Exhibit No.___(BNW-8)
Docket UE-13____
Witness: Bruce N. Williams

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, Complainant, vs. PACIFICORP dba Pacific Power & Light Company Respondent.	))))))))))))	Docket UE-13____

PACIFICORP

EXHIBIT OF BRUCE N. WILLIAMS

Standard & Poor's Ratings Direct
April 28, 2011

January 2013

STANDARD
&POOR'S

Global Credit Portal
RatingsDirect®

April 28, 2011

Summary:
PacifiCorp

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Summary: PacifiCorp

Credit Rating: A-/Stable/A-2

Rationale

The 'A-' corporate credit ratings on PacifiCorp reflect what Standard & Poor's Ratings Services views as a "significant" financial profile and is supported by its modest use of leverage to finance a large capital program and adequate cash flow metrics. Its "excellent" business profile benefits from the geographical, market, and regulatory diversity provided by its six-state service territory. PacifiCorp is an electric utility that serves customers under the name Rocky Mountain Power in Utah, Wyoming, and Idaho, and as Pacific Power in Oregon, Washington, and California. Utah and Oregon are the most important regions for the company, providing around 42% and 24% of annual retail sales, respectively.

PacifiCorp's financial performance has held steady throughout the recession. The utility's credit metrics would have deteriorated slightly in 2010 but for the benefits of bonus depreciation, which added $700 million in deferred taxes to the company's $1.4 billion in cash flow. Beneath this benefit, authorized rate increases in Utah, Wyoming, and Idaho supported a 1% increase in gross margin, but operating revenues and operating income for the year were both down slightly, by 0.6% and 2.2%, respectively, largely due to lower wholesale volumes and margins and weaker growth in retail sales. In 2010, funds from operations (FFO) to total debt was 25%, FFO interest coverage was 5.4x, and leverage was 50%.

A key consideration in 2011 is whether resurgence in sales will occur to rekindle modest growth. Although overall 2010 retail sales revenues increased by about 1%, this growth has been led by Rocky Mountain Power (which accounted for roughly two-thirds of retail sales). Utah's population and economic growth continue to outpace the nation's. Declines have been meaningful for Pacific Power, with retail sales falling a cumulative 4.4% over 2009 and 2010 on a weather-adjusted basis. Industrial load loss has been especially significant in Oregon, but may have bottomed.

Our expectation in 2011 is that the sales growth for Rocky Mountain Power market will continue to improve. A slower, more hesitant recovery appears likely for Pacific Power sales, and we expect retail sales through 2012 there to remain below levels seen when MidAmerican Energy Holdings Co. (MEHC; BBB+/Stable) acquired PacifiCorp in March 2006. As a result, growth led by Rocky Mountain should produce financial metrics in line with past performance, with FFO to total debt in the high teens and FFO interest coverage of 4.0x-4.5x. These expectations do not reflect any additional benefits for bonus depreciation. Leverage is not forecast to change from its current level of 50% of total capitalization.

PacifiCorp is wholly owned by MEHC. In turn, MEHC is privately held and majority owned by Berkshire Hathaway (AA+/Stable/A-1+). MEHC's stated strategy when it acquired PacifiCorp was to invest significant capital to upgrade its infrastructure. Its largest project is Energy Gateway, a new, 2,000-mile high-voltage transmission line that is being constructed in segments. In the company's 2010 10-K filing, it disclosed that it expects to spend $6 billion for the project, with about $1 billion of that amount to be spent over the next three years. MEHC has demonstrated a willingness to support the utility's capital program, providing PacifiCorp with $1.1 billion equity contributions since 2006. This has allowed the company to grow without straining borrowings.

The company's consolidated earned return on equity, at 8.2%, is below authorized levels, which vary but are in the area of 10%. For the company's investment strategy to succeed, PacifiCorp's customers will be required to shoulder nearly annual increases in electric rates at a time when utility regulators around the U.S. are especially focused on holding down costs. A March ruling in Idaho, which is a small portion of PacifiCorp's franchise, reduced the company's request by $11 million to $13.8 million, noting that difficult economic conditions challenge customer ability to pay rate increases. Two large rate cases are in process in Utah and Wyoming. It has requested a $232 million increase in Utah effective September 2011 that would increase rates an average of 14% if approved as filed. Also pending is a $98 million rate case in Wyoming, representing a 17% increase, with rates also requested to go into effect in September.

Liquidity

On a stand-alone basis (i.e., unenhanced by the existing contingent equity agreement available to MEHC to support any of its regulated subsidiaries, including PacifiCorp) we view the company's liquidity as "adequate" under our corporate liquidity methodology. This methodology categorizes liquidity in five standard descriptors (exceptional, strong, adequate, less than adequate, and weak). Projected sources of liquidity, which consist of operating cash flow and available bank lines, exceed projected uses, the company's committed capital expenditures, debt maturities, and common dividends by more than 1.2x over the next 12 months. Under our criteria, we exclude as sources of liquidity any facilities expiring within one year of the liquidity assessment date. This assessment does not consider MEHC draws on its contingent equity that it could make to support PacifiCorp's projected capital requirements and debt maturities over the next two years.

As of Dec. 31, 2010, cash and cash equivalents totaled $31 million. The utility maintains unsecured credit facilities totaling nearly $1.4 billion that mature 2012-2013. (A $760 million facility decreases to $720 million in July 2011. This reduction is reflected in our liquidity calculations.) As of Dec. 31, 2010, the company had additional borrowing capacity of $1.1 billion, because of $36 million of borrowings under the facility and $304 million of liquidity reserved to support variable-rate tax-exempt bond obligations and letters of credit. There are no rating triggers on the credit lines. PacifiCorp's next substantial long-term debt maturities are $587 million due in 2011 and $261 million in 2013.

Outlook

The stable outlook on the PacifiCorp ratings incorporates our expectation that MEHC will continue to support the utility by contributing sufficient equity to manage its debt levels to 50% of total capitalization on a fully adjusted basis. We expect FFO to total debt and FFO interest coverage will be in the high teens and the 4.0x-4.5x range, respectively. We view these cash flow levels as minimum levels to maintain the rating. As in 2010, credit metrics could exceed these levels this year, depending on whether the company is able to utilize bonus depreciation benefits. We do not expect upward ratings momentum for the utility, given its heavy investment program. PacifiCorp benefits from regulatory insulation from its parent. Our criteria provide that the PacifiCorp corporate credit rating can be no more than three notches above the MEHC consolidated credit rating. The companies are a notch apart. We do not see significant risks that the utility rating will fall as a result of adverse rating changes on MEHC, which also has a stable rating outlook.