

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE APPLICATION )  
OF ROCKY MOUNTAIN POWER FOR AN ) CASE NO. PAC-E-11-09  
ORDER EXTENDING THE SHORT-TERM )  
DEBT AUTHORITIES GRANTED IN CASE ) ORDER NO. 32221  
NO. PAC-E-06-01 )**

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On March 9, 2011, PacifiCorp dba Rocky Mountain Power (“Rocky Mountain” or “Company”) filed an Application requesting a Commission Order extending the short-term debt authorities previously granted to the Company in Case No. PAC-E-06-01 for five years or until April 30, 2016.

**THE APPLICATION**

Rocky Mountain requests authority to extend the existing short-term debt authority which currently expires April 30, 2011. *See* Order No. 29999. As a condition for the five-year extension, Rocky Mountain’s senior secured debt must maintain a credit rating of BBB- or higher by Standard & Poor’s Rating Services and a senior secured debt rating of Baa3 or higher by Moody’s Investor Services, Inc. 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 REVIEW AND RECOMMENDATION

Commission Staff reviewed the Company's Application and accompanying documents. Staff recommended that Rocky Mountain be allowed to extend its short-term debt authority until April 30, 2016. Staff affirmed that 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.

Staff recommended that if Rocky Mountain's senior secured debt ratings fall below the investment grade levels referenced above (the "Downgrade") the Company's authority to incur Debt not terminate. According to Staff, such authority should continue for a period of 180 days from the date of the Downgrade (the "Continued Authorization Period") provided that Rocky Mountain complies with the following conditions:

- (1) Promptly notify the Commission in writing of the Downgrade; and
- (2) File a supplemental Application with the Commission within seven (7) days after the Downgrade requesting a supplemental Order ("Supplemental Order") authorizing Rocky Mountain to continue to incur Debt as provided in this Order, notwithstanding the Downgrade. Until Rocky Mountain receives the Supplemental Order, any Debt incurred or issued by Rocky Mountain during the Continued Authorization Period will become due or mature no later than the final date of the Continued Authorization Period.

### CONCLUSIONS OF LAW

Rocky Mountain 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, specifically *Idaho Code* §§ 61-901 and 61-902.

The Commission finds that an evidentiary hearing in this matter is not required. The Commission finds that Rocky Mountain's Application is within Rocky Mountain Power's corporate powers, and is generally compatible with the public interest. The method of issuance is proper.

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 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 this Order does not constitute a Commission determination/approval of the type of financing or the related costs for ratemaking purposes, which determination the Commission expressly reserves until the appropriate proceeding.

### **COMMISSION FINDINGS**

The Commission has carefully reviewed Rocky Mountain's Application and Staff's recommendation in this case. The Commission approves the Company's request to extend, through April 30, 2016, the time period during which it is permitted to issue short-term debt securities. The Commission finds that the reasonable and responsible issuance of debt securities is an integral part of Rocky Mountain's ability to finance its ongoing operations and fulfill its obligation to continue to provide reliable electric service to its ratepayers. However, the Commission conditions the extension of debt authority granted in this Order upon Rocky Mountain's senior secured debt maintaining an investment grade credit rating, BBB- or higher by Standard & Poor's Rating Services and a senior secured debt rating of Baa3 or higher by Moody's Investor Services, Inc.

Subsequent to the issuance of the debt securities authorized in this Order, if the Company's senior secured debt is downgraded below 'investment grade,' as the term is defined above, Rocky Mountain 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 sale of the Bonds and/or Debt Securities will be used for the acquisition of property; the construction, completion, extension or improvement of facilities; the improvement or maintenance of its service; the discharge or lawful refunding of its obligations; and other general corporate purposes.

### **ORDER**

IT IS HEREBY ORDERED that Rocky Mountain Power's Application to extend the Commission's grant of authority to the Company to borrow \$1.5 billion in short-term debt instruments through April 30, 2016 is approved.

IT IS FURTHER ORDERED that the proposed credit rating condition requiring an "investment grade" rating, BBB- or higher by Standard & Poor's Rating Services and Baa3 or higher by Moody's Investor Services, Inc., for the Company's senior secured debt is adopted.

IT IS FURTHER ORDERED that if the Company's senior secured debt falls below "investment grade," Rocky Mountain Power shall promptly notify the Commission in writing of the Downgrade.

IT IS FURTHER ORDERED that Rocky Mountain Power 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 Rocky Mountain receives the Supplemental Order, any Debt incurred or issued by Rocky Mountain 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 Rocky Mountain Power shall promptly file a copy of any Prospectus Supplement showing the terms of the sale, names of the purchasers or underwriters or agents with the Commission after the issuance of each series of Debt Securities. The Company will also file with the Commission a copy of any Prospectus and Pricing Supplements it has filed with the Securities and Exchange Commission for any Bonds designated as medium-term notes.

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.

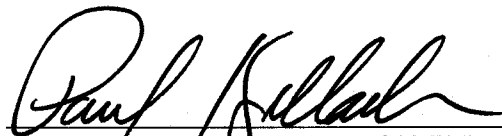
IT IS FURTHER ORDERED that this authorization is without prejudice to the regulatory authority of this Commission with respect to rates, service, accounts, evaluation estimates or determination of costs or any other matter which may come before the Commission pursuant to its jurisdiction and authority as provided by law. 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 Rocky Mountain Power's exhibits or other material accompanying this 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 with regard to any matter decided in 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.

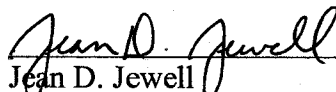
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 8<sup>th</sup> day of April 2011.

  
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PAUL KJELLANDER, PRESIDENT

  
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MACK A. REDFORD, COMMISSIONER

  
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MARSHA H. SMITH, COMMISSIONER

ATTEST:

  
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Jean D. Jewell  
Commission Secretary