

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND)	
TRANSPORTATION COMMISSION,)	
)	
Complainant,)	
)	
v.)	DOCKET NOS. UE-140762 and
)	UE-140617 (<i>consolidated</i>)
PACIFICORP D/B/A PACIFIC POWER &)	
LIGHT COMPANY,)	
)	
Respondent.)	
_____)	
)	
In the Matter of the Petition of)	
)	
PACIFIC POWER & LIGHT)	DOCKET NO. UE-131384
COMPANY,)	(<i>consolidated</i>)
)	
For an Order Approving Deferral of)	
Costs Related to Colstrip Outage)	
_____)	
)	
In the Matter of the Petition of)	
)	
PACIFIC POWER & LIGHT)	DOCKET NO. UE-140094
COMPANY,)	(<i>consolidated</i>)
)	
For an Order Approving Deferral of)	
Costs Related to Declining Hydro)	
Generation)	
_____)	

EXHIBIT NO.__(MPG-20)

STANDARD & POOR'S CREDIT METRICS

October 10, 2014

Pacific Power & Light Company

Standard & Poor's Credit Metrics

Thousands of Dollars

<u>Line</u>	<u>Description</u>	Retail		S&P Benchmark (Medial Volatility) ^{1/2}			<u>Reference</u> (5)
		<u>Cost of Service</u> <u>Amount</u> (1)		<u>Intermediate</u> (2)	<u>Significant</u> (3)	<u>Aggressive</u> (4)	
1	Rate Base (WA)	\$	849,625				Exhibit No.__(NCS-3), Page 1.0.
2	Weighted Common Return		4.57%				Page 2, Line 4, Col. 3.
3	Pre-Tax Rate of Return		10.01%				Page 2, Line 5, Col. 4.
4	Income to Common	\$	38,796				Line 1 x Line 2.
5	EBIT	\$	85,034				Line 1 x Line 3.
6	Depreciation & Amortization	\$	49,542				Exhibit No.__(NCS-3), Page 1.0.
7	Imputed Amortization	\$	1,590				Page 4, Line 14, Col 1.
8	Deferred Income Taxes & ITC	\$	5,856				Exhibit No.__(NCS-3), Page 1.0.
9	Funds from Operations (FFO)	\$	95,784				Sum of Line 4 and Lines 6 through 8.
10	Imputed & Capitalized Interest Expense	\$	2,896				Page 4, Line 15, Col 1.
11	EBITDA	\$	139,062				Sum of Lines 5 through 7 and Line 10.
12	Total Adjusted Debt Ratio		51.8%				Page 3, Line 5, Col. 2.
13	Debt to EBITDA		3.2x	2.5x - 3.5x	3.5x - 4.5x	4.5x - 5.5x	(Line 1 x Line 12) / Line 11.
14	FFO to Total Debt		22%	23% - 35%	13% - 23%	9% - 13%	Line 9 / (Line 1 x Line 12).

Sources:

¹ Standard & Poor's: "Criteria: Corporate Methodology," November 19, 2013.

² Ratings Direct: "Summary: PacifiCorp," March 31, 2014.

Note:

Based on the March 2014 S&P report, PacifiCorp has an "Excellent" business profile and a "Significant" financial profile, and falls under the 'Medial Volatility' matrix.

Pacific Power & Light Company

Standard & Poor's Credit Metrics (Pre-Tax Rate of Return)

<u>Line</u>	<u>Description</u>	<u>Weight</u> ¹ (1)	<u>Cost</u> (2)	<u>Weighted Cost</u> (3)	<u>Pre-Tax Weighted Cost</u> (4)
1	Long-Term Debt	50.69%	5.19%	2.63%	2.63%
2	Short-Term Debt	0.19%	1.73%	0.00%	0.00%
3	Preferred Stock	0.02%	6.75%	0.00%	0.00%
4	Common Equity	<u>49.10%</u>	9.30%	<u>4.57%</u>	<u>7.37%</u>
5	Total	100.00%		7.20%	10.01%
6	Tax Conversion Factor ²				1.6145

Sources:

¹Exhibit No.____(MPG-3).

²Exhibit No.__(NCS-3), Page 1.2.

Pacific Power & Light Company

Standard & Poor's Credit Metrics (Financial Capital Structure)

Millions of Dollars

<u>Line</u>	<u>Description</u>	<u>Amount</u> ¹ (1)	<u>Weight</u> (2)
1	Long-Term Debt	\$ 7,476	49.78%
2	Short-Term Debt	\$ 28	0.19%
3	Off Balance Sheet Debt ²	\$ 271	1.80%
4	Preferred Stock	<u>\$ 1</u>	<u>0.01%</u>
5	Total Debt	\$ 7,776	51.78%
6	Common Equity	\$ 7,241	48.22%
7	Preferred Stock	<u>\$ 1</u>	<u>0.01%</u>
8	Total	\$ 15,018	100.00%

Sources:

¹Exhibit No.____(MPG-3).

²Exhibit No.____(MPG-20), Page 4, Col. 1, Line 6.

Pacific Power & Light Company

Standard & Poor's Credit Metrics (Off-Balance Sheet Debt Equivalents)

<u>Line</u>	<u>Description</u>	<u>Amount (000)</u> (1)	<u>Reference</u> (2)
<u>Pacific Power & Light - WA Allocator</u>¹			
1	Pacific Power WA Dec 2013 Rate Base	\$ 788,256	
2	Total PacifiCorp Dec 2013 Rate Base	\$ 12,969,775	
3	Jurisdictional Allocator	6.08%	Line 1 / Line 2
<u>Total Company</u>²			
Off-Balance Sheet Debt			
4	Operating Leases	\$ 41,795	
5	Purchased Power Agreements	229,111	
6	Total Off-Balance Sheet Debt	\$ 270,906	
Imputed Amortization Expense			
7	Operating Leases	\$ 3,392	
8	Purchased Power Agreements	22,765	
9	Total Imputed Amortization Expense	\$ 26,157	
Imputed Interest Expense			
10	Operating Leases	\$ 2,608	
11	Capitalized Interest	29,000	
12	Purchased Power Agreements	16,038	
13	Total Imputed Interest Expense	\$ 47,646	
<u>Pacific Power & Light - WA Allocation</u>			
14	Imputed Amortization	\$ 1,590	Line 3 x Line 9.
15	Imputed Interest Expense	\$ 2,896	Line 3 x Line 12.

Sources:

¹ Exhibit No.__(NCS-3), Page 2.2.

² *Standard & Poor's Ratings Direct*, accessed September 26, 2014.