Exhibit No. BNW-3
Docket UE-152253
Witness: Bruce N. Williams

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of PACIFIC POWER & LIGHT COMPANY, Petition For a Rate Increase Based on a Modified Commission Basis Report, Two-Year Rate Plan, and Decoupling Mechanism.	Docket UE-152253

PACIFIC POWER & LIGHT COMPANY

EXHIBIT OF BRUCE N. WILLIAMS

Moody's Investors Service (May 7, 2015)

January 2016

MOODY'S
INVESTORS SERVICE

Credit Opinion: PacifiCorp

Global Credit Research - 07 May 2015

Portland, Oregon, United States

Ratings

Category	Moody's Rating
Outlook	Stable
Issuer Rating	A3
First Mortgage Bonds	A1
Senior Secured	A1
Sr Unsec Bank Credit Facility	A3
Senior Unsecured MTN	(P)A3
Pref. Stock	Baa2
Commercial Paper	P-2
Ult Parent: Berkshire Hathaway Inc.	
Outlook	Stable
Issuer Rating	Aa2
Senior Unsecured	Aa2
ST Issuer Rating	P-1
Parent: Berkshire Hathaway Energy Company	
Outlook	Stable
Sr Unsec Bank Credit Facility	A3
Senior Unsecured	A3
Commercial Paper	P-2

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Key Indicators

[1]**PacifiCorp**

	12/31/2014	12/31/2013	12/31/2012	12/31/2011	12/31/2010
CFO pre-WC + Interest / Interest	**5.0x**	**5.0x**	**4.9x**	**4.8x**	**5.3x**
CFO pre-WC / Debt	**21.0%**	**22.8%**	**21.1%**	**21.0%**	**25.7%**
CFO pre-WC - Dividends / Debt	**11.2%**	**15.6%**	**18.4%**	**13.5%**	**25.7%**
Debt / Capitalization	**37.5%**	**36.7%**	**38.3%**	**39.8%**	**38.8%**

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. Source: Moody's Financial Metrics

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

Opinion

Rating Drivers

Reasonably supportive regulatory environment

Well-diversified assets enhanced by entry into the energy imbalance market

Solid credit metrics

Benefits from Berkshire Hathaway affiliation

Corporate Profile

PacifiCorp (A3 senior unsecured, stable) is a vertically integrated electric utility company serving 1.8 million retail electric customers in six states: Utah (44% of PacifiCorp's 2014 retail electricity volumes), Oregon (24%), Wyoming (17%), Washington (8%), Idaho (6%), and California (1%). PacifiCorp also sells power in the wholesale market (16% of 2014 total electricity volumes).

PacifiCorp is the largest subsidiary of Berkshire Hathaway Energy Company (BHE, formerly known as MidAmerican Energy Holdings Co., A3 senior unsecured, stable), comprising 31% of BHE's 2014 EBITDA, pro forma for BHE's AltaLink acquisition. BHE, 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 reasonably supportive regulatory environments in which it operates, the diversification of its generation portfolio, and stable credit metrics. The company will have the capacity to generate free cash flow over the next few years as it reduces capital spending. The rating also takes into account PacifiCorp's position as a subsidiary of BHE, 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 are reasonably supportive in terms of rate decisions and cost recovery. 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 capital projects, such as its Energy Gateway electric transmission program and the Lake Side 2 gas plant. Most of its jurisdictions do not grant pre-approvals on capital projects; therefore, to avoid disallowances, PacifiCorp has sought special riders or limited-issue proceedings such as in Utah, to recover those costs more quickly without a full rate case. The company has energy cost adjustment mechanisms in all its jurisdictions, except in Washington currently, although some lag remains in recovering portions of its energy costs.

PacifiCorp continues to undergo rounds of rate cases across its jurisdictions, and rate relief is improving returns towards its allowed levels. Its reported ROE has increased from about 8% five years ago to 9.0% in 2014, slightly below recent decisions of 9.5%-9.8%. In addition to a rate case currently underway in Wyoming, the company will likely file rate cases before rate plans end in Idaho (December 2015) and Utah (September 2016). The company's most challenging jurisdiction is Washington, where its returns are the lowest, and where it is appealing its 2013 rate decision, while contesting its most recent March 2015 decision.

Distributed generation (DG) customers, who generate some of their power usually through rooftop solar, account for only 0.5% of PacifiCorp customers, but their numbers are growing. PacifiCorp is proactively seeking rate design changes to ensure its returns against a potential erosion in sales to DG customers. In the March 2015 decision, the Washington commission denied the company's request to raise the fixed basic charge. In PacifiCorp's two largest jurisdictions, dockets are open to study the net metering tariff (Utah) and the value that solar brings to the system (Oregon).

WELL-DIVERSIFIED ASSETS ENHANCED BY ENTRY INTO THE ENERGY IMBALANCE MARKET

PacifiCorp credit profile benefits from being well-diversified in terms of its generation assets and markets. Its generation portfolio consists of coal (55% net owned capacity), gas (25%), hydro (10%), and wind and other sources (10%). Its sizable coal assets subject PacifiCorp to numerous environmental rules, but the company has made a significant amount of investments already and expects to be in compliance by their deadlines. PacifiCorp's annual environmental budget is well within its means, at about $100 million. 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.

In November 2014, PacifiCorp launched an energy imbalance market (EIM) in partnership with the California Independent System Operator Corporation (CAISO). EIM is an automated system that matches least-cost electricity supply with demand every five minutes. This real-time dispatching system replaced a less efficient hourly, manual process and integrated PacifiCorp's large, disperse Rocky Mountain and Pacific Power networks with the California grid. EIM benefits PacifiCorp by: expanding the market for its generation (including the second-largest utility owned wind fleet in the US) and transmission assets; enhancing reliability; reducing the need to invest in reserves and more generation; and improving the integration of renewables and helping the company to meet the renewable portfolio standards in its service territories. PacifiCorp and CAISO project that EIM will yield a range of $21-$129 million a year of customer savings.

SOLID CREDIT METRICS

Expecting flat load growth, and seeking to temper rate increases, the company has cut its capital budget to average $842 million over the 2015-2017 period, which is less than 40% of its 2009 expenditures. Capex coming down closer to depreciation expense will result in rate base being maintained near current levels. The extension of bonus depreciation for another year will result in a temporary rise in cash flow from operations in 2015, before returning to a run-rate of $1.5 billion.

PacifiCorp posts solid credit metrics. Its 2014 ratios have changed little over the last three years. The ratio of cash from operations before changes in working capital (CFO pre-W/C)/Debt was 21%, CFO pre-W/C plus Interest/Interest was 5.0x, Debt/Book Capitalization was 38%. Its CFO pre-W/C - Dividends/Debt (11% in 2014 vs. 26% in the 2009-10 period when it paid no dividends) will go down and become more variable, as PacifiCorp will have more free cash flow to pay out. We expect the company to size debt issuances and dividends to maintain its current capital structure.

BENEFITS FROM BERKSHIRE HATHAWAY AFFILIATION

PacifiCorp benefits from its affiliation with BRK, which requires no regular dividends from PacifiCorp or BHE. 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.

As an example, PacifiCorp did not pay dividends for the first five years after being acquired by BHE in 2006, and during that time received equity contributions totaling $1.1 billion from BHE to help PacifiCorp finance its capital expenditures. Its balance sheet has strengthened from this financial policy, and PacifiCorp now pays dividends that are sized to manage PacifiCorp's equity ratio (as measured by unadjusted equity to equity plus debt) to about 50%.

Liquidity Profile

PacifiCorp has good near-term liquidity, with $12 million in cash and two $600 million revolvers expiring in June 2017 and March 2018, of which about $784 million was available as of 31 March 2015. The company generates CFO pre-W/C at a run-rate of roughly $1.5 billion which will more than cover the $964 million of capital expenditures it estimates for 2015. PacifiCorp has approximately $570 million of variable rate tax-exempt bonds that it remarkets periodically. Material issues coming due over the next 12 months are $115 million of variable rate tax-exempt bonds due on 1 July 2015 and $45 million due on 1 January 2016. The company plans to issue $200-$300 million of debt this year.

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 a MAC representation for borrowings, which we view positively. The sole financial covenant is a limitation on debt to 65% of total capitalization. As of 31 March 2015, PacifiCorp had ample headroom under that covenant with that ratio at 49% as defined in the agreement.

Rating Outlook

The stable outlook incorporates our 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. We anticipate that PacifiCorp's credit metrics will be sustained at about current levels, for example, CFO pre-W/C/Debt in the low 20% range.

What Could Change the Rating - Up

Although its flat financial outlook limits the prospects for a rating upgrade in the foreseeable future, the rating could be upgraded longer term if a more favorable regulatory environment and a conservatively financed capital expenditure program result in a sustained improvement in credit metrics. This would include, for example, PacifiCorp's ratios of CFO pre-W/C/Debt sustained in the mid 20% range.

What Could Change the Rating - Down

The ratings could be downgraded if PacifiCorp's capital expenditures are funded in a manner inconsistent with its current financial profile, or if adverse regulatory rulings lower its credit metrics, as demonstrated for example, by a ratio of CFO pre-W/C/Debt sustained below 20%.

Rating Factors

PacifiCorp

Regulated Electric and Gas Utilities Industry Grid [1][2]	**Current FY 12/31/2014**		[3]**Moody's 12-18 Month Forward ViewAs of 5/2015**	
Factor 1 : Regulatory Framework (25%)	**Measure**	**Score**	**Measure**	**Score**
a) Legislative and Judicial Underpinnings of the Regulatory Framework	A	A	A	A
b) Consistency and Predictability of Regulation	A	A	A	A
Factor 2 : Ability to Recover Costs and Earn Returns (25%)				
a) Timeliness of Recovery of Operating and Capital Costs	A	A	A	A
b) Sufficiency of Rates and Returns	Baa	Baa	Baa	Baa
Factor 3 : Diversification (10%)				
a) Market Position	A	A	A	A
b) Generation and Fuel Diversity	Baa	Baa	Baa	Baa
Factor 4 : Financial Strength (40%)				
a) CFO pre-WC + Interest / Interest (3 Year Avg)	5.0x	A	4.9x - 5x	A
b) CFO pre-WC / Debt (3 Year Avg)	21.6%	Baa	21% - 22%	A
c) CFO pre-WC - Dividends / Debt (3 Year Avg)	15.1%	Baa	10% - 15%	Baa
d) Debt / Capitalization (3 Year Avg)	37.5%	A	37% - 38%	A
Rating:				
Grid-Indicated Rating Before Notching Adjustment		A3		A3
HoldCo Structural Subordination Notching			0	0
a) Indicated Rating from Grid		A3		A3
b) Actual Rating Assigned				A3

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. [2] As of 12/31/2014; Source: Moody's Financial Metrics [3] This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures.

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