

## DECISION MEMORANDUM

**TO:** COMMISSIONER SMITH  
COMMISSIONER REDFORD  
COMMISSIONER KJELLANDER  
COMMISSION SECRETARY  
LEGAL  
WORKING FILE

**FROM:** TERRI CARLOCK

**DATE:** APRIL 1, 2011

**SUBJECT:** PACIFICORP REQUESTED SHORT-TERM DEBT AUTHORITY  
OF \$1.5 BILLION; CASE NO. PAC-E-11-09.

**RECOMMEND:** APPROVAL

PacifiCorp requests authority to borrow not more than \$1.5 billion in short-term debt aggregate principal amount through April 30, 2016. The authority would extend the existing short-term debt authority that expires April 30, 2011, Order No. 29999 (prior authorities Order Nos. 27457, 28346, 28970 and 29374). As a condition for the 5-year time period, PacifiCorp's senior secure debt must maintain a credit rating by both Standard & Poor's Rating Services and Moody's Investor Services, Inc. that is "investment grade". 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, 2016. The requested authority (if approved) would remain in effect through April 30, 2016, so long as PacifiCorp maintains a BBB- or higher senior secured debt rating by Standard and Poors' Rating Services, and a Baa3 or higher senior secured debt rating by Moody's Investors' Service, Inc.

If PacifiCorp's senior secured debt ratings fall below the investment grade levels referenced in the above paragraph (the "Downgrade"), it is recommended that PacifiCorp's authority to incur Debt not terminate, but instead such authority will continue for a period of 180 days from the date of the Downgrade (the "Continued Authorization Period") provided that PacifiCorp:

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

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.

**COMMISSION DECISION**

Should authority to borrow \$1.5 billion in short-term debt be approved through April 30, 2016?

Should the credit rating condition requiring "investment grade" for senior secured debt be adopted?

*Terri Carlock*

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Terri Carlock

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