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State of Utah
Department of Commerce
Division of Public Utilities

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MEMORANDUM

To: Public Service Commission

From: Division of Public Utilities

Constance White, Director
Artie Powell, Manager, Energy Section
Charles Peterson, Technical Consultant

Subject: In the Matter of the Application of Rocky Mountain Power for an Exemption under Subsection 54-4-31(4) of the Utah Code Annotated.

Date: April 30, 2007

ISSUE

PacifiCorp, dba Rocky Mountain Power (Company), filed an application dated March 22, 2007 to be exempted from filing requirements pursuant to Utah Code Annotated 54-4-31(4) (Application). The Public Service Commission (Commission) issued an action request on April 4, 2007 to the Division of Public Utilities (Division) setting a response date of May 4, 2007. Prior to PacifiCorp's acquisition (Acquisition) by MidAmerican Energy Holdings Company, the Company had received an exemption to filing under UCA 54-4-31(4) in Docket No. 00-035-16. PacifiCorp's exemption was withdrawn for a minimum of one year as part of the stipulated settlement in the acquisition Docket No. 05-035-54.

RECOMMENDATION (Approval with Conditions)

The Division recommends that the Commission approve the Application with the conditions set forth below. These conditions are similar to conditions set forth in the Commission's Report and Order in Docket No. 00-035-16 and Order Granting Exemption in Docket No 98-2035-02.

1. The exemption granted hereby shall remain in effect so long as the senior secured debt of the Company has investment grade ratings from at least two nationally recognized rating agencies; except that as to short-term securities of the Company, the exemption shall remain in effect for 60 days after the date fewer than two nationally recognized rating agencies so rate the senior secured debt of the Company.

2. The Company shall continue to file with the Commission, with copies to the Division of Public Utilities, Quarterly Financing Activity Reports and, to the extent not otherwise an obligation of the Company pursuant to Commitment U10 approved in Docket No. 05-035-54, all credit rating agency reports related to the Company issued during the applicable quarter.

3. The issuance of an exemption by the Commission under this application does not constitute the determination of any rate-making issues whatsoever, which issues are expressly reserved for decision until they are presented to the Commission in appropriate proceedings.

4. The issuance of an exemption by the Commission under this application shall not be construed as prior acceptance by the Commission of any expenditures of the Company for any purpose.

5. The issuance of an exemption by the Commission under this application shall not be construed to obligate the State of Utah to pay or guarantee in any manner whatsoever any security issued, assumed or guaranteed by the Company.

DISCUSSION

Over the past year the Company has made several applications with the Commission for approval of securities issuances.¹ The Division has recommended approval in each case. Since the closing of the Acquisition, the Division has no evidence that these securities issuances have been imprudent or otherwise not in the public interest. The Division believes that it will continue to receive adequate information from the Company to monitor the Company's security issuances specifically and its financial health generally. These sources of information include monthly regulatory financial statements, the Company's semi-annual report to the Commission, quarterly and annual financial statements filed with the SEC, quarterly reports on security issuances, credit analyst reports, and news from general media sources. Besides the general and specific statutory powers of the Commission to protect the public interest, PacifiCorp made a number of Acquisition commitments that are relevant to this matter that also are expected to protect both the Company and the public interest.²

The Division agrees with the Company that the exemption would reduce administrative burdens on the Company, the Division and the Commission without a material affect on the Commission's and the Division's ability to monitor the Company and to protect the public interest.

¹ See Docket Numbers 06-035-24; 06-035-43; 06-035-61; and 07-035-05.

² Docket No. 05-035-54, for example see Stipulation General Commitments 3, 4, 6, 11, 12, 15, 17, 18, 20 and Utah Commitments 2, 10, 11, 13.

CONCLUSION

The Division recommends that the Commission exempt PacifiCorp from filing requirements pursuant to UCA 54-4-31(4) with the conditions expressed herein as being just, reasonable, and in the public interest. The conditions for approval are included in the Company's recommended Order and are adapted from the conditions the Commission previously placed on the Company in Docket Nos. 00-035-16 and 98-2035-02.

cc: Committee of Consumer Services
 Bruce N. Williams, PacifiCorp
 Evan S. Reynolds, PacifiCorp
 David L. Taylor, PacifiCorp
 Dean S. Brockbank, PacifiCorp