Exh. NLK-1Tr
Docket UE-230172
Witness: Nikki L. Kobliha

BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, Complainant, v. PACIFICORP dba PACIFIC POWER & LIGHT COMPANY Respondent.	Docket UE-230172

PACIFICORP

DIRECT TESTIMONY OF NIKKI L. KOBLIHA

March 2023 (REVISED April 4, 2023, and REFILED April 19, 2023)

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ATTACHED EXHIBITS

Q. Please state your name, business address, and present position with PacifiCorp d/b/a Pacific Power & Light Company (PacifiCorp or Company).

A. My name is Nikki L. Kobliha and my business address is 825 NE Multnomah Street, Suite 1900, Portland, Oregon 97232. I am currently employed as Vice President, Chief Financial Officer and Treasurer for PacifiCorp.

I. QUALIFICATIONS

Q. Please describe your education and professional experience.

A. I received a Bachelor of Business Administration with a concentration in Accounting from the University of Portland in 1994. I became a Certified Public Accountant in 1996. I joined PacifiCorp in 1997 and have taken on roles of increasing responsibility before being appointed Chief Financial Officer in 2015. I am responsible for all aspects of PacifiCorp's finance, accounting, income tax, internal audit, Securities and Exchange reporting, treasury, credit risk management, pension, and other investment management activities.

II. PURPOSE OF TESTIMONY

Q. What is the purpose of your testimony in this case?

A. My testimony supports PacifiCorp's overall cost of capital recommendation in this case. I sponsor the Company's proposed capital structure with a common equity level of 51.27 percent. I provide evidence demonstrating how this meets the Washington Utilities and Transportation Commission's (Commission) standard for capital structure by balancing the financial integrity of the Company (safety) with its cost to customers (economy). I explain why the recommended equity ratio is required to maintain PacifiCorp's current credit ratings, which provides for a more competitive cost of debt and overall cost of capital, and facilitates continued access by the Company to the capital markets over the long term. This capital structure is necessary to enable the Company's continued investment in infrastructure to provide safe and reliable service from clean energy resources at reasonable costs. In addition, I support PacifiCorp's proposed cost of long-term debt of 4.77 percent and cost of preferred stock of 6.75 percent.

Q. What time period do your analyses cover?

A. The rate effective dates proposed in this proceeding are March 1, 2024, and March 1, 2025. Consistent with the methodology PacifiCorp has relied upon for several general rate cases in Washington and other jurisdictions, I determined the capital structure, costs of long-term debt, and costs of preferred stock using an average of the five quarter-ending balances for the twelve months ending December 31, 2024, based on known and measurable changes from June 30, 2022.

Q. What overall cost of capital do you recommend for PacifiCorp?

A. PacifiCorp is proposing an overall cost of capital of 7.60 percent. This cost includes the return on equity recommendation of 10.3 percent as discussed in the direct testimony of Company witness Ann E. Bulkley (Exhibit No. AEB-1T) and the capital structure and costs set forth in Table 1.

Table 1: Overall Cost of Capital

Component	$m	% of Total	Cost %	Weighted Ave Cost %
Long-Term Debt	$11,285	48.72%	4.77%	2.32%
Preferred Stock	$2	0.01%	6.75%	0.00%
Common Stock Equity	$11,874	51.27%	10.30%	5.28%
	$23,161	100.00%		7.60%

Q. Why have you not included short-term debt as part of the capital structure?

A. Short-term debt is an important source of liquidity for the Company, including interim funding for long-term debt maturities and new capital spending, and provides the Company a window of time to assess market conditions before using more permanent long-term debt financing. However, short-term debt balances can move dramatically, and the Company often has periods when there is little or no short-term debt outstanding. For example, in the Company's last two Washington rate cases, including short-term debt had no practical impact on the cost of capital rounded to two decimal places.[1]

Similarly, in the current rate case, if the Company were to include short-term debt in the capital structure it would decrease the weighted average cost of capital by only two basis points. Because short-term debt is not a permanent or material source of financing rate base, it should not be imputed into PacifiCorp's capital structure. As such, the Company respectfully proposes not to include any short-term debt consistent with its currently authorized capital structure. As I explain below, PacifiCorp is making major capital investments, including investments that will help the Company meet Washington's Clean Energy Transformation Act (CETA).[2] Including short-term debt in the Company's capital structure effectively double counts short-term debt as financing both rate base and construction work in progress.

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[1] *WUTC v. Pac. Power & Light Co., a Division of PacifiCorp*, Docket No. UE-152253, Order No. 12, ¶163 (Sept. 1, 2016) (approving capital structure with zero cost for short-term debt); *WUTC v. Pacific Power & Light Co., a Division of PacifiCorp*, Docket No. UE-140762, Order No. 08 ¶¶180, 183 (Mar. 25, 2015) (same).

[2] Senate Bill 5116, 66th Leg., 2019 Reg. Sess. (Wa. 2019). *See* https://lawfilesext.leg.wa.gov/biennium/2019-20/Htm/Bills/Session%20Laws/Senate/5116-S2.SL.htm.

III. FINANCING OVERVIEW

Q. Please explain PacifiCorp's need for and sources of new capital.

A. PacifiCorp requires capital to meet its customers' needs for new cost-effective, transmission and generation, increased reliability, improved power delivery, and safe operations. PacifiCorp also needs new capital to fund long-term debt maturities.

PacifiCorp expects to spend approximately $10.6 billion in capital expenditures from 2023 through 2025 with significant investments in renewable energy projects and related transmission. This capital spending will require PacifiCorp to raise funds by issuing new long-term debt in the debt capital markets, retaining earnings, and if needed, obtaining new capital contributions from its parent company, Berkshire Hathaway Energy Company (BHE). The investments in renewable energy and transmission capacity are necessary to enable PacifiCorp to move forward in meeting the requirements in CETA.

Q. How does PacifiCorp finance its electric utility operations?

A. Generally, PacifiCorp finances its regulated utility operations using a mix of debt and common equity capital of approximately 48/52 percent, respectively. During periods of significant capital expenditures, as expected to continue beyond the 2024/2025 test period for potential new investments, which were identified in PacifiCorp's 2021 Integrated Resource Plan (IRP) action plan, the Company will need to maintain an average common equity component in excess of 51 percent to maintain its credit rating and finance the debt component of the capital structure at the lowest reasonable cost to customers. This provides more flexibility on the type and timing of debt financing, better access to capital markets, a more competitive cost of debt, and over the long-run, more stable credit ratings.

The following quote from a finance textbook written by Roger Morin also supports the Company's current position:

> The optimal capital structure...suggests that long-term achievement of a single A credit rating is in a utility company's and its ratepayers best interests. Debt leverage targets should be set in the lower part of the range required to attain this optimal rating. If the company maintains its debt ratio close to the optimal range required for a single A bond rating, its overall cost of capital should be minimized.[3]

PacifiCorp currently has a Moody/Standard & Poor's (S&P) bond issuer credit rating of A3/A, which is considered a single A credit rating, and as suggested from the textbook will minimize its overall cost of capital.

Q. How does PacifiCorp determine the levels of common equity, debt, and preferred stock to include in its capital structure?

A. As a regulated public utility, PacifiCorp has a duty and an obligation to provide safe, adequate, and reliable service to customers in its Washington service area while prudently balancing cost and risk. Major capital expenditures are required in the near-term for new plant investment to fulfill its service obligation, including capital expenditures for repowering wind projects, new wind, and new transmission. These capital investments also have associated operations and maintenance costs. PacifiCorp reviews all of its estimated cash inflows and outflows to determine the amount, timing, and type of new financing required to support these activities and provide for financial results and credit ratings that balance the cost of capital with continued access to the financial markets.

[3] Roger A. Morin, PhD, *New Regulatory Finance, Public Utilities Reports*, Inc, Virginia 2006, p.471.

Q. How does PacifiCorp manage its dividends to BHE?

A. PacifiCorp benefits from its affiliation with BHE as there is no dividend requirement. PacifiCorp pays dividends to BHE to manage the common equity component of the capital structure and to keep the Company's overall cost of capital at a prudent level. In major capital investment periods, PacifiCorp is able to retain earnings to help finance capital investments and forego paying dividends to BHE. For example, following BHE's acquisition of PacifiCorp in 2006, PacifiCorp managed the capital structure through the timing and amount of long-term debt issuances and capital contributions, while forgoing any common dividends for nearly five years. At other times, absent the payment of dividends, retention of earnings could cause the percentage of common equity to grow beyond the level necessary to support the current credit ratings. Accordingly, dividend payments can be necessary, in combination with debt issuances, to maintain the appropriate percentage of equity in PacifiCorp's capital structure.

Q. What type of debt does PacifiCorp use in meeting its financing requirements?

A. PacifiCorp has completed the majority of its recent long-term financing using secured first mortgage bonds issued under the Mortgage Indenture dated January 9, 1989. Exhibit No. NLK-2, Cost of Long-Term Debt, shows that, over the test period, PacifiCorp is projected to have an average of approximately $11.1 billion of first mortgage bonds outstanding, with an average cost of 4.79 percent. Presently, all outstanding first mortgage bonds bear interest at fixed rates. Proceeds from the issuance of the first mortgage bonds (and other financing instruments) are used to finance the utility operation.

Another important source of financing in the past has been the tax-exempt financing associated with certain qualifying equipment at power generation plants. Under arrangements with local counties and other tax-exempt entities, these entities issue securities, PacifiCorp borrows the proceeds of these issuances and pledges its credit quality to repay the debt to take advantage of the tax-exempt status of the financing. During the 12 months ending December 31, 2024, PacifiCorp's tax-exempt portfolio is projected to average approximately $185 million, with an average cost of 3.71 percent, including the cost of issuance and remarketing.

A. <u>Credit Ratings</u>

Q. What are PacifiCorp's current credit ratings?

A. PacifiCorp's current ratings are shown in Table 2.

Table 2: PacifiCorp Credit Ratings

	Moody's	Standard & Poor's
Senior Secured Debt	A1	A+
Senior Unsecured Debt	A3	A
Outlook	Stable	Stable

Q. How does the maintenance of PacifiCorp's current credit rating benefit customers?

A. First, the credit rating of a utility has a direct impact on the price that a utility pays to attract the capital necessary to support its current and future operating needs. Many institutional investors have fiduciary responsibilities to their clients, and are typically not permitted to purchase non-investment grade (*i.e.*, rated below Baa3/BBB-) securities or in some cases even securities rated below a single A rating. A solid credit rating directly benefits customers by reducing the immediate and future borrowing costs related to the financing needed to support regulatory obligations.

Second, credit ratings are an estimate of the probability of default by the issuer on each rated security. Lower ratings equate to higher risks and higher costs of debt. The Great Recession of 2008-2009 provides a clear and compelling example of the benefits of the Company's credit rating because PacifiCorp was able to issue new long-term debt during the midst of the financial turmoil. Other lower-rated utilities were shut out of the market and could not obtain new capital.

Third, PacifiCorp has a near constant need for short-term liquidity as well as periodic long-term debt issuances. PacifiCorp pays significant amounts daily to suppliers whom we count on to provide necessary goods and services such as fuel, energy, and inventory. Being unable to access funds can risk the successful completion of necessary capital infrastructure projects and would increase the chance of outages and service failures over the long term.

PacifiCorp's creditworthiness, as reflected in its credit ratings, will strongly influence its ability to attract capital in the competitive markets and the resulting costs of that capital.

Q. Please provide examples where lower credit ratings hurt a utility's flexibility in the credit markets.

A. During the financial turmoil of 2008, Arizona Public Service Company (rated Baa2/BBB- at that time) filed a letter with the Arizona Corporation Commission in October 2008 stating that the commercial paper market was completely closed to it and it likely could not successfully issue long-term debt. *See* Exhibit No. NLK-3.

Further, those issuers who could access the markets paid rates well above the levels that PacifiCorp was able to obtain. For example, PacifiCorp issued new 10-year and 30-year long-term debt in January 2009 with 5.50 percent and 6.00 percent coupon rates, respectively. Subsequently, Puget Sound Energy (rated Baa2/A- at that time) issued new seven-year debt at a credit spread over Treasuries of 480.3 basis points resulting in a 6.75 percent coupon.

Q. Can regulatory actions or orders affect PacifiCorp's credit rating?

A. Yes. Regulated utilities such as PacifiCorp are unique in that they cannot unilaterally set the price for their services. The financial integrity of a regulated utility is largely a result of the prudence of utility operations and the corresponding prices set by regulators. Rates are established by regulators to permit the utility to recover prudently incurred operating expenses and a reasonable opportunity to earn a fair return on the capital invested.

Rating agencies and investors have a keen understanding of the importance of regulatory outcomes. For example, S&P has opined on the correlation between regulatory outcomes and credit ratings, concluding:

> Although not common, rate case outcomes can sometimes lead directly to a change in our opinion of creditworthiness. Often it's a case that takes on greater importance because of the issues being litigated. For example, in 2010, we downgraded Florida Power & Light and its affiliates following a Florida Public Service Commission rate ruling that attracted attention due to drastic changes to settled practices on rate case particulars like depreciation rates. More recently, in June 2016, we downgraded Central Hudson Electric & Gas due to our revised opinion of regulatory risk. While that reflected the company's own management of regulatory risk, it was prompted in part by other rate case decisions in New York that highlighted the overall risk in the state. S&P Ratings Direct - Assessing U.S. Investor-Owned Utility Regulatory Environments (August 10, 2016).[4]

[4] S&P Ratings Direct, *Assessing U.S. Investor-Owned Utility Regulatory Environments* (Aug. 10, 2016), at 4.

Similarly, Moody's recently issued a credit opinion for PacifiCorp, concluding:

> The stable outlook incorporates our expectation that PacifiCorp will continue to receive reasonable regulatory treatment, and that funding requirements will be financed in a manner consistent with management's commitment to maintain a healthy financial profile.
>
> The ratings could be downgraded if PacifiCorp's capital expenditures are funded in a manner inconsistent with its current financial profile, or if adverse regulatory rulings lower its credit metrics, as demonstrated for example, by a ratio of CFO pre-WC to debt remaining below 19%.[5]

In addition, the Company notes a downgrade of American Electric Power Company, Inc. (AEP) and utility subsidiaries AEP Texas, Ohio Power, and Public Service of Oklahoma by Moody's.[6] Drivers for the downgrades all reference weakened financial profiles that are driven by large capital programs and an increased use of leverage. The increased use of leverage combined with lower authorized revenues would cause metrics to decline below current levels "as AEP plans to increase leverage at AEP Texas to align more closely with its approved capital structure."[7] An updated credit opinion on AEP specifically notes deterioration of its previously strong credit metrics as the primary driver behind their downgrade. This action further demonstrates the importance of the cash flow from operations excluding changes in working capital or "CFO pre-W/C" to debt ratio to Moody's when determining ratings.

As discussed in the testimony of Company witness Bulkley, the regulatory environment and the rate decisions by utility commissions have a direct and significant impact on the financial condition of utilities.

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5 Moody's Credit Opinion, *PacifiCorp Update to Credit Analysis* (June 30, 2021), at 2.
6 Moody's Investor Service, Ratings Action (August 6, 2020).
7 Moody's Investor Service, Ratings Action (August 6, 2020).

Q. How does the maintenance of PacifiCorp's current credit ratings benefit customers?

A. PacifiCorp is in the midst of a period of major capital spending and investing in cost-effective infrastructure to provide electric service that is safe, reliable, and affordable. In addition to being cost-effective resources, PacifiCorp's investments in its existing wind fleet and new wind generation and transmission play a critical role in PacifiCorp's ability to meet the energy policy objectives of the state of Washington on a risk adjusted, least-cost basis. If PacifiCorp does not have consistent access to the capital markets at reasonable costs, these borrowings and the resulting costs of building new facilities become more expensive than they otherwise would be. The inability to access financial markets can threaten the completion of necessary projects and can impact system reliability and customer safety. Maintaining the current single A credit rating makes it more likely PacifiCorp will have access to the capital markets at reasonable costs even during periods of financial turmoil.

Q. Can you provide an example of how the current ratings have benefited customers?

A. Yes. One example is PacifiCorp's ability to significantly reduce its cost of long-term debt primarily through obtaining new financings at very attractive interest rates. The lower cost of debt benefits customers through a lower overall rate of return and lower revenue requirements.

To determine the savings realized from maintaining a higher credit rating, in Exhibit No. NLK-4, Impact of a Lower Credit Rating on Cost of Long-Term Debt, I compare the actual effective interest rate on the Company's existing as well as proforma long-term debt forecasted to be outstanding during the calendar year 2024 test period, which was issued since its acquisition by BHE in 2006, comprising 20 series of debt, to what the effective interest rate would have been with a BBB credit rating. The spread of each issuance was changed to match what a BBB rated utility achieved at about the same point in time that PacifiCorp issued the debt. The total result for the 20 series of debt averaging $10.2 billion over the test period, would have been an effective average interest rate of approximately 5.07 percent or 43 basis points higher than the actual effective interest rate. Combined with the existing pre-acquisition debt, the resulting overall cost of long-term debt would increase to 5.16 percent if the Company had a BBB rating. PacifiCorp is currently projecting an overall cost of long-term debt of 4.77 percent, or approximately 39 basis points lower than it might have otherwise been under the scenario I described above. Table 3 below shows the reduction in the Company's cost of long-term debt since 2011.

Table 3: PacifiCorp's Cost of Long-Term Debt

	Proposed	UE-191024 Dec 2020	UE-140762 Dec 2014	UE-130043 Dec 2013	UE-111190 Mar 2012	UE-100749 Mar 2011
Cost of Long-Term Debt	4.77%	4.92%	5.19%	5.29%	5.76%	5.89%

PacifiCorp's customers have benefited from a 112 basis points reduction in the Company's cost of long-term debt. The Company estimates that this reduction in the average cost of debt since 2011 results in a decrease of approximately $6.3 million in the revenue requirement in the current case. Customers have also benefited from the Company's ability to negotiate lower underwriting fees on long-term debt issuances through BHE's global underwriting fee position.

Q. Are there other identifiable advantages to a favorable rating?

A. Yes. Higher-rated companies have greater access to the long-term markets for power purchases and sales. This access provides these companies with more alternatives to meet the current and future load requirements of their customers. Additionally, a company with strong ratings will often avoid having to meet costly collateral requirements that are typically imposed on lower-rated companies when securing power in these markets.

In my opinion, maintaining the current single A rating provides the best balance between costs and continued access to the capital markets, which is necessary to fund capital projects for the benefit of customers.

Q. Is the proposed capital structure consistent with PacifiCorp's current credit rating?

A. Yes. This capital structure is intended to help the Company deliver its required capital expenditures and achieve financial metrics that will meet rating agency expectations.

Q. Does PacifiCorp's credit rating benefit because of BHE and its parent Berkshire Hathaway Inc.?

A. Yes. Although ring-fenced, PacifiCorp's credit ratios have been weak for the ratings level. PacifiCorp has been able to sustain its ratings in part through the acquisition by BHE and its parent, Berkshire Hathaway Inc. S&P was very clear on this point in its June 2022 assessment of PacifiCorp:

> Under our group rating methodology, we consider PacifiCorp to be a core subsidiary of BHE with a group credit profile of 'a'. The core status reflects our view that PacifiCorp is highly unlikely to be sold, has strong long-term commitment from senior management, is successful at what it does, and contributes meaningfully to the group.

> Accordingly, given its core status and BHE's group credit profile of 'a', the issuer credit rating on PacifiCorp is 'A'.[8]

Moody's states in their June 2021 credit opinion of PacifiCorp:

> PacifiCorp benefits from its affiliation with Berkshire Hathaway Inc., which requires no regular dividends from PacifiCorp or BHE. From a credit perspective, the company's ability to retain its earnings as an entity that is privately held, particularly by a deep-pocketed sponsor like Berkshire Hathaway Inc., is an advantage over most other investor owned utilities that are typically held to a regular dividend to their shareholders. PacifiCorp currently pays dividends that are sized to manage its equity ratio (as measured by unadjusted equity to equity plus long term debt) around its allowed levels of slightly higher than 50% (regulations restrict dividends if this ratio falls below 44%). As of December 2020, PacifiCorp reports its actual equity percentage, as calculated under this test, was 53%.[9]

These examples are evidence of the credit rating benefit resulting from BHE's ownership of PacifiCorp.

Q. Does ownership by BHE, and ultimately Berkshire Hathaway Inc., mean PacifiCorp is protected from a ratings downgrade if PacifiCorp does not manage its own risks?

A. No. As noted above PacifiCorp is part of a group rating methodology where S&P considers PacifiCorp to be core to BHE, which has a group credit profile of 'a'. The core status reflects S&P's view that PacifiCorp is highly unlikely to be sold, has a strong long-term commitment from senior management, is successful at what it does, and contributes significantly to the group. However, in a Research Update issued by S&P on June 23, 2022, regarding PacifiCorp, S&P revised their assessment of PacifiCorp's business risk to reflect their view of PacifiCorp's increasing

[8] S&P Ratings Direct, *PacifiCorp Ratings Affirmed, Outlook Stable* (June 23, 2022), at 3.
[9] Moody's Credit Opinion, *PacifiCorp Update to Credit Analysis* (June 30, 2021), at 8.

susceptibility to wildfires that have intensified across the Western United States. S&P revised their assessment of PacifiCorp's comparable ratings analysis modifier to negative, which resulted in PacifiCorp's stand-alone credit profile (SACP) being lowered from 'a-' to 'bbb+'. This action does not currently affect PacifiCorp's issuer credit rating nor did it change the 'Excellent' business risk. What this action does is show that although PacifiCorp is core to BHE and as such receives the group credit profile of 'a', its wildfire risk is large enough that S&P lowered PacifiCorp's SACP and said that "we could also lower PacifiCorp's ratings if there is a weakening of the relationship between PacifiCorp and parent BHE."[10] The statement that S&P could lower PacifiCorp's ratings if the relationship between BHE and PacifiCorp weakens is significant as it shows that PacifiCorp is not fully protected by the Berkshire Hathaway Inc. halo and that it needs to manage its risk, earn a reasonable return and maintain a solid credit rating to maintain access to the debt capital markets at a reasonable cost. The equity component of the capital structure proposed in this case is set at a level intended to support the credit metrics communicated to the rating agencies and maintain that strong position.

IV. CAPITAL STRUCTURE DETERMINATION

Q. How did the Company determine its recommended capital structure?

A. The rate effective dates proposed in this case are March 1, 2024, and March 1, 2025. The capital structure is based on the actual capital structure at June 30, 2022, and forecasted capital activity, including known and measurable changes, through December 31, 2024. PacifiCorp has averaged the five quarter-end capital structures

[10] S&P Ratings Direct, *PacifiCorp Ratings Affirmed, Outlook Stable* (June 23, 2022), at 2.

measured beginning at December 31, 2023, and concluding with December 31, 2024. The capital activity includes known maturities of certain debt issues that were outstanding at June 30, 2022, subsequent issuances of long-term debt and any capital contributions received or dividends paid. The known and measurable changes represent actual and forecasted capital activity since June 30, 2022.

Q. Why does your analysis of capital structure and costs of capital use average period capital balances for the 12-month period ending December 31, 2024?

A. This approach smooths volatility in the capital structure, which will fluctuate as the Company expends capital, issues or retires debt, retains earnings, or declares dividends. This is consistent with the way the Company calculated its capital structure in its last several Washington general rate cases. This method is also consistent with the approach to capital structure advocated by the Public Counsel Unit of the Washington Attorney General's Office in docket UE-050684.

Q. How does the Company's proposed capital structure compare to the equity ratio of the utility operating company proxy group found in Exhibit AEB-5 of Company witness Bulkley's testimony?

A. Company witness Bulkley's exhibit shows the low, high, and median of the proxy group average equity ratios are 45.95 percent, 61.06 percent and 53.18 percent, respectively. The Company's proposed capital structure is well within this range.

Q. How does the Company's proposed capital structure compare to recent actual capital structures and to the capital structure authorized in the 2020 general rate case, docket UE-191024 (2020 Rate Case)?

A. The capital structures are compared in Table 4 below.

Table 4: Forecast and Actual Capital Structures

PacifiCorp's Comparison of % Capital Structures						
	Dec 31, 2024 Forecast w/o ST debt*	Dec 31, 2024 Forecast w/ ST debt*	Dec 31, 2023 Forecast*	Dec 31, 2022 Actual*	Dec 31, 2021 Actual*	UE-191024 Authorized Capital Structure
Short-Term Debt		0.73%	0.48%	0.00%	0.53%	0.00%
Long-Term Debt	48.72%	48.37%	48.31%	46.69%	47.44%	50.88%
Preferred Stock	0.01%	0.01%	0.01%	0.01%	0.01%	0.02%
Common Equity	51.27%	50.89%	51.19%	53.30%	52.02%	49.10%
Totals	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

*5QE Ave % Capital Structure calculated for trailing 12-month period ending

The Company's recent actual average capital structures for calendar years 2021 and 2022 have assisted the Company in maintaining its credit ratings and helped to reduce the interest rate on new financings and reduced cost of debt for the benefit of customers over these periods.

The percentage decrease in the common equity component of the capital structure from the recent actual December 31, 2022 five-quarter average to that projected for the 2024 test period is due to debt issuances in excess of maturities over the period and common dividend payment in 2023. These steps are being taken to manage the common equity percentage closer to what was approved by the Commission in the 2020 Rate Case and ordered in the 2015 limited-issue rate case docket UE-152253.

V. FINANCING COST CALCULATIONS

Q. How did you calculate the Company's embedded costs of long-term debt and preferred stock?

A. I calculated the embedded costs of debt and preferred stock using the methodology relied upon in the 2020 Rate Case and the Company's general rate cases in other jurisdictions. Consistent with my determination of the percentage capital structure discussed previously, I have similarly calculated the embedded costs of debt and preferred stock as an average of the five quarter-end cost calculations spanning the test period, beginning at December 31, 2023, and concluding with December 31, 2024.

Q. Please explain the cost of long-term debt calculation.

A. I calculated the embedded cost of debt using the methodology relied upon in the Company's previous rate cases in Washington and other jurisdictions. More specifically, I calculated the cost of debt by issue, based on each debt series' interest rate and net proceeds at the issuance date, to produce a bond yield to maturity for each series of debt outstanding as of each of the five quarter-ending dates spanning the 12-month calendar 2024 test period. It should be noted that in the event a bond was issued to refinance a higher cost bond, the pre-tax premium and unamortized costs, if any, associated with the refinancing were subtracted from the net proceeds of the bonds that were issued. Each bond yield was then multiplied by the principal amount outstanding of each debt issue, resulting in an annualized cost of each debt issue. Aggregating the annual cost of each debt issue produces the total annualized cost of debt. Dividing the total annualized cost of debt by the total principal amount of debt outstanding produces the weighted average cost for all debt issues.

Q. Please describe the changes to the amount of outstanding long-term debt between June 30, 2022, and December 31, 2024?

A. Approximately $1,020 million and $166 million of the Company's fixed rate and variable rate long-term debt, respectively, will mature during this period and I have therefore removed this debt when appropriate in the determination of the proposed average cost of debt. In December 2022, the Company issued $1.1 billion of its new 5.350 percent First Mortgage Bond series maturing December 2053 and I have therefore added this debt in the determination of the proposed average cost of debt. Also, as reflected in Exhibit No. NLK-2, Cost of Long-Term Debt, the Company anticipates new fixed rate long-term debt during the period, a 10- and 30-year split term issuances totaling $1.2 billion in 2023 and $1.7 billion in 2024.

Q. Regarding the $1.2 billion of new long-term issuances in 2023, how did you determine the interest rate and resulting cost for this new long-term debt?

A. The Company's current estimated credit spread for 10-year and 30-year debt is 1.05 and 1.30 percent, respectively. The recent forward 10-year and 30-year U.S. Treasury rates for June 2023 are approximately 3.33 and 3.47 percent, respectively. Issuance costs for 10-year and 30-year debt of this type adds approximately 0.08 and 0.05 percent to the all-in cost, respectively. Therefore, as reflected in Exhibit No. NLK-2, Cost of Long-Term Debt, the Company projects a total all-in cost of long-term debt of 4.46 percent and 4.82 percent, respectively, for each of the $600 million projected new 10-year and 30-year long-term debt issuances in June 2023.

Q. Regarding the $1.7 billion of new long-term issuances in 2024, how did you determine the interest rate and resulting cost for this new long-term debt?

A. The Company's current estimated credit spread for 10-year and 30-year debt is 1.05 and 1.30 percent, respectively. The recent forward 10-year and 30-year U.S. Treasury rates for January 2024 are approximately 3.30 and 3.44 percent, respectively. Issuance costs for 10-year and 30-year debt of this type adds approximately 0.08 and 0.05 percent to the all-in cost, respectively. Therefore, as reflected in Exhibit No. NLK-2, Cost of Long-Term Debt, the Company projects a total all-in cost of long-term debt of 4.43 percent and 4.80 percent, respectively, for each of the $500 million projected new 10-year and 30-year long-term debt issuances in January 2024. The recent forward 30-year U.S. Treasury rate for July 2024 is approximately 3.43 percent and as reflected in Exhibit No. NLK-2, Cost of Long-Term Debt, the Company projects a total all-in cost of long-term debt of approximately 4.79 percent for this additional $700 million projected new 30-year long-term debt issuance in July 2024.

Q. A portion of the securities in PacifiCorp's debt portfolio bears variable rates. What is the basis for the projected interest rates used by PacifiCorp?

A. The Company's variable rate long-term debt in this case is in the form of tax-exempt debt. Exhibit No. NLK-6, Variable Rate PCRB, Pollution Control Revenue Bond shows that, on average, these securities have been trading at approximately 85 percent of the 30-day London Inter Bank Offer Rate (LIBOR) for the period January 2000 through October 2022 (beginning with January 2022, the Bloomberg One Month Short Term Bank Yield Index rate replaced the 30-Day LIBOR as the referenced short-term borrowing index rate). Therefore, the Company has applied a factor of 85 percent to the forward One Month Bloomberg Short Term Bank Yield Index rate at each future quarter-end spanning the test period and then added the respective credit facility and remarketing fees for each floating rate tax-exempt bond. Credit facility and remarketing fees are included in the interest component because these are costs that contribute directly to the interest rate on the securities and are charged to interest expense. This method is consistent with the Company's past practices when determining the cost of debt in previous Washington general rate cases as well as the other states that regulate PacifiCorp.

Q. How did you calculate the embedded cost of preferred stock?

A. The embedded cost of preferred stock was calculated by first determining the cost of money for each issue. I begin by dividing the annual dividend per share by the per share net proceeds for each series of preferred stock. The resulting cost rate associated with each series was then multiplied by the total par or stated value outstanding for each issue to yield the annualized cost for each issue. The sum of annualized costs for each issue produces the total annual cost for the entire preferred stock portfolio. I then divided the total annual cost by the total amount of preferred stock outstanding to produce the weighted average cost for all issues. The result is PacifiCorp's embedded cost of preferred stock.

A. Embedded Cost of Long-Term Debt

Q. What is PacifiCorp's embedded cost of long-term debt?

A. The cost of long-term debt is 4.77 percent for the period ending December 31, 2024, as shown in Exhibit No. NLK-2, Cost of Long-Term Debt.

B. Embedded Cost of Preferred Stock

Q. What is PacifiCorp's embedded cost of preferred stock?

A. Exhibit No. NLK-7, Cost of Preferred Stock, shows the embedded costs of preferred stock for the period ending December 31, 2024, to be 6.75 percent.

VI. CONCLUSION

Q. Please summarize your recommendations to the Commission.

A. I respectfully request the Commission adopt PacifiCorp's proposed capital structure with a common equity level of 51.27 percent. This capital structure balances the financial integrity of the Company and costs to customers by reflecting the minimum equity ratio necessary for PacifiCorp to maintain its ratings under current market conditions. When combined with PacifiCorp's updated cost of long-term debt of 4.77 percent and the cost of equity of 10.30 percent recommended by Company witness Bulkley, this produces a reasonable overall cost of capital of 7.60 percent.

Q. Does this conclude your direct testimony?

A. Yes.

Exh. NLK-2
Docket UE-230172
Witness: Nikki L. Kobliha

BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, Complainant, v. PACIFICORP dba PACIFIC POWER & LIGHT COMPANY Respondent.	Docket UE-230172

PACIFICORP

EXHIBIT OF NIKKI L. KOBLIHA

Cost of Long-Term Debt

March 2023 (REFILED April 19, 2023)

REFILED April 19, 2023

PACIFICORP
Electric Operations
Pro Forma Ave Cost of Long-Term Debt Summary
12 months ended December 31, 2024

LINE NO.	DESCRIPTION	AMOUNT 5QE AVE OUTSTANDING	ISSUANCE EXPENSES	REDEMPTION EXPENSES	NET PROCEEDS TO COMPANY	ANNUAL DEBT SERVICE COST	INTEREST RATE	ALL-IN COST	ORIG LIFE	LINE NO.
1										1
2	**Total First Mortgage Bonds**	**$11,100,000,000**	**($124,763,736)**	**($2,073,225)**	**$10,973,163,039**	**$531,152,300**	**4.704%**	**4.785%**	**25.6**	2
3										3
4	Subtotal - Pollution Control Revenue Bonds secured by FMBs	$160,460,000	($4,953,665)	($2,181,869)	$153,324,466	$5,977,008	3.478%	3.725%	30.0	4
5	Subtotal - Pollution Control Revenue Bonds	$24,400,000	($225,000)	($428,469)	$23,746,531	$877,180	3.449%	3.595%	29.9	5
6	**Total Pollution Control Revenue Bonds**	**$184,860,000**	**($5,178,665)**	**($2,610,338)**	**$177,070,997**	**$6,854,188**	**3.474%**	**3.708%**	**29.9**	6
7										7
8	Loss on Long Term Debt Reacquistions, without Refunding					$202,495				8
9	**Total Cost of Long Term Debt**	**$11,284,860,000**	**($129,942,402)**	**($4,683,563)**	**$11,150,234,035**	**$538,208,983**	**4.683%**	**4.769%**	**25.7**	9
10										10

PACIFICORP
Electric Operations
Pro Forma Ave Cost of Long-Term Debt Detail
12 months ended December 31, 2024

LINE NO.	INTEREST RATE	DESCRIPTION	ISSUANCE DATE	MATURITY DATE	ORIG LIFE	PRINCIPAL AMOUNT ORIGINAL ISSUE	PRINCIPAL AMOUNT 5QE AVE OUTSTANDING	ISSUANCE EXPENSES	REDEMPTION EXPENSES	NET PROCEEDS TO COMPANY TOTAL DOLLAR AMOUNT	NET PROCEEDS TO COMPANY PER $100 PRINCIPAL AMOUNT	MONEY TO COMPANY	ANNUAL DEBT SERVICE COST	LINE NO.
	(a)	(b)	(c)	(d)	(e)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	
1														1
2														2
3	3.600%	Series due Apr 2024	03/13/14	04/01/24	10	$425,000,000	$170,000,000	($1,440,066)	($777,230)	$167,782,705	$98.696	3.757%	$6,386,900	3
4	3.350%	Series due Jul 2025	06/19/15	07/01/25	10	$250,000,000	$250,000,000	($2,441,421)	$0	$247,558,579	$99.023	3.466%	$8,665,000	4
5	3.500%	Series due Jun 2029	03/01/19	06/15/29	10	$400,000,000	$400,000,000	($2,874,181)	$0	$397,125,819	$99.281	3.584%	$14,336,000	5
6	2.700%	Series due Sep 2030	04/08/20	09/15/30	10	$400,000,000	$400,000,000	($2,876,791)	$0	$397,123,209	$99.281	2.780%	$11,120,000	6
7	7.700%	Series due Nov 2031	11/21/01	11/15/31	30	$300,000,000	$300,000,000	($3,701,310)	$0	$296,298,690	$98.766	7.807%	$23,421,000	7
8	4.378%	Proforma Series#1	06/15/23	06/15/33	10	$600,000,000	$600,000,000	($4,162,800)	$0	$595,837,200	$99.306	4.464%	$26,784,000	8
9	4.347%	Proforma Series#3	01/15/24	01/15/34	10	$500,000,000	$400,000,000	($2,795,200)	$0	$397,204,800	$99.301	4.434%	$17,736,000	9
10	5.900%	Series due Aug 2034	08/24/04	08/15/34	30	$200,000,000	$200,000,000	($2,614,365)	$0	$197,385,635	$98.693	5.994%	$11,988,000	10
11	5.250%	Series due Jun 2035	06/08/05	06/15/35	30	$300,000,000	$300,000,000	($3,992,021)	($1,295,995)	$294,711,984	$98.237	5.369%	$16,107,000	11
12	6.100%	Series due Aug 2036	08/10/06	08/01/36	30	$350,000,000	$350,000,000	($4,048,881)	$0	$345,951,119	$98.843	6.185%	$21,647,500	12
13	5.750%	Series due Apr 2037	03/14/07	04/01/37	30	$600,000,000	$600,000,000	($613,216)	$0	$599,386,784	$99.898	5.757%	$34,542,000	13
14	6.250%	Series due Oct 2037	10/03/07	10/15/37	30	$600,000,000	$600,000,000	($5,877,281)	$0	$594,122,719	$99.020	6.323%	$37,938,000	14
15	6.350%	Series due Jul 2038	07/17/08	07/15/38	30	$300,000,000	$300,000,000	($3,961,333)	$0	$296,038,667	$98.680	6.450%	$19,350,000	15
16	6.000%	Series due Jan 2039	01/08/09	01/15/39	30	$650,000,000	$650,000,000	($12,309,687)	$0	$637,690,313	$98.106	6.139%	$39,903,500	16
17	4.100%	Series due Feb 2042	01/06/12	02/01/42	30	$300,000,000	$300,000,000	($3,724,911)	$0	$296,275,089	$98.758	4.173%	$12,519,000	17
18	4.125%	Series due Jan 2049	07/13/18	01/15/49	31	$600,000,000	$600,000,000	($6,984,085)	$0	$593,015,915	$98.836	4.193%	$25,158,000	18
19	4.150%	Series due Feb 2050	03/01/19	02/15/50	31	$600,000,000	$600,000,000	($7,938,771)	$0	$592,061,229	$98.677	4.227%	$25,362,000	19
20	3.300%	Series due Mar 2051	04/08/20	03/15/51	31	$600,000,000	$600,000,000	($10,127,937)	$0	$589,872,063	$98.312	3.388%	$20,328,000	20
21	2.900%	Series due June 2052	07/09/21	06/15/52	31	$1,000,000,000	$1,000,000,000	($16,599,374)	$0	$983,400,626	$98.340	2.982%	$29,820,000	21
22	5.350%	Series due Dec 2053	12/01/22	12/01/53	31	$1,100,000,000	$1,100,000,000	($13,265,000)	$0	$1,086,735,000	$98.794	5.431%	$59,741,000	22
23	4.765%	Proforma Series#2	06/15/23	06/15/53	30	$600,000,000	$600,000,000	($5,362,800)	$0	$594,637,200	$99.106	4.822%	$28,932,000	23
24	4.738%	Proforma Series#4	01/15/24	01/15/54	30	$500,000,000	$400,000,000	($3,595,200)	$0	$396,404,800	$99.101	4.795%	$19,180,000	24
25	4.730%	Proforma Series#5	07/15/24	07/15/54	30	$700,000,000	$280,000,000	($2,552,640)	$0	$277,447,360	$99.088	4.788%	$13,406,400	25
26	**4.685%**	**Subtotal - Bullet FMBs**			**26**		**$11,000,000,000**	**($123,859,270)**	**($2,073,225)**	**$10,874,067,505**		**4.767%**	**$524,371,300**	26
27														27
28	6.710%	Series G due Jan 2026	01/23/96	01/15/26	30	$100,000,000	$100,000,000	($904,467)	$0	$99,095,533	$99.096	6.781%	$6,781,000	28
29	**6.710%**	**Subtotal - Series G MTNs**			**30**		**$100,000,000**	**($904,467)**	**$0**	**$99,095,533**		**6.781%**	**$6,781,000**	29
30														30
31	**4.704%**	**Total First Mortgage Bonds**			**26**		**$11,100,000,000**	**($124,763,736)**	**($2,073,225)**	**$10,973,163,039**		**4.785%**	**$531,152,300**	31
32														32
33														33
34	3.480%	Converse 94 due Nov 2024	11/17/94	11/01/24	30	$8,190,000	$6,552,000	($209,778)	($86,323)	$6,255,899	$95.481	3.732%	$244,521	34
35	3.448%	Emery 94 due Nov 2024	11/17/94	11/01/24	30	$121,940,000	$97,552,000	($3,274,246)	($1,925,767)	$92,351,987	$94.669	3.744%	$3,652,347	35
36	3.590%	Lincoln 94 due Nov 2024	11/17/94	11/01/24	30	$15,060,000	$12,048,000	($422,858)	($81,427)	$11,543,715	$95.814	3.825%	$460,836	36
37	3.514%	Sweetwater 94 due Nov 2024	11/17/94	11/01/24	30	$21,260,000	$17,008,000	($510,479)	($88,352)	$16,409,169	$96.479	3.709%	$630,827	37
38	3.430%	Converse 95 due Nov 2025	11/17/95	11/01/25	30	$5,300,000	$5,300,000	($132,043)	$0	$5,167,957	$97.509	3.566%	$188,998	38
39	3.533%	Lincoln 95 due Nov 2025	11/17/95	11/01/25	30	$22,000,000	$22,000,000	($404,262)	$0	$21,595,738	$98.162	3.634%	$799,480	39
40	**3.478%**	**Subtotal - Secured PCRBs**			**30**		**$160,460,000**	**($4,953,665)**	**($2,181,869)**	**$153,324,466**		**3.725%**	**$5,977,008**	40
41														41
42	3.449%	Sweetwater 95 due Nov 2025	12/14/95	11/01/25	30	$24,400,000	$24,400,000	($225,000)	($428,469)	$23,746,531	$97.322	3.595%	$877,180	42
43	**3.449%**	**Subtotal - Unsecured PCRBs**			**30**		**$24,400,000**	**($225,000)**	**($428,469)**	**$23,746,531**		**3.595%**	**$877,180**	43
44														44
45	**3.474%**	**Total PCRB Obligations**			**30**		**$184,860,000**	**($5,178,665)**	**($2,610,338)**	**$177,070,997**		**3.708%**	**$6,854,188**	45
46														46
47			**REACQ**	**ORG MAT**										47
48			**DATE**	**DATE**										48
49		8.375% Series A QUIDS	11/17/00	06/30/35									$107,887	49
50		8.55% Series B QUIDS	11/17/00	12/31/25									$84,084	50
51		Carbon '94 PCRB Series	02/18/16	11/01/24									$10,524	51
52		**Long-Term Debt Reacquisition, without refunding amortization**											**$202,495**	52
53														53
54	**4.683%**	**Total Long-Term Debt**			**26**		**$11,284,860,000**	**($129,942,402)**	**($4,683,563)**	**$11,150,234,035**		**4.769%**	**$538,208,983**	54
55														55

Exh. NLK-3
Docket UE-230172
Witness: Nikki L. Kobliha

BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, Complainant, v. PACIFICORP dba PACIFIC POWER & LIGHT COMPANY Respondent.	Docket UE-230172

PACIFICORP

EXHIBIT OF NIKKI L. KOBLIHA

Arizona Public Service Company Letter

March 2023 (REFILED April 19, 2023)

PINNACLE WEST
CAPITAL CORPORATION

LAW DEPARTMENT

Thomas L. Mumaw
Senior Attorney
(602) 250-2052
Direct Line

October 17, 2008

Commissioner Kristin K. Mayes
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Re: Docket No. E-01345A-08-0172 (Interim Rate Motion)

Dear Commissioner Mayes:

On October 8, 2008, you filed a letter in which you requested Arizona Public Service Company ("APS" or "Company") to respond to five specific issues covering a range of subjects. Because several of these issues are germane to the Company's pending Motion for Interim Rates, the Company has chosen to submit its response in the above docket. For the convenience of the parties to this proceeding, I have attached a copy of your October 8th letter as Appendix A.

APS Access to Commercial Paper Market and *Other Credit-Related Issues*

APS first began experiencing trouble accessing the commercial paper market in August of 2007 when the sub-prime credit issues began to impact the capital markets. Access has continued to be sporadic throughout 2008, with the amount of commercial paper APS can issue often being limited even when access to the market was possible. Beginning September 17, 2008, the commercial paper market has been completely closed to APS.

As discussed during the hearing, APS had total lines of credit of $900 million. The first line of $400 million expires at the end of 2010, with a second for $500 million expiring at the end of 2011. The purpose of these lines of credit is to provide the Company with liquidity and working capital when commercial paper cannot be utilized – not fund capital expenditures.[1] Indeed, Decision No. 69947 (October 30, 2007) specifically limited the use of the $500 million line of credit to fuel/purchased power requirements and thus cannot be used to fund the Company's capital requirements. As of September 30, 2008, approximately $270 million had to be drawn down due to the problems in the commercial paper market described above. Also, $34 million of the Company's credit line was with bankrupt Lehman Brothers and thus no longer

[1] Borrowing on bank lines of credit is normally 25 to 50 basis points more expensive than commercial paper.

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exists. Another $36 million was with Wachovia, which is in the process of being acquired by Wells Fargo. Whether the new owner of Wachovia will assume the $36 million commitment is uncertain, to say the least. Accordingly, APS's previous $900 million lines of credit are now no more than $866 million, and may be as low as $830 million. Finally, as a result of recent write-downs of bank assets, there is $2 trillion less credit capacity in the U.S. banking system than there was before this global financial crisis began. As a result, APS will likely encounter difficulty in maintaining its remaining lines of credit in the future, and there is no doubt that these lines of credit would, in any case, be insufficient to meet APS's capital expenditure needs over the next few years.

Liquidity is absolutely vital to the financial integrity of an electric utility. APS itself was contacted by each of the three rating agencies after the Lehman Brothers bankruptcy and asked about the Company's exposure to Lehman, Morgan Stanley, Merrill Lynch and Goldman Sachs, as well as its ability to count on its lines of credit given the chaos in the short-term credit markets. A recent example of the critical importance of liquidity is Constellation Energy, the parent of Baltimore Gas & Electric Company, which began 2008 with a stock price of over $100 per share. After facing a liquidity crisis driven by threatened credit rating downgrades and the resultant cash collateral calls that nearly drove Constellation to the brink of bankruptcy, it was forced to sell itself to MidAmerican Energy (the same entity that bought out PacifiCorp) for $26.50 per share.

And the damage has not been limited to the short-term debt market. Despite massive efforts by our Federal government and governments in Europe and Asia to pump liquidity into the national and international credit markets, access to the corporate debt market is extremely strained, with only the most highly-rated corporations being successful in raising long-term debt capital. At present, APS likely could not successfully issue long-term debt. Whether this financial market environment will improve by the spring of next year, when APS likely will need to issue debt, is unknown.

Geo*Smart* Solar Financing Program

On Thursday, September 25, 2008 GE Money announced that it will no longer offer unsecured installment consumer financing for its energy efficiency and renewable energy programs after October 23, 2008 because of the current turmoil in the credit markets. The action specifically affected the Electric & Gas Industries Association's ("EGIA") GEO*Smart* Financing Program offered by APS because GE Money provided the financial support for the program. Although APS had no prior warning of GE Money's actions, APS remains committed to its partnership with EGIA. EGIA, as a non-profit entity implementing similar financing programs for utilities around the country, is situated to identify other suitable financial institutions to back the Geo*Smart* program. In recent conversations, EGIA informed APS that a number of financial institutions have been identified that **may** be able to provide funding for GEO*Smart*. APS remains hopeful but cannot offer any assurance that EGIA will secure other financial backing in the future.

Transactions with Investment Banks or Similar Financial Institutions

Attached as Appendix B is a list of the banks with which APS has existing lines of credit. As noted before, Lehman Brothers and Wachovia are in that group. APS has also submitted a $1.1 million claim against Lehman Brothers in bankruptcy over a hedging transaction. APS has conducted numerous transactions with Morgan Stanley and Goldman Sachs, who together are major players in the U.S energy markets. Although it would seriously reduce the overall liquidity of these energy markets should Morgan Stanley and/or Goldman Sachs bow out of the energy market, APS itself had controls in place well before all these problems began that limited its exposure to any single trading partner, including those discussed above. However, with chaotic and unprecedented market events such as we are presently experiencing, no amount of internal controls can provide complete protection against potential losses.[2] Finally, AIG is a carrier for APS property and casualty insurance. APS believes that these insurance policies will continue to be honored.

Auction Rate Securities

APS does not have any funds invested in auction rate securities ("ARS"). APS is an issuer of ARS, with $343 million outstanding and with maturities in 2029 and 2034. The average rate of interest paid on these securities has been 3.2%, thus providing very attractive financing for APS and its customers.

Palo Verde

Palo Verde Unit 3 experienced two relatively brief unplanned outages recently. The first was from September 16 to September 20 when a failed transmitter in the control circuitry for one of the two power supplies to the reactor control rods required the unit to be shut down. That was safely accomplished, and after the electronic card that included the failed component was replaced, the unit was returned to full power without incident. The second was from September 27 to 30 when high sulfate levels were detected in the secondary steam system (the system that connects the steam generators with the steam turbine). After operators had shut down the unit, the secondary system chemistry was returned to normal, the unit again returned to service without incident and has been operating at full power since then. APS estimates that the amount of additional fuel and purchased power costs deferred for recovery through the PSA to be approximately $3 million.[3]

Neither outage involved what could be characterized as an unusual event for a nuclear power plant and is the sort of occurrence anticipated in the budgeted effective forced outage rate ("EFOR") for Palo Verde. Palo Verde, like all generators, including all APS generators, has an

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[2] Although such transactions are not directly with APS, the APS decommissioning trusts and the Pinnacle West retirement funds have relatively small investments in some of the troubled entities identified in your letter, as likely do most if not all large investment funds in this country.

[3] As the Commission is aware, APS absorbs 10% of higher fuel costs, and a portion of outage costs are embedded in the base fuel cost. In addition, a small amount is allocated to wholesale customers. Thus, the total cost of the outages was $4.4 million.

anticipated EFOR based primarily on past operations. This is merely an acknowledgement that all machines, no matter how well designed, constructed, operated, and maintained, will sometimes fail. Electric generators are no exception to that rule.

To date this year, the overall Palo Verde capacity factor has been 98% (excluding refueling outages). This past summer, Palo Verde set an all-time record for generation.

Throughout both outage events, Palo Verde staff demonstrated their safety-first focus by using effective problem identification and resolution behaviors, took proper action during troubleshooting (including developing contingency plans) and work planning. They executed all needed repairs with a focus on human performance. The NRC was kept fully informed throughout these outages and monitored Palo Verde's decision-making process and the actions taken. APS does not believe these outages have had any negative impact on APS's substantial progress in resolving the NRC's Confirmatory Action Letter.

Sincerely,

Thomas L. Mumaw

Thomas L. Mumaw

Attorney for Arizona Public
Service Company

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Appendix A

ARIZONA CORPORATION COMMISSION

KRISTIN K. MAYES
Commissioner

Direct Line: (602) 542-4143
Fax: (602) 542-0765
E-mail: kmayes@azcc.gov

October 8, 2008

Mr. Don Brandt
President and CEO
Arizona Public Service
400 No. Fifth Street
M.S. 9042
Phoenix, AZ 85004

Re: Impact of recent financial crisis on APS' access to commercial paper markets and ability to finance capital projects; forced cancellation of GeoSmart Solar Loan Program; transactions with investment banks; exposure to auction rate securities; status of outages at Palo Verde Nuclear Generating Station's Unit 3.

Dear Mr. Brandt:

As you know, the recent upheaval in America's financial markets has had an unsettling effect on our national and local economies. It has also had serious consequences for individuals and companies who need to access financing, as credit tightens and capital markets become less fluid.

In recognition of the current environment, I write to request that you provide the Commission with information regarding whether the unfolding events on Wall Street have had an impact on Arizona Public Service Company ("APS"), with a particular focus on several areas.

First, please tell the Commission whether APS has experienced difficulty gaining access to short or long term debt markets. In particular, have you seen a decline in the Company's ability to issue commercial paper, a practice that has become common among large utilities seeking to make payments for short term capital expenditures and operating expenses. If so, please describe the ways in which you have responded to this deficiency in order to meet the Company's capital needs. Have you experienced additional expenses associated with accessing these markets? What is the short-term and long-term impact to APS' planned capital projects?

Second, APS recently reported to my office that it was forced to scuttle its GeoSmart Solar Financing Program – the program by which APS was offering loans to customers wishing to install solar panels who could not afford to do so solely using rebates – because General Electric pulled its funding due to the credit crisis. Please detail the circumstances surrounding this program suspension and whether you believe APS will be able to re-start the program in the future. Please also inform the Commission whether any other renewable energy or other capital expenditure programs have been threatened or come under pressure as a result of the tightened credit markets, and the Company's strategy for addressing these pressures.

Third, please tell the Commission whether APS engaged in any significant financial transactions with Lehman Brothers, American International Group, Bear Stearns, or any other investment firm that has been the subject of recent bankruptcies or governmental takeovers. If so, please detail those transactions, and to what extent they have impacted the Company.

Fourth, it is my understanding that APS has had some exposure to auction rate securities. As you know, the auction rate securities market recently collapsed. Please describe the Company's auction rate securities holdings, what worth those securities now have, and what the Company intends to do with those securities in order to minimize any losses associated with them.

Finally, as you know, Palo Verde Nuclear Generating Station's ("PVNGS") Unit Three was down from September 27th to October 1st – making for a second outage in less than a month. Please tell the Commission how these Unit Three outages will impact the Company's efforts to resolve PVNGS' Category Four status with the Nuclear Regulatory Commission, as well as the estimated replacement costs that have been passed through the Company's Purchased Power and Fuel Adjustment Clause as a result of these outages.

Thank you for your attention to these questions.

Sincerely,

Kris Mayes
Commissioner

Cc: Chairman Mike Gleason
Commissioner William A. Mundell
Commissioner Jeff Hatch-Miller
Commissioner Gary Pierce
Ernest Johnson
Janice Alward
Brian McNeil
Rebecca Wilder

Appendix B

APS Revolving Lines of Credit
($K)

	Bank	Amount	% of Total
1	Bank of America	$92,857	10.3%
2	Bank of New York Mellon	80,000	8.9%
3	Citigroup	76,572	8.5%
4	JPMorgan	76,572	8.5%
5	Keybank	68,571	7.6%
6	CSFB	60,857	6.7%
7	Barclays Bank	52,857	5.9%
8	Wells Fargo	52,857	5.9%
9	UBS Warburg	52,857	5.9%
10	Union Bank	38,571	4.3%
11	Sun Trust	36,000	4.0%
12	Mizuho	28,571	3.2%
13	KBC Bank	24,000	2.7%
14	Dresdner	24,000	2.7%
15	US Bank	17,143	1.9%
16	Chang Hwa Commercial Bk	15,000	1.6%
17	BOTM	11,429	1.3%
18	Northern Trust	11,429	1.3%
19	Bank Hapoalim	10,000	1.1%
20	Subtotal	$830,143	92.3%
21	Wachovia	36,000	4.0%
22	Lehman Brothers	33,857	3.7%
23	Total	$900,000	100.0%

Exh. NLK-4
Docket UE-230172
Witness: Nikki L. Kobliha

BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, Complainant, v. PACIFICORP dba PACIFIC POWER & LIGHT COMPANY Respondent.	Docket UE-230172

PACIFICORP

EXHIBIT OF NIKKI L. KOBLIHA

Impact of a Lower Credit Rating on Cost of Long-Term Debt

March 2023 (REFILED April 19, 2023)

PacifiCorp
2023 WA GRC

	LTD Exhib. Ln	Post Acquistion FMB Issuances	Principal	5QE Ave Outstsnding	Settlement Date	Maturity Date	Term	Treasury Strike	Treasury Spread	Re-offer Yield	Coupon Rate	Yield Discount	Issuance Costs	Refunding Costs	Cost of Debt	Annual Debt Service Cost	uw fee
1	12	6.10% Series due 2036	$350,000,000	$350,000,000	08/10/06	08/01/36	30	5.064%	1.060%	6.124%	6.100%	$1,141,000	$2,907,881	$0	6.185%	$21,647,500	0.700%
2	13	5.75% Series due 2037	$600,000,000	$600,000,000	03/14/07	04/01/37	30	4.750%	1.000%	5.750%	5.750%	$24,000	$589,216	$0	5.757%	$34,542,000	0.000%
3	14	6.25% Series due 2037	$600,000,000	$600,000,000	10/03/07	10/15/37	30	4.859%	1.400%	6.259%	6.250%	$750,000	$5,127,281	$0	6.323%	$37,938,000	0.775%
4	15	6.35% Series due 2038	$300,000,000	$300,000,000	07/17/08	07/15/38	30	4.472%	1.920%	6.392%	6.350%	$1,671,000	$2,290,333	$0	6.450%	$19,350,000	0.700%
5	16	6.00% Series due 2039	$650,000,000	$650,000,000	01/08/09	01/15/39	30	2.969%	3.100%	6.069%	6.000%	$6,175,000	$6,134,687	$0	6.139%	$39,903,500	0.875%
6	17	4.10% Series due 2042	$300,000,000	$300,000,000	01/06/12	02/01/42	30	2.969%	1.150%	4.119%	4.100%	$987,000	$2,737,911	$0	4.173%	$12,519,000	0.800%
7	3	3.60% Series due 2024	$425,000,000	$170,000,000	03/13/14	04/01/24	10	2.777%	0.830%	3.607%	3.600%	$102,000	$1,338,066	$777,230	3.757%	$6,386,900	0.620%
8	4	3.35% Series due 2025	$250,000,000	$250,000,000	06/19/15	07/01/25	10	2.315%	1.050%	3.365%	3.350%	$320,000	$2,121,421	$0	3.466%	$8,665,000	0.650%
9	18	4.125% Series due 2049	$600,000,000	$600,000,000	07/13/18	01/15/49	31	2.968%	1.170%	4.138%	4.125%	$1,344,000	$5,640,085	$0	4.193%	$25,158,000	0.800%
10	5	3.50% Series due 2029	$400,000,000	$400,000,000	03/01/19	06/15/29	10	2.672%	0.850%	3.522%	3.500%	$740,000	$2,134,051	$0	3.584%	$14,336,000	0.425%
11	19	4.15% Series due 2050	$600,000,000	$600,000,000	03/01/19	02/15/50	31	3.027%	1.150%	4.177%	4.150%	$2,790,000	$5,148,771	$0	4.227%	$25,362,000	0.750%
12	6	2.70% Series due 2030	$400,000,000	$400,000,000	04/08/20	09/15/30	10	0.670%	2.050%	2.720%	2.700%	$720,000	$2,156,791	$0	2.780%	$11,120,000	0.425%
13	20	3.30% Series due 2051	$600,000,000	$600,000,000	04/08/20	03/15/51	31	1.293%	2.050%	3.343%	3.300%	$4,944,000	$5,183,937	$0	3.388%	$20,328,000	0.750%
14	21	2.90% Series due 2052	$1,000,000,000	$1,000,000,000	07/09/21	06/15/52	31	1.958%	0.980%	2.938%	2.900%	$7,670,000	$8,927,874	$0	2.982%	$29,820,000	0.750%
15	22	5.35% Series due 2053	$1,100,000,000	$1,100,000,000	12/01/22	12/01/53	31	3.840%	1.530%	5.370%	5.350%	$3,300,000	$9,965,000	$0	5.431%	$59,741,000	0.750%
16	8	Proforma Series#1	$600,000,000	$600,000,000	06/15/23	06/15/33	10	3.328%	1.050%	4.378%	4.378%	$0	$4,162,800	$0	4.464%	$26,784,000	0.600%
17	23	Proforma Series#2	$600,000,000	$600,000,000	06/15/23	06/15/53	30	3.465%	1.300%	4.765%	4.765%	$0	$5,362,800	$0	4.822%	$28,932,000	0.800%
18	9	Proforma Series#3	$500,000,000	$400,000,000	01/15/24	01/15/34	10	3.297%	1.050%	4.347%	4.347%	$0	$2,795,200	$0	4.434%	$17,736,000	0.600%
19	24	Proforma Series#4	$500,000,000	$400,000,000	01/15/24	01/15/54	30	3.438%	1.300%	4.738%	4.738%	$0	$3,595,200	$0	4.795%	$19,180,000	0.800%
20	25	Proforma Series#5	$700,000,000	$280,000,000	07/15/24	07/15/54	30	3.430%	1.300%	4.730%	4.730%	$0	$2,552,640	$0	4.788%	$13,406,400	0.800%
			$11,075,000,000	$10,200,000,000							4.556%	$32,678,000	$80,871,944	$777,230	3.011%	$472,855,300	

		Pro-forma Issuances	Principal	5QE Ave Outstsnding	Settlement Date	Maturity Date	Term	Treasury Strike	Treasury Spread	Re-offer Yield	Coupon Rate	Yield Discount	Issuance Costs	Refunding Costs	Cost of Debt	Annual Debt Service Cost	standard uw fee
1	12	Series due 2036	$350,000,000	$350,000,000	08/10/06	08/01/36	30	5.064%	1.750% a	6.814%	6.814%	$0	$3,520,381	$0	6.894%	$24,129,000	0.875%
2	13	Series due 2037	$600,000,000	$600,000,000	03/14/07	04/01/37	30	4.750%	1.220% b	5.970%	5.970%	$0	$5,839,216	$0	6.040%	$36,240,000	0.875%
3	14	Series due 2037 (II)	$600,000,000	$600,000,000	10/03/07	10/15/37	30	4.859%	1.700% c	6.559%	6.559%	$0	$5,727,281	$0	6.632%	$39,792,000	0.875%
4	15	Series due 2038	$300,000,000	$300,000,000	07/17/08	07/15/38	30	4.472%	2.800% d	7.272%	7.272%	$0	$2,815,333	$0	7.350%	$22,050,000	0.875%
5	16	Series due 2039	$650,000,000	$650,000,000	01/08/09	01/15/39	30	2.969%	4.630% e	7.599%	7.599%	$0	$6,134,687	$0	7.680%	$49,920,000	0.875%
6	17	Series due 2042	$300,000,000	$300,000,000	01/06/12	02/01/42	30	2.969%	1.550% f	4.519%	4.519%	$0	$2,962,911	$0	4.580%	$13,740,000	0.875%
7	3	Series due 2024	$425,000,000	$170,000,000	03/13/14	04/01/24	10	2.777%	1.050% g	3.827%	3.827%	$0	$1,465,566	$777,230	3.891%	$6,614,700	0.650%
8	4	Series due 2025	$250,000,000	$250,000,000	06/19/15	07/01/25	10	2.315%	1.150% h	3.465%	3.465%	$0	$2,121,421	$0	3.566%	$8,915,000	0.650%
9	18	Series due 2049	$600,000,000	$600,000,000	07/13/18	01/15/49	31	2.968%	1.250% i	4.218%	4.218%	$0	$6,090,085	$0	4.278%	$25,668,000	0.875%
10	5	Series due 2029	$400,000,000	$400,000,000	03/01/19	06/15/29	10	2.672%	1.230% j	3.902%	3.902%	$0	$3,034,051	$0	3.992%	$15,968,000	0.650%
11	19	Series due 2050	$600,000,000	$600,000,000	03/01/19	02/15/50	31	3.027%	1.580% k	4.607%	4.607%	$0	$5,898,771	$0	4.667%	$28,002,000	0.875%
12	6	Series due 2030	$400,000,000	$400,000,000	04/08/20	09/15/30	10	0.670%	3.500% l	4.170%	4.170%	$0	$3,056,791	$0	4.261%	$17,044,000	0.650%
13	20	Series due 2051	$600,000,000	$600,000,000	04/08/20	03/15/51	31	1.293%	2.900% m	4.193%	4.193%	$0	$5,933,937	$0	4.251%	$25,506,000	0.875%
14	21	Series due 2052	$1,000,000,000	$1,000,000,000	07/09/21	06/15/52	31	1.958%	1.050% n	3.008%	3.008%	$0	$10,177,874	$0	3.059%	$30,590,000	0.875%
15	22	Series due 2053	$1,100,000,000	$1,100,000,000	12/01/22	12/01/53	31	3.840%	1.760% o	5.600%	5.600%	$0	$11,340,000	$0	5.671%	$62,381,000	0.875%
16	8	Proforma Series#1	$600,000,000	$600,000,000	06/15/23	06/15/33	10	3.328%	1.250% p	4.578%	4.578%	$0	$4,462,800	$0	4.671%	$28,026,000	0.650%
17	23	Proforma Series#2	$600,000,000	$600,000,000	06/15/23	06/15/53	30	3.465%	1.500% p	4.965%	4.965%	$0	$5,812,800	$0	5.028%	$30,168,000	0.875%
18	9	Proforma Series#3	$500,000,000	$400,000,000	01/15/24	01/15/34	10	3.297%	1.250% p	4.547%	4.547%	$0	$3,045,200	$0	4.624%	$18,496,000	0.650%
19	24	Proforma Series#4	$500,000,000	$400,000,000	01/15/24	01/15/54	30	3.438%	1.500% p	4.938%	4.938%	$0	$3,970,200	$0	4.989%	$19,956,000	0.875%
20	25	Proforma Series#5	$700,000,000	$280,000,000	07/15/24	07/15/54	30	3.430%	1.500% p	4.930%	4.930%	$0	$3,077,640	$0	4.958%	$13,882,400	0.875%
			$11,075,000,000	$10,200,000,000							5.000%	$0	$96,486,944	$777,230	5.069%	$517,088,100	

(a) APS
(b) PG&E
(c) Appalachian Power
(d) El Paso Power
(e) Potomac Electric Power
(f) APS
(g) Pacific Gas & Electric Co
(h) Pacific Gas & Electric Co
(i) Tampa Electric Co
(j) Dominion Energy Inc
(k) Dominion Energy Inc
(l) IPALCO Enterprises Inc
(m) NiSource Inc
(n) Mississippi Power Co
(o) Ave trading yield for 30-Year BBB utility OpCo Issuers at 12/1/22
(p) Current bank indicative

**proxy was used as there was no comparable triple B Utility OpCo new issuance from this time period*

Exh. NLK-5
Docket UE-230172
Witness: Nikki L. Kobliha

BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, Complainant, v. PACIFICORP dba PACIFIC POWER & LIGHT COMPANY Respondent.	Docket UE-230172

PACIFICORP

EXHIBIT OF NIKKI L. KOBLIHA

Variable Rate PCRB, Pollution Control Revenue Bond

March 2023 (REFILED April 19, 2023)

Indicative Forward PCRB Variable Rates
For Quarter End Periods for Years Ending
December 31, 2023 & 2024

	30 Day LIBOR[1] Daily Ave	Floating Rate PCRBs Daily Ave	PCRB / LIBOR
	(a)	(b)	(b)/(a)
Jan-00	5.81%	3.33%	57%
Feb-00	5.89%	3.62%	62%
Mar-00	6.05%	3.68%	61%
Apr-00	6.16%	4.02%	65%
May-00	6.54%	4.89%	75%
Jun-00	6.65%	4.35%	65%
Jul-00	6.63%	3.99%	60%
Aug-00	6.62%	4.09%	62%
Sep-00	6.62%	4.50%	68%
Oct-00	6.62%	4.36%	66%
Nov-00	6.63%	4.33%	65%
Dec-00	6.68%	4.14%	62%
Jan-01	5.88%	3.10%	53%
Feb-01	5.53%	3.59%	65%
Mar-01	5.13%	3.18%	62%
Apr-01	4.82%	3.72%	77%
May-01	4.16%	3.38%	81%
Jun-01	3.92%	3.03%	77%
Jul-01	3.82%	2.65%	69%
Aug-01	3.64%	2.36%	65%
Sep-01	3.17%	2.42%	76%
Oct-01	2.48%	2.18%	88%
Nov-01	2.13%	1.79%	84%
Dec-01	1.96%	1.64%	84%
Jan-02	1.81%	1.49%	82%
Feb-02	1.85%	1.39%	75%
Mar-02	1.89%	1.46%	77%
Apr-02	1.86%	1.58%	85%
May-02	1.84%	1.67%	91%
Jun-02	1.84%	1.58%	86%
Jul-02	1.83%	1.49%	81%
Aug-02	1.80%	1.49%	83%
Sep-02	1.82%	1.69%	93%
Oct-02	1.81%	1.84%	102%
Nov-02	1.44%	1.66%	115%
Dec-02	1.42%	1.57%	110%
Jan-03	1.36%	1.40%	103%
Feb-03	1.34%	1.43%	107%
Mar-03	1.31%	1.45%	111%
Apr-03	1.31%	1.52%	115%
May-03	1.31%	1.56%	119%
Jun-03	1.16%	1.38%	119%
Jul-03	1.11%	1.12%	102%
Aug-03	1.11%	1.16%	104%
Sep-03	1.12%	1.24%	111%
Oct-03	1.12%	1.24%	111%
Nov-03	1.13%	1.36%	121%
Dec-03	1.15%	1.32%	114%
Jan-04	1.11%	1.21%	110%
Feb-04	1.10%	1.17%	107%
Mar-04	1.09%	1.20%	110%
Apr-04	1.10%	1.27%	115%
May-04	1.10%	1.29%	117%
Jun-04	1.25%	1.28%	102%
Jul-04	1.41%	1.26%	89%
Aug-04	1.60%	1.40%	88%
Sep-04	1.78%	1.49%	83%
Oct-04	1.90%	1.72%	91%
Nov-04	2.19%	1.65%	75%
Dec-04	2.39%	1.67%	70%
Jan-05	2.49%	1.78%	72%
Feb-05	2.61%	1.88%	72%
Mar-05	2.81%	1.95%	69%
Apr-05	2.97%	2.50%	84%
May-05	3.09%	2.93%	95%
Jun-05	3.25%	2.39%	74%
Jul-05	3.43%	2.28%	67%
Aug-05	3.69%	2.44%	66%
Sep-05	3.78%	2.55%	68%
Oct-05	3.99%	2.66%	67%
Nov-05	4.15%	2.93%	71%
Dec-05	4.36%	3.10%	71%
Jan-06	4.48%	3.02%	67%
Feb-06	4.58%	3.13%	68%
Mar-06	4.76%	3.11%	65%
Apr-06	4.92%	3.45%	70%
May-06	5.08%	3.52%	69%
Jun-06	5.24%	3.74%	71%
Jul-06	5.37%	3.60%	67%

**Indicative Forward PCRB Variable Rates
For Quarter End Periods for Years Ending
December 31, 2023 & 2024**

	30 Day LIBOR[1] Daily Ave	Floating Rate PCRBs Daily Ave	PCRB / LIBOR
	(a)	(b)	(b)/(a)
Aug-06	5.35%	3.53%	66%
Sep-06	5.33%	3.61%	68%
Oct-06	5.32%	3.57%	67%
Nov-06	5.32%	3.62%	68%
Dec-06	5.35%	3.70%	69%
Jan-07	5.32%	3.64%	68%
Feb-07	5.32%	3.63%	68%
Mar-07	5.32%	3.64%	68%
Apr-07	5.32%	3.79%	71%
May-07	5.32%	3.90%	73%
Jun-07	5.32%	3.76%	71%
Jul-07	5.32%	3.66%	69%
Aug-07	5.52%	3.76%	68%
Sep-07	5.48%	3.84%	70%
Oct-07	4.98%	3.56%	72%
Nov-07	4.75%	3.53%	74%
Dec-07	5.00%	3.25%	65%
Jan-08	3.95%	3.02%	76%
Feb-08	3.14%	2.86%	91%
Mar-08	2.80%	3.79%	135%
Apr-08	2.79%	2.23%	80%
May-08	2.63%	1.93%	73%
Jun-08	2.47%	2.77%	112%
Jul-08	2.46%	4.12%	168%
Aug-08	2.47%	3.03%	123%
Sep-08	2.94%	4.57%	155%
Oct-08	3.87%	4.89%	126%
Nov-08	1.68%	2.34%	139%
Dec-08	1.01%	1.02%	101%
Jan-09	0.39%	0.70%	181%
Feb-09	0.46%	0.68%	147%
Mar-09	0.53%	0.66%	124%
Apr-09	0.45%	0.63%	140%
May-09	0.35%	0.53%	153%
Jun-09	0.32%	0.45%	143%
Jul-09	0.29%	0.41%	142%
Aug-09	0.27%	0.43%	158%
Sep-09	0.25%	0.40%	161%
Oct-09	0.24%	0.39%	159%
Nov-09	0.24%	0.37%	157%
Dec-09	0.23%	0.38%	165%
Jan-10	0.23%	0.32%	138%
Feb-10	0.23%	0.32%	137%
Mar-10	0.24%	0.32%	135%
Apr-10	0.26%	0.35%	134%
May-10	0.33%	0.34%	101%
Jun-10	0.35%	0.33%	93%
Jul-10	0.33%	0.30%	90%
Aug-10	0.27%	0.31%	115%
Sep-10	0.26%	0.31%	119%
Oct-10	0.26%	0.27%	106%
Nov-10	0.25%	0.27%	107%
Dec-10	0.26%	0.29%	110%
Jan-11	0.26%	0.26%	100%
Feb-11	0.26%	0.26%	98%
Mar-11	0.25%	0.24%	96%
Apr-11	0.22%	0.24%	106%
May-11	0.20%	0.20%	100%
Jun-11	0.19%	0.12%	62%
Jul-11	0.19%	0.07%	38%
Aug-11	0.21%	0.18%	83%
Sep-11	0.23%	0.18%	78%
Oct-11	0.24%	0.17%	69%
Nov-11	0.25%	0.18%	70%
Dec-11	0.28%	0.18%	62%
Jan-12	0.28%	0.18%	64%
Feb-12	0.25%	0.22%	86%
Mar-12	0.24%	0.20%	84%
Apr-12	0.24%	0.25%	104%
May-12	0.24%	0.22%	90%
Jun-12	0.24%	0.19%	78%
Jul-12	0.25%	0.17%	68%
Aug-12	0.24%	0.16%	68%
Sep-12	0.22%	0.18%	81%
Oct-12	0.21%	0.20%	93%
Nov-12	0.21%	0.20%	95%
Dec-12	0.21%	0.15%	71%
Jan-13	0.21%	0.10%	51%
Feb-13	0.20%	0.13%	63%

**Indicative Forward PCRB Variable Rates
For Quarter End Periods for Years Ending
December 31, 2023 & 2024**

	30 Day LIBOR[1] Daily Ave	Floating Rate PCRBs Daily Ave	PCRB / LIBOR
	(a)	(b)	(b)/(a)
Mar-13	0.20%	0.13%	66%
Apr-13	0.20%	0.18%	92%
May-13	0.20%	0.18%	90%
Jun-13	0.19%	0.11%	57%
Jul-13	0.19%	0.08%	43%
Aug-13	0.18%	0.09%	47%
Sep-13	0.18%	0.09%	49%
Oct-13	0.17%	0.10%	61%
Nov-13	0.17%	0.13%	78%
Dec-13	0.17%	0.14%	82%
Jan-14	0.16%	0.12%	74%
Feb-14	0.16%	0.11%	74%
Mar-14	0.15%	0.11%	73%
Apr-14	0.15%	0.13%	87%
May-14	0.15%	0.12%	80%
Jun-14	0.15%	0.10%	67%
Jul-14	0.15%	0.09%	61%
Aug-14	0.16%	0.09%	61%
Sep-14	0.15%	0.09%	55%
Oct-14	0.15%	0.08%	55%
Nov-14	0.15%	0.09%	59%
Dec-14	0.16%	0.08%	50%
Jan-15	0.17%	0.06%	38%
Feb-15	0.17%	0.06%	36%
Mar-15	0.18%	0.06%	35%
Apr-15	0.18%	0.09%	50%
May-15	0.18%	0.15%	79%
Jun-15	0.19%	0.13%	69%
Jul-15	0.19%	0.10%	55%
Aug-15	0.20%	0.09%	46%
Sep-15	0.20%	0.09%	47%
Oct-15	0.19%	0.10%	50%
Nov-15	0.21%	0.09%	45%
Dec-15	0.35%	0.08%	24%
Jan-16	0.43%	0.09%	20%
Feb-16	0.43%	0.08%	20%
Mar-16	0.44%	0.19%	45%
Apr-16	0.44%	0.41%	94%
May-16	0.44%	0.41%	93%
Jun-16	0.45%	0.43%	95%
Jul-16	0.48%	0.43%	89%
Aug-16	0.51%	0.49%	96%
Sep-16	0.53%	0.71%	134%
Oct-16	0.53%	0.77%	146%
Nov-16	0.56%	0.58%	103%
Dec-16	0.71%	0.66%	93%
Jan-17	0.77%	0.69%	89%
Feb-17	0.78%	0.66%	84%
Mar-17	0.93%	0.71%	77%
Apr-17	0.99%	0.90%	91%
May-17	1.01%	0.82%	81%
Jun-17	1.17%	0.83%	71%
Jul-17	1.23%	0.85%	69%
Aug-17	1.23%	0.79%	65%
Sep-17	1.23%	0.87%	71%
Oct-17	1.24%	0.93%	75%
Nov-17	1.29%	0.96%	75%
Dec-17	1.49%	1.25%	84%
Jan-18	1.56%	1.35%	86%
Feb-18	1.60%	1.10%	69%
Mar-18	1.80%	1.32%	73%
Apr-18	1.90%	1.75%	92%
May-18	1.95%	1.46%	75%
Jun-18	2.07%	1.33%	64%
Jul-18	2.08%	1.10%	53%
Aug-18	2.07%	1.53%	74%
Sep-18	2.18%	1.56%	72%
Oct-18	2.29%	1.60%	70%
Nov-18	2.32%	1.69%	73%
Dec-18	2.45%	1.70%	69%
Jan-19	2.51%	1.43%	57%
Feb-19	2.49%	1.64%	66%
Mar-19	2.49%	1.67%	67%
Apr-19	2.48%	1.90%	77%
May-19	2.44%	1.72%	70%
Jun-19	2.40%	1.79%	74%
Jul-19	2.31%	1.45%	63%
Aug-19	2.17%	1.45%	67%
Sep-19	2.04%	1.48%	72%

Indicative Forward PCRB Variable Rates
For Quarter End Periods for Years Ending
December 31, 2023 & 2024

	30 Day LIBOR[1] Daily Ave	Floating Rate PCRBs Daily Ave	PCRB / LIBOR
	(a)	(b)	(b)/(a)
Oct-19	1.88%	1.41%	75%
Nov-19	1.74%	1.18%	68%
Dec-19	1.75%	1.34%	77%
Jan-20	1.67%	1.10%	66%
Feb-20	1.64%	1.21%	74%
Mar-20	0.92%	2.68%	292%
Apr-20	0.68%	0.85%	124%
May-20	0.19%	0.27%	139%
Jun-20	0.18%	0.19%	102%
Jul-20	0.17%	0.21%	125%
Aug-20	0.16%	0.17%	106%
Sep-20	0.15%	0.16%	108%
Oct-20	0.15%	0.17%	116%
Nov-20	0.14%	0.17%	121%
Dec-20	0.15%	0.15%	100%
Jan-21	0.13%	0.11%	85%
Feb-21	0.11%	0.06%	56%
Mar-21	0.11%	0.07%	70%
Apr-21	0.11%	0.10%	91%
May-21	0.10%	0.11%	113%
Jun-21	0.09%	0.07%	76%
Jul-21	0.09%	0.05%	54%
Aug-21	0.09%	0.04%	46%
Sep-21	0.08%	0.04%	50%
Oct-21	0.09%	0.08%	92%
Nov-21	0.09%	0.08%	89%
Dec-21	0.10%	0.11%	106%
Jan-22	0.08%	0.08%	95%
Feb-22	0.10%	0.19%	184%
Mar-22	0.32%	0.37%	115%
Apr-22	0.47%	0.52%	112%
May-22	0.83%	0.76%	91%
Jun-22	1.32%	0.85%	64%
Jul-22	1.92%	0.93%	49%
Aug-22	2.36%	1.77%	75%
Sep-22	2.84%	1.78%	62%
Oct-22	3.32%	2.46%	74%
Average			85%

	Forward 1 Mo BSBY Index[2]	Historical Floating Rate PCRB / 30 Day LIBOR	Forecast Floating Rate PCRB
	(1)	(2)	(1) * (2)
12/31/2022	*(Actual 12/31/22 PCRB Remarket Rate)*		3.843%
3/31/2023	4.73%	85%	4.021%
6/30/2023	4.96%	85%	4.216%
9/30/2023	4.90%	85%	4.168%
12/31/2023	4.62%	85%	3.930%
5QE Ave			4.036%
12/31/2023	4.62%	85%	3.930%
3/31/2024	3.91%	85%	3.321%
6/30/2024	3.61%	85%	3.072%
9/30/2024	3.34%	85%	2.837%
12/31/2024	3.06%	85%	2.598%
5QE Ave			3.152%

[1]Beginning with Jan 2022, the Bloomberg 1-Month Short Term Bank Yield Index (USD) replaced 30 Day LIBOR as the referenced short-term borrowing rate index.

[2] Source: Bloomberg L.P. (2/2/23)

Exh. NLK-6
Docket UE-230172
Witness: Nikki L. Kobliha

BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, Complainant, v. PACIFICORP dba PACIFIC POWER & LIGHT COMPANY Respondent.	Docket UE-230172

PACIFICORP

EXHIBIT OF NIKKI L. KOBLIHA

Cost of Preferred Stock

March 2023 (REFILED April 19, 2023)

PACIFICORP
Electric Operations
Cost of Preferred Stock
12 Months Ended December 31, 2024

Line No.	Description of Issue	Issuance Date	Call Price	Annual Dividend Rate	Shares O/S	Total Par or Stated Value O/S	Net Premium & (Expense)	Net Proceeds to Company	% of Gross Proceeds	Cost of Money	Annual Cost	Line No.
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	
1	**Serial Preferred, $100 Par Value**											1
2	7.00% Series	(a)	None	7.000%	18,046	$1,804,600	(b)	$1,804,600	100.000%	7.000%	$126,322	2
3	6.00% Series	(a)	None	6.000%	5,930	$593,000	(b)	$593,000	100.000%	6.000%	$35,580	3
4												4
5	**Total Cost of Preferred Stock**			**6.753%**	**23,976**	**$2,397,600**	**$0**	**$2,397,600**		**6.753%**	**$161,902**	5
6												6
7												7
8	(a) These issues replaced an issue of The California Oregon Power Company as a result of the merger of that Company into Pacific Power & Light Co.											8
9	(b) Original issue expense/premium has been fully amortized or expensed.											9
10												10