

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking on the Commission's
Own Motion to Consider Effectiveness and Adequacy of
the Competitive Bidding Rule for Issuance of Securities
and Associated Impacts of General Order 156, Debt
Enhancement Features, and General Order 24-B.

Rulemaking 11-03-007
(March 10, 2011)

**PACIFICORP'S OPENING COMMENTS ON COMMISSIONER
SIMON'S PROPOSED DECISION ADOPTING A
NEW FINANCING RULE AND GENERAL ORDER 24-C**

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Dated: May 17, 2012

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In compliance with Rule 14.3 of the California Public Utilities Commission (Commission) Rules of Practice and Procedure, PacifiCorp, d/b/a Pacific Power (PacifiCorp), respectfully submits these comments on Commissioner Simon's Proposed Decision Adopting New Financing Rule and General Order 24-C, mailed April 27, 2012 (Proposed Decision). PacifiCorp appreciates Commissioner Simon's development of a new Financing Rule that replaces the current Competitive Bidding Rule, reflects current market practices and standards, and provides utilities the flexibility to take advantage of market opportunities and adjust pricing to obtain low-cost financing.

PacifiCorp generally supports the new Financing Rule, but reiterates that the Company has an existing exemption from the Public Utilities Code regarding stocks and securities transactions under D.88-04-062.¹ PacifiCorp understands that this existing exemption also applies to the proposed new Financing Rule, without need for further applications or exemption requests.

¹ In the Proposed Decision, PacifiCorp's existing exemption is incorrectly characterized as an exemption to the Competitive Bidding Rules, rather than an exemption to the Public Utilities Code regarding stocks and securities transactions.

PacifiCorp believes that the Commission intended to include a categorical exemption in the new Financing Rule for multi-state utilities with California operating revenues that represent less than five percent of the entire utility's total operating revenues for the most current calendar year. But the exemption language set forth on page six of Attachment A to the Proposed Decision creates confusion by requiring "a compelling showing by a utility in its financing application." This is inconsistent with the Proposed Decision's findings of fact and conclusions of law, particularly Conclusion of Law No. 6: "A utility whose California operations account for a small percentage of its total operations *should be exempt* from the Financing Rule adopted herein." Proposed Decision at 35 (emphasis added). These findings of fact and conclusions of law support adoption of a categorical exemption for multi-state utilities with a small presence in California. In Appendix 1 PacifiCorp has provided proposed revisions to page 6 of Attachment A to the Proposed Decision to reflect this as a categorical exemption.

If the Commission does not find a categorical exemption appropriate, then PacifiCorp requests that the Commission makes it clear in its final decision that nothing in the decision or the new Financing Rule affects existing exemptions related to stock and securities transactions, except those exemptions rendered moot by replacement of the Competitive Bidding Rules with the proposed Financing Rule.

Respectfully submitted this 17th day of May, 2012 at San Francisco, California.

By 
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APPENDIX 1
PROPOSED REVISIONS TO PAGE 6 OF ATTACHMENT A

PacifiCorp's proposed changes are shown in underline or strikeout.

Exemptions:

1. 6.—For multi-state utilities operating in California, if the operating revenues from California operations represent less than five percent (5%) of the entire utility's total operating revenues for the most current calendar year, the utility is exempt from the Financing Rule.
2. 7.—Pursuant to Pub. Util. Code § 829(b), debt issues for telephone utilities whose rates are subject to the Uniform Regulatory Framework (URF) set forth in D.06-08-030, and whose rates are therefore not subject to rate of return regulation, are exempt from the Financing Rule, and all other provisions of Pub. Util. Code §§ 816-830, dealing with Commission approval of utilities' issuance of stocks, bonds, notes, or other evidences of indebtedness. However, in accordance with GO 156, these utilities are encouraged to make best efforts to engage WMDVBEs booking firms.

The exemptions listed below will only be granted upon a compelling showing by a utility in an application for financing authority:

1. Debt issues for which competitive bidding are not viable or available, or due to the size of the issue, are exempt.
2. Bond issues of \$20 million or less, adjusted each year for the CPI, are exempt from the Financing Rule. Therefore, the current baseline of \$20 million in 2012 must be increased each year by the most recent CPI.
3. Tax exempt or government debt issues are exempt from the Financing Rule
4. Debt issues, such as the Safe Drinking Water Bond Act loans, Rural Utility Service loans, and pollution control loans, are exempt from the Financing Rule.
5. Debt issues made through an affiliate that provides debt issuance services to all affiliates of the same parent are exempt from the Financing Rule if such debt accounts for less than five percent (5%) of the financing affiliate's annual issuances.
- ~~6.—For multi-state utilities operating in California, if the operating revenues from California operations represent less than five percent (5%) of the entire utility's total operating revenues for the most current calendar year, the utility is exempt from the Financing Rule.~~
- ~~7.—Pursuant to Pub. Util. Code § 829(b), debt issues for telephone utilities whose rates are subject to the Uniform Regulatory Framework (URF) set forth in D.06-08-030, and whose rates are therefore not subject to rate of return regulation, are exempt from the Financing Rule, and all other provisions of Pub. Util. Code §§ 816-830, dealing with Commission approval of utilities' issuance of stocks, bonds, notes, or other evidences of indebtedness. However, in accordance with GO 156, these utilities are encouraged to make best efforts to engage WMDVBEs booking firms.~~

End of Attachment A