating - Up

While the size of the company's capital expenditures limits the prospects for a rating upgrade in the near-term, the rating could be upgraded if reasonable regulatory support and a conservatively financed capital expenditure program results in a sustained improvement in credit metrics. This would include, for example, PacifiCorp's ratios of CFO pre-W/C to Debt sustained in the mid 20% range.

What Could Change the Rating - Down

The ratings could be adjusted downward if PacifiCorp's planned capital expenditures are funded in a manner inconsistent with its current financial profile, or if there were to be adverse regulatory rulings on current and future rate cases such that we would anticipate a sustained deterioration in financial metrics as demonstrated, for example, by a ratio of CFO pre-W/C to Debt falling to the mid teens.

Rating Factors

PacifiCorp

Regulated Electric and Gas Utilities Industry [1][2]	12/31/2012		Moody's 12-18 month Forward View* As of May 2013	
	Measure	Score	Measure	Score
Factor 1: Regulatory Framework (25%)				
a) Regulatory Framework		Baa		Baa
Factor 2: Ability To Recover Costs And Earn Returns (25%)				
a) Ability To Recover Costs And Earn Returns		Baa		Baa
Factor 3: Diversification (10%)				
a) Market Position (5%)		A		A
b) Generation and Fuel Diversity (5%)		Baa		Baa
Factor 4: Financial Strength, Liquidity And Key Financial Metrics (40%)				
a) Liquidity (10%)		A		A
b) CFO pre-WC + Interest/ Interest (3 Year Avg) (7.5%)	5.0x	A	4.5x- 4.9x	A
c) CFO pre-WC / Debt (3 Year Avg) (7.5%)	22.5%	A	18%-	Baa

d) CFO pre-WC - Dividends / Debt (3 Year Avg) (7.5%)	19.0%	A	20%	A
e) Debt/Capitalization (3 Year Avg) (7.5%)	39.0%	A	16%-18%	A
			36%-39%	A
Rating:				
a) Indicated Rating from Grid		Baa1		Baa1
b) Actual Rating Assigned		Baa1		Baa1

* THIS REPRESENTS MOODY'S FORWARD VIEW; NOT THE VIEW OF THE ISSUER; AND UNLESS NOTED IN THE TEXT DOES NOT INCORPORATE SIGNIFICANT ACQUISITIONS OR DIVESTITURES

[1] All ratios are calculated using Moody's Standard Adjustments. [2] As of 12/31/2012(LTM); Source: Moody's Financial Metrics

MOODY'S INVESTORS SERVICE

© 2013 Moody's Investors Service, Inc. and/or its licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

CREDIT RATINGS ISSUED BY MOODY'S INVESTORS SERVICE, INC. ("MIS") AND ITS AFFILIATES ARE MOODY'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND CREDIT RATINGS AND RESEARCH PUBLICATIONS PUBLISHED BY MOODY'S ("MOODY'S PUBLICATIONS") MAY INCLUDE MOODY'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES. MOODY'S DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL, FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS AND MOODY'S OPINIONS INCLUDED IN MOODY'S PUBLICATIONS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. CREDIT RATINGS AND MOODY'S PUBLICATIONS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND CREDIT RATINGS AND MOODY'S PUBLICATIONS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. NEITHER CREDIT RATINGS NOR MOODY'S PUBLICATIONS COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS AND PUBLISHES MOODY'S PUBLICATIONS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN

CONSENT. All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources Moody's considers to be reliable, including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the rating process. Under no circumstances shall MOODY'S have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstance or contingency within or outside the control of MOODY'S or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory or incidental damages whatsoever (including without limitation, lost profits), even if MOODY'S is advised in advance of the possibility of such damages, resulting from the use of or inability to use, any such information. The ratings, financial reporting analysis, projections, and other observations, if any, constituting part of the information contained herein are, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities. Each user of the information contained herein must make its own study and evaluation of each security it may consider purchasing, holding or selling. NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

MIS, a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MIS have, prior to assignment of any rating, agreed to pay to MIS for appraisal and rating services rendered by it fees ranging from \$1,500 to approximately \$2,500,000. MCO and MIS also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at www.moody's.com under the heading "Shareholder Relations — Corporate Governance — Director and Shareholder Affiliation Policy."

For Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail clients. It would be dangerous for retail clients to make any investment decision based on MOODY'S credit rating. If in doubt you should contact your financial or other professional adviser.