



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

June 10, 2013

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

Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive SW
P.O. Box 47250
Olympia, WA 98504-7250

Attn: Steven V. King
Acting Executive Director and Secretary

Re: Docket UE-051090—Compliance Filing

Dear Mr. Danner:

PacifiCorp d/b/a Pacific Power & Light Company (PacifiCorp) submits an original and two copies of the attachments in compliance with Order 07 in docket UE-051090 issued on February 22, 2006, and amended in Order 08 on March 10, 2006. The Order approved the Stipulation supporting MidAmerican Energy Holdings Company's acquisition of PacifiCorp.

Commitment Wa21 of the Stipulation provides that PacifiCorp will provide to Washington Utilities and Transportation Commission 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.

Informal questions should be directed to Bryce Dalley, Director, Regulatory Affairs & Revenue Requirement, at (503) 813-6389.

Very truly yours,

Bruce Williams
Vice President and Treasurer

Enclosure

cc: Ken Elgin, WUTC
Simon ffitich, Public Counsel

FITCH RATES PACIFICORP'S \$300MM ISSUANCE OF FIRST MORTGAGE BONDS 'A-'; OUTLOOK STABLE

Fitch Ratings-New York-04 June 2013: Fitch Ratings has assigned an 'A-' rating to PacificCorp's (PPW) \$300 million issuance of 2.95%, first mortgage bonds due June 1, 2023. Proceeds will be used to fund utility capital expenditures and for general corporate purposes. The notes will rank on parity in right of payment with all existing and future secured debt. The Rating Outlook for PPW is Stable.

Stable Outlook: PPW's rating and Stable Outlook reflects the company's solid financial position, competitive resource base and relatively balanced and diversified regulatory environment. The Stable Outlook assumes reasonable outcomes in pending and future rate proceedings to recover anticipated, significant capital investment. PPW's ratings are standalone, reflecting its credit profile. PPW is owned by MidAmerican Energy ('BBB+' IDR, Stable Outlook), which in turn, is 90% owned by Berkshire Hathaway Corp. ('AA-' IDR, Stable Outlook). The ownership structure provides flexibility in managing PPW capital structure and liquidity position.

KEY RATINTG DRIVERS:

- PPW is ring-fenced by special purpose entities to preserve credit quality.
- Solid financial metrics.
- Balanced and diversified regulatory environment.
- Reduced capex plan.
- Good liquidity.
- Manageable debt re-financing levels.

Solid Financial Metrics: Fitch expects financial metrics to remain comparable to or slightly ahead of guideline metrics for the risk profile and rating category, with forecasts for EBITDA-to-interest to trend upward of 4.8 times (x) and funds from operations (FFO) to debt to near 19% through 2015. Fitch attributes lower FFO in the forecast period to the absence of bonus depreciation.

Balanced and Diversified Regulatory Environment: PPW has regulated electric generation, distribution and transmission operations across six western states which limits exposure to any one regulatory jurisdiction. The utility receives fairly balanced regulatory treatment, with multi-year rate plans complete in Idaho, Utah and Wyoming; and, existing rate-making features allowing for timely recovery of, or deferral of capital investments. Power cost adjustment mechanisms cover over 90% of utility retail electric sales.

PPW has two pending general rate cases on which Fitch anticipates fair outcomes. In Oregon PPW requested a \$56 million electric rate increase based on a 9.8% return on equity (ROE); and, in Washington the utility requested a \$42.8 million electric rate increase based on a 10% ROE.

Reduced Capex Plan: Utility capital investments are forecast at just over \$1 billion in 2013, and just under \$6 billion through 2017. The five-year capex plan is nearly \$2 billion lower than prior projections largely due to lower forecast load growth. Management has also delayed investments in new generation and transmission; and, plans to convert the Naughton Unit 3 from coal to natural gas to manage environmental compliance costs.

PPW's capex program is focused on transmission, distribution and environmental investments, and is generally consistent with public policy goals in the region. Rating concerns for PPW include execution and recovery of its capex program; and, the emergence of more stringent environmental rules and regulations.

Good Liquidity: The utility's liquidity position at March 31, 2013 was \$1.02 billion, including

\$133 million in available cash. PPW's stand-alone bank credit is \$1.2 billion and includes two separate credit facilities, each sized at \$600 million, and which mature in 2017 and 2018, respectively. Bank credit supports the utility's commercial paper program and provides for the issuance of letters of credit.

Manageable Debt Re-Financings: Debt maturities include \$261 million due in 2013; \$253 million due in 2014; \$122 million due in 2015; \$57 million due in 2016; and, \$52 million due in 2017. Fitch considers the re-financing risk as low and views access to the capital markets as unrestricted.

RATING SENSITIVITIES:

--A positive rating action on PPW could occur if FFO to debt were to increase and be sustained near 20%.

--A negative rating action on PPW could occur if FFO to debt were to decrease and be sustained below 16%.

Contact:

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Additional information is available at 'www.fitchratings.com'.

Applicable Criteria and Related Research:

--'Corporate Rating Methodology', Aug. 8, 2012;
--'Rating North American Utilities, Gas and Water Companies', May 16, 2011;
--'Recovery Ratings and Notching Criteria for Utilities', Nov. 13, 2012;
--'Parent and Subsidiary Rating Linkage', Aug 8, 2012.

Applicable Criteria and Related Research:

Parent and Subsidiary Rating Linkage
http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=685552
Corporate Rating Methodology
http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=684460
Rating North American Utilities, Power, Gas, and Water Companies
http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=625129
Recovery Ratings and Notching Criteria for Utilities
http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=693750

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