

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

PACIFICORP DBA PACIFIC POWER &  
LIGHT COMPANY,

Petition for Authority to Allow Parent  
Company to Maintain a Common Equity  
Percentage of Less Than 44 Percent.

Docket No. UE-25\_\_\_\_\_

**PACIFICORP'S PETITION FOR  
AUTHORITY TO ALLOW PARENT  
COMPANY TO MAINTAIN A  
COMMON EQUITY PERCENTAGE  
OF LESS THAN 44 PERCENT**

**I. INTRODUCTION**

1           In accordance with WAC 480-07-370(3), PacifiCorp d/b/a Pacific Power & Light Company (PacifiCorp or Company) petitions the Washington Utilities and Transportation Commission (Commission) for approval to allow PacifiCorp's direct parent company, PPW Holdings LLC (PPW Holdings) to maintain an equity percentage below the 44 percent minimum equity level the Commission adopted when it approved the acquisition of PacifiCorp by MidAmerican Energy Holdings Company (MEHC<sup>1</sup>).<sup>2</sup>

2           PPW Holdings' capital structure includes an equity percentage as of June 30, 2025, as defined by the merger commitment, of 45.9 percent. As a result of accrued wildfire liabilities for PacifiCorp net of insurance, increased long-term debt and lower earnings projections in general for 2025 and 2026, it is expected that PPW Holdings will be more leveraged for the next several years than the current 44 percent minimum merger commitment would allow.

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<sup>1</sup> MEHC is now Berkshire Hathaway Energy, Inc. (BHE).

<sup>2</sup> *In the Matter of the Joint Application of MidAmerican Energy Holdings Company And PacifiCorp, dba Pacific Power & Light Company For an Order Authorizing Proposed Transaction*, Docket No. UE-051090, Order No. 07 (Feb. 21, 2006), *amended by* 08 (Mar. 9, 2006).

## II. NOTICE

Communications regarding this application should be addressed to:

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## III. BACKGROUND

### A. Merger Commitments

3 In 2006, the Commission approved an application from MEHC and Berkshire Hathaway, Inc. (BHI) to acquire PacifiCorp.<sup>3</sup> In its order approving the acquisition, the Commission approved commitments applying to both the Company and BHI, including several commitments related to the capital structure of PacifiCorp. As relevant here, Washington Commitment 11(a) (Commitment Wa 11) requires that “the consolidated capital structure of PPW Holdings LLC<sup>4</sup> will not contain common equity capital below the following percentages of its Total Capital<sup>5</sup> . . . 44.00 [percent] after December 31, 2011.”<sup>6</sup>

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<sup>3</sup> Docket No. UE-051090, Order No. 07 at ¶ 41.

<sup>4</sup> PPW Holdings LLC is a single-purpose entity, that is wholly owned by BHE, and that owns all the stock of PacifiCorp.

<sup>5</sup> Commitment 18(b) defines “Total Capital” as “common equity, preferred equity and long-term debt. Long-term debt is defined as debt with a term of more than one year. For purposes of calculating the numerator of the percentage, common equity will be increased by 50% of the remaining balance of preferred stock that was in existence prior to the acquisition of PacifiCorp by MEHC. PacifiCorp and MEHC will work with Commission staff to determine a percentage of common equity credit to apply to preferred stock issued by PacifiCorp after the acquisition of PacifiCorp by MEHC. In the absence of such an agreement between Commission staff and the Companies, MEHC and PacifiCorp agree to treat new issuances of preferred stock as 100% debt, unless a Commission order approves a different percentage.” Docket No. UE-051090, Order No. 07, Appendix 1, Appendix A at 4.

<sup>6</sup> Docket No. UE-051090, Order No. 07, Appendix 1, Appendix A at 16-17. The full text of Washington Commitment 11 states: “a) MEHC commits that immediately following the closing of the transaction, the acquiring company (PPW Holdings LLC) will have no debt in its capital structure. MEHC and PacifiCorp commit that the consolidated capital structure of PPW Holdings LLC will not contain common equity capital below the following percentages of its Total Capital as defined in Commitment 18b: 48.25% from the date of the close of the transaction through December 31, 2008; 47.25% from January 1, 2009 through

4           PacifiCorp has complied with Commitment Wa11(a) since its adoption in 2006 and has not previously requested Commission approval to decrease PPW Holdings' equity to less than 44 percent of Total Capital.

#### **B. PPW Holdings' Capital Structure**

5           PPW Holdings' capital structure includes an equity percentage as of June 30, 2025, as defined by the merger commitment, of 45.9 percent. PacifiCorp forecasts that PPW Holdings' consolidated actual capital structure equity level will dip below 44 percent for two reasons. First, PacifiCorp has accrued significant wildfire liabilities that have decreased the equity percentage in PPW Holdings' capital structure. Second, PacifiCorp has a continued need for long-term debt financing in support of its capital expenditure program, to balance its capital structure and fund long-term debt maturities. PacifiCorp's capital expenditure program is needed to maintain its extensive generation, transmission and distribution system, support new investments in cost-effective transmission and renewable generation and to fund investments in wildfire mitigation projects in accordance with approved wildfire mitigation plans. These capital investments also have associated operations and maintenance costs that are necessary for continued functioning of those assets.

#### **IV. DISCUSSION**

6           Authorizing PPW Holdings' equity level to decrease to below 44 percent is in the public interest because it will enable the Company to continue to operate in compliance with the

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December 31, 2009; 46.25% from January 1, 2010 through December 31, 2010; 45.25% from January 1, 2011 through December 31, 2011; 44.00% after December 31, 2011. b) MEHC and PacifiCorp commit that the consolidated capital structure of PPW Holdings LLC will not contain common equity capital below 35% of its Total Adjusted Capital as defined in Commitment 18c. c) MEHC will provide the Commission 30 days prior notice if PPW Holdings LLC intends to issue debt. MEHC and PacifiCorp acknowledge that if PPW Holdings LLC does issue debt, the Commission has the authority pursuant to a re-opener under RCW 80.04.210 limited to the consideration of additional ring-fencing provisions that may be appropriate."

merger commitments, and make significant and necessary capital investments to serve customers.<sup>7</sup> PacifiCorp expects that PPW Holdings' actual capital structure equity level may dip below 44 percent for two reasons. First, PacifiCorp has accrued significant wildfire liabilities that have decreased the equity percentage in PPW Holdings' capital structure. Second, PacifiCorp has a continued need for long-term debt financing in support of its capital expenditure program, to balance its capital structure and fund long-term debt maturities. PacifiCorp's capital expenditure program is needed to maintain its extensive generation, transmission and distribution system, support new investments in cost-effective transmission and renewable generation and to fund investments in wildfire mitigation projects in accordance with approved wildfire mitigation plans. The forecasted and necessary capital spending, however, will require PacifiCorp to raise funds by issuing new long-term debt in the debt capital markets and retaining all its earnings over the next few years. While the debt will contribute to causing PPW Holdings' equity percentage to decrease below 44 percent, the Company's planned investments are necessary, appropriate, and consistent with PacifiCorp's obligation to provide safe, reliable service to its customers.

7           In addition, PacifiCorp has previously taken actions to reduce impacts to PPW Holdings' capital structure, including the suspension of shareholder dividends.

## **V.     TIMING OF APPROVAL**

8           This authority is necessary to allow the Company to remain in compliance with the merger commitments as it continues to operate in the normal course of business,

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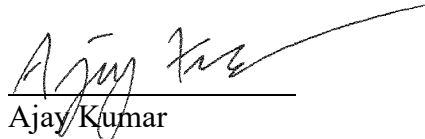
<sup>7</sup> The Commission has not previously identified the legal standard for approving an equity ratio below the limits identified in Docket No. UE-051090, Order No. 07, but in a related context the Commission approves issuance of debt after a public service company provides a "statement as to why the transaction is in the public interest." RCW 80.08.040(3).

where PPW Holdings' equity percentage is expected to fall below the 44 percent minimum limit as a result of, among other things, accrual of significant wildfire liabilities and ongoing financing requirements to invest in wildfire mitigation, generation, and transmission assets to benefit customers through improved resource adequacy, system resilience, and reliability.

## **VI. CONCLUSION**

9 PacifiCorp respectfully requests that the Commission allow PPW Holdings' to maintain an equity percentage below the 44 percent minimum limit that the Commission adopted in Docket No. UE-051090, Order No. 07.

Dated: September 24, 2025.



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