

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

)
In the Matter of the Application of ROCKY)
MOUNTAIN POWER for authority to (1))
issue and sell or exchange not more than)
\$1,500,000,000 of debt, (2) enter into credit)
support arrangements, (3) enter into currency)
swaps, and (4) contribute or sell additional)
debt to special-purpose entities.)
)

DOCKET NO. 07-035-05

REPORT AND ORDER

ISSUED March 2, 2007

By The Commission:

On February 6, 2007, Rocky Mountain Power (Company) filed with this Commission its verified Application in the above-referenced matter. The Division of Public Utilities (DPU), Utah Department of Commerce, submitted a February 23, 2007, Memorandum describing the DPU's review and analysis of the Company's Application. The DPU recommends the Commission approve or grant the Application with conditions. The conditions identified by the DPU relate to the Commission's withdrawal of authorization for issuance of a remaining unissued \$350,000,000 in first mortgage debt previously authorized in Docket No. 06-035-43 (wherein we authorized the issuance of a total of \$700,000,000 in first mortgage debt) and, other, minor wording changes in any order to be issued by the Commission. The Company has not objected to the conditions proposed by the DPU. No other comments or responses to the Application have been submitted.

Having fully considered the Application and all of the exhibits, documents and matters pertaining thereto and the DPU's Memorandum, the Commission makes the following Findings of Fact and Conclusions of Law, together with the Order based thereon:

FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. This Commission has jurisdiction over this application pursuant to the provisions of Section 54-4-31(1), Utah Code Annotated 1953, as amended 1997.
2. The Company represents that the proposed issuance of securities will be for a lawful purpose and the proposed transactions are consistent with the public interest and are necessary and appropriate for and consistent with proper performance by the Company of service as a public utility.
3. The Company proposes to (1) issue and sell or exchange, in one or more public offerings or private placements, fixed or floating rate debt (Debt) in the aggregate principal amount of not more than \$1,500,000,000 or, if the Debt is issued at an original issue discount, such greater amount as shall result in an aggregate offering price of not more than \$1,500,000,000 (or its equivalent amount in, or based upon, foreign currencies determined at the time of issue), (2) enter into letter of credit arrangements with one or more banks or such other agreements or arrangements as may be necessary or appropriate, from time to time, to provide additional credit support for the payment of the principal of, the interest on and premium (if any) on the Debt, (3) enter into one or more currency swaps, and (4) to contribute or sell additional Debt to special-purpose entities (SPEs) in an amount based upon the common securities of the SPE and Commission approval of the proposed guarantee and expense payment agreements relating to the preferred securities of the SPE, in each case substantially as described in the Company's application. The Company requests that such authorities remain in effect so long as the

Company's senior secured debt has investment grade ratings from at least two nationally recognized ratings agencies.

4. The results of the financings are expected to be:

ESTIMATED RESULTS OF THE OFFERING ⁽¹⁾

	<u>Total</u>	<u>Percent of Total</u>
Gross Proceeds	\$1,500,000,000	100.000%
Less: Agents/Underwriters Compensation ⁽¹⁾	<u>13,125,000</u>	<u>0.875%</u>
Proceeds Payable to Company	\$1,486,875,000	99.125%
Less: Other Issuance Expenses	<u>1,875,000</u>	<u>0.125%</u>
Net Proceeds	<u>\$1,485,000,000</u>	<u>99.000%</u>

- (1) Assumes the issuance of first mortgage bonds.

Other Issuance Expenses

Regulatory agency fees	\$ 2,000
SEC fees	106,950
Company counsel fees	475,000
Accounting fees	275,000
Printing and engraving fees	175,000
Rating agency fees	450,000
Trustee/Indenture fees	200,000
Miscellaneous expenses	<u>191,050</u>
TOTAL	<u>\$ 1,875,000</u>

5. The proceeds will be used for the following purposes:
- The acquisition of utility property.
 - The construction, completion, extension, or improvement of facilities.
 - The improvement of service.

- d. The discharge or refunding of obligations.
- e. The reimbursement of the Company's treasury for funds used for the foregoing purposes.

The Company keeps its accounts in a manner which enables the Commission to ascertain the amount of money expended and the purposes for which the expenditures were made. If the funds to be reimbursed were used for the discharge or refunding of obligations, those obligations or their precedents were originally incurred in furtherance of the utility purposes listed above.

To the extent that any funds to be reimbursed were used for the discharge or refunding of obligations, those obligations or their precedents were originally incurred in furtherance of utility purposes a, b or c *supra*.

- 6. Encumbrances on all utility property of the Company have previously been approved in Docket No. 88-2035-4.
- 7. In Docket No. 06-035-43 PacifiCorp was authorized to issue up to \$700,000,000 in debt. In August 2006, the Company issued \$350,000,000 in debt with \$350,000,000 remaining under the authority of that Docket. PacifiCorp has indicated that this remaining authority under Docket 06-035-43 may be withdrawn. The DPU in its Memorandum recommends withdrawal of the remaining authority under that Docket in order to have a clear and clean record of the Company's authorization to issue debt securities.

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED AS FOLLOWS:

1. The Application of the Company requesting authority to (1) issue and sell or exchange debt securities in the aggregate principal amount of not more than \$1,500,000,000, (2) enter into credit support arrangements, (3) enter into currency swaps, and (4) contribute or sell additional debt to SPEs, is hereby approved.
2. The authorizations granted herein shall remain in effect so long as the Company's senior secured debt has investment grade ratings from at least two nationally recognized rating agencies; provided, however, that the Company shall have 60 days from the date fewer than two nationally recognized rating agencies so rate its senior secured debt to show why such authorizations should not be terminated.
3. 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 U 10 approved in Docket No. 05-035-54, all credit rating agency reports related to the Company issued during the applicable quarter.
4. Pursuant to this authorization, the Company shall file with the Commission verified copies of any agreements entered into pursuant to this Order.
5. Nothing in this Order shall be construed to obligate the State of Utah to pay or guarantee in any manner whatsoever, any securities authorized, issued, assumed or guaranteed hereunder.

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6. The issuance of an Order authorizing the proposed transactions does not constitute determination or approval of the type of financing or the related costs for ratemaking purposes, which determination the Commission expressly reserves for the appropriate proceeding.

7. The authorization to issue the remaining \$350,000,000 in debt securities under Docket No. 06-035-43 is hereby withdrawn.

AGENCY REVIEW AND JUDICIAL APPEAL

This Report and Order constitutes final agency action in this docket. Pursuant to Utah Code 63-46b-12 and 54-7-15, agency review or rehearing of this order may be obtained by filing a request for review or rehearing with the Commission within 30 days after the issuance of the order. Responses to a request for agency review or rehearing must be filed within 15 days of the filing of the request for review or rehearing. If the Commission fails to grant a request for review or rehearing within 20 days after the filing of a request for review or rehearing, it is deemed denied. Judicial review of the Commission's final agency action may be obtained by filing a Petition for Review with the Utah Supreme Court within 30 days after final agency action. Any Petition for Review must comply with the requirements of Utah Code Ann. §§ 63-46b-14, 63-46b-16 and the Utah Rules of Appellate Procedure.

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DATED at Salt Lake City, Utah, this 2nd day of March, 2007.

/s/ Ric Campbell, Chairman

/s/ Ted Boyer, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Julie Orchard
Commission Secretary
G#52366