



RECEIVED  
2008 AUG 22 AM 9:24

Pacific Power |  
Rocky Mountain Power |  
PacifiCorp Energy  
825 NE Multnomah, Suite 1900 LCT  
Portland, Oregon 97232

August 22, 2008

***VIA ELECTRONIC FILING  
AND OVERNIGHT DELIVERY***

Washington Utilities and Transportation Commission Staff  
P.O. Box 40128  
1300 S. Evergreen Park Dr. S.W.  
Olympia, WA 98504-0128  
Attn: Ken Elgin

and

Office of Attorney General  
900 Fourth Avenue, Suite 2000  
Seattle, WA 98164-1012  
Attn: Simon ffitich

**Re: Washington Docket No. UE-051090 Compliance Filing**

PacifiCorp hereby submits an original and two (2) copies of the attachment in compliance with the Commission's Order in this case issued on February 22, 2006 and amended on March 10, 2006. The Order approved the Stipulation supporting MEHC's acquisition of PacifiCorp from ScottishPower.

Commitment Wa21 of the Stipulation provides that, PacifiCorp will provide to Staff and Public Counsel, on an informational basis, credit rating agency news releases and final reports regarding PacifiCorp when such reports are known to PacifiCorp and are available to the public.

Therefore, in compliance with Commitment Wa21 of the Stipulation, please find the attached report related to PacifiCorp.

Very truly yours,

Bruce Williams  
Vice President and Treasurer

Enclosure



Fitch : Info Center : Press Releases

## Fitch Affirms Ratings for MidAmerican Energy Holdings Co., PacifiCorp and MidAmerican Energy Co. [Ratings](#)

13 Aug 2008 11:11 AM (EDT)

Fitch Ratings-Chicago-13 August 2008: Fitch Ratings has affirmed the ratings for MidAmerican Energy Holdings Co. (MEHC) and its subsidiaries, PacifiCorp (PPW), MidAmerican Energy Co. (MEC) and MidAmerican Funding Corp. (Funding) as follows:

### MEHC

- Issuer Default Rating (IDR) at 'BBB+';
- Senior unsecured debt at 'BBB+';
- Trust preferred stock at 'BBB+';
- Short-term IDR at 'F2'.

### PPW

- IDR at 'BBB+';
- Senior secured debt at 'A-';
- Senior unsecured debt at 'BBB+';
- Preferred stock at 'BBB+';
- Short-term IDR/commercial paper at 'F2'.

### MEC

- IDR at 'A-';
- Senior secured debt at 'A+';
- Senior unsecured debt at 'A+';
- Preferred stock at 'A-';
- Short-term IDR/commercial paper at 'F1'.

### Funding

- IDR at 'BBB+';
- Senior secured debt at 'A-'.

Approximately \$11.23 billion of debt is affected. The Rating Outlook for all entities is Stable.

The ratings for MEHC reflect the company's diversified, relatively predictable cash flows and low business risk profile. MEHC's regulated operations consist of two domestic utilities, two domestic natural gas pipelines, and two electric distribution companies in the UK. The operating subsidiaries benefit from solid stand-alone credit profiles, with stable and consistent cash flows, and provide the parent company with geographic and operational diversity. Regulated utility and pipeline operations currently account for approximately 92% of consolidated operating income. Fitch's rating analysis also takes into consideration the significant implicit and explicit support from principal shareholder Berkshire Hathaway Inc. (BRK, IDR 'AAA', Stable Outlook by Fitch). BRK's substantial financial resources and appetite for capital investments in utility and pipelines sectors is consistent with MEHC's significant capital spending plans. Fitch considers the diversity of MEHC's cash flows and BRK's explicit financial support to MEHC and its subsidiaries and the absence of fixed shareholder dividend payments. These are mitigants to financial leverage at MEHC in excess of Fitch's guidelines for the 'BBB+' category.

The ratings affirmation for PPW takes into consideration the company's solid financial position, competitive resource base, and relatively constructive or balanced regulatory environments. The current ratings and Stable Outlook assume PPW continues to benefit from parent company support and will receive reasonable outcomes in pending and future rate proceedings to recover anticipated, significant capital investment. Rating concerns facing the company primarily relate to cost overruns and the potential inability to recover its large, planned capital investment on a timely basis in a service territory that spans six states. PPW has significant planned investment in new plant to meet its load requirements and its growing gas-fired generating capacity. PPW's capital investment is expected to increase to \$2.2 billion in 2008 from \$1.5 billion in 2007 and spending on new plant and equipment over the next 10 years is estimated at \$20 billion. Additionally, the company faces exposure to high commodity costs in the event of a prolonged, unscheduled base-load plant outage during a period of high demand.

The ratings affirmation for MEC and Funding reflect the utility's low business risk profile, strong credit metrics, low debt

leverage and a relatively supportive regulatory environment in Iowa, which is MEC's largest jurisdiction. MEC further benefits from a solid competitive position and stable operating performance. The primary MEC rating concerns include relatively high projected capital expenditures through 2009, risk of potential cost over-runs, and moderate commodity exposure due to a lack of an electric fuel adjustment clause in Iowa and Illinois. The absence of a fuel clause is mitigated by the company's long capacity position and its above 20% reserve margin. Funding is an intermediate holding/financing company that is wholly owned subsidiary of MEHC and the direct parent of MEC. Funding's ratings are based on the credit quality of MEC, which is the primary source of cash flow to service debt obligations, as well as downstream support and resources from BRK.

MEHC, a majority-owned (86.6%) subsidiary of BRK, provides electric and gas service to approximately 6.9 million customers worldwide through its retail subsidiaries. MEHC also has a 50% interest in CE Generation LLC, a power project holding company with US geothermal and gas-fired power projects.

Contact: Karen Anderson +1-312-368-3165, Chicago; or Glen Grabelsky +1-212-908-0577, New York.

Media Relations: Cindy Stoller, New York, Tel: +1 212 908 0526.

Fitch's rating definitions and the terms of use of such ratings are available on the agency's public site, 'www.fitchratings.com'. Published ratings, criteria and methodologies are available from this site, at all times. Fitch's code of conduct, confidentiality, conflicts of interest, affiliate firewall, compliance and other relevant policies and procedures are also available from the 'Code of Conduct' section of this site.

Copyright © 2008 by Fitch, Inc., Fitch Ratings Ltd. and its subsidiaries.