

Exh. NLK-1Tr
Docket UE-23~~0172~~
Witness: Nikki L. Kobliha

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PACIFICORP dba
PACIFIC POWER & LIGHT COMPANY

Respondent.

Docket UE-23~~0172~~

PACIFICORP

DIRECT TESTIMONY OF NIKKI L. KOBLIHA

March 2023 (REVISED April 4, 2023, and REFILED April 19, 2023)

1 **Q. Why have you not included short-term debt as part of the capital structure?**

2 A. Short-term debt is an important source of liquidity for the Company, including
3 interim funding for long-term debt maturities and new capital spending, and provides
4 the Company a window of time to assess market conditions before using more
5 permanent long-term debt financing. However, short-term debt balances can move
6 dramatically, and the Company often has periods when there is little or no short-term
7 debt outstanding. For example, in the Company's last two Washington rate cases,
8 including short-term debt had no practical impact on the cost of capital rounded to
9 two decimal places.¹

10 Similarly, in the current rate case, if the Company were to include short-term
11 debt in the capital structure it would decrease the weighted average cost of capital by
12 only two basis points. Because short-term debt is not a permanent or material source
13 of financing rate base, it should not be imputed into PacifiCorp's capital structure. As
14 such, the Company respectfully proposes not to include any short-term debt
15 consistent with its currently authorized capital structure. As I explain below,
16 PacifiCorp is making major capital investments, including investments that will help
17 the Company meet Washington's Clean Energy Transformation Act (CETA).²
18 Including short-term debt in the Company's capital structure effectively double
19 counts short-term debt as financing both rate base and construction work in progress.

¹ *WUTC v. Pac. Power & Light Co., a Division of PacifiCorp*, Docket No. UE-152253, Order No. 12, ¶163 (Sept. 1, 2016) (approving capital structure with zero cost for short-term debt); *WUTC v. Pacific Power & Light Co., a Division of PacifiCorp*, Docket No. UE-140762, Order No. 08 ¶¶180, 183 (Mar. 25, 2015) (same).

² Senate Bill 5116, 66th Leg., 2019 Reg. Sess. (Wa. 2019). [See https://lawfilesexxt.leg.wa.gov/biennium/2019-20/Htm/Bills/Session%20Laws/Senate/5116-S2.SL.htm](https://lawfilesexxt.leg.wa.gov/biennium/2019-20/Htm/Bills/Session%20Laws/Senate/5116-S2.SL.htm).