BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

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Application of PacifiCorp (U-901-E) and MidAmerican Energy Holdings Company for Exemption Under Section 853(b) from the Approval Requirements of Section 854(a) of the Public Utilities Code with Respect to the Acquisition of PacifiCorp by MidAmerican.	Application 05-07-010 (Filed July 15, 2005)

RESPONSE OF PACIFICORP TO ADMINISTRATIVE LAW JUDGE'S RULING DIRECTING FILING OF ADDITIONAL INFORMATION

[PUBLIC VERSION]

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[PUBLIC VERSION]

Pursuant to the January 20, 2026 Ruling of Administrative Law Judge Ehren D. Seybert ("Ruling"), PacifiCorp d/b/a Pacific Power ("PacifiCorp" or "the Company") hereby submits its filing providing the additional information requested in the Ruling in support of its Petition to Modify D.06-09-032 ("Petition"), filed on October 15, 2025.

The questions and requests for information contained in the Ruling are set forth below, with the answers and responses of PacifiCorp following each question or request.

Question 1. *In its Petition, PacifiCorp requests to amend California-specific Commitment C-16 of D.06-09-032 to reduce the minimum equity level requirement for PPW Holdings from 44 to 35 percent of MidAmerican Energy Holding Company's Total Capital.*

a. What would be the implications if the minimum equity level requirement for PPW Holdings remained at 44 percent?

PacifiCorp Response 1.a. The company requires authorization to deviate from Commitment C-16 so that it can issue additional long-term debt to have the liquidity it needs for the next twelve to eighteen months. Timing and amount of any debt issuance will depend on factors including market conditions, the company's needs, and other considerations. If the PPW Holdings minimum equity level of 44 percent remained, PacifiCorp will not be able to issue the long-term debt it needs. **[Begin Confidential]** [redacted]

[redacted] **[End Confidential]**.

The company requires authorization to deviate from Commitment C-16 before it can issue any new and additional long-term debt. The company's issuances of debt are guided by corporate authorizations from its board of directors, regulatory authorizations by various state commissions (including the Commission), the company's budget and business plan, input from underwriters, investor feedback, and other considerations. Timing and amount of any debt issuance will depend on factors including market conditions, the company's needs, and other considerations.

b. Describe the impact on PacifiCorp's capital structure if PPW Holdings' equity level is reduced to the proposed minimum of 35 percent.

PacifiCorp Response 1.b. PacifiCorp is not proposing that PPW Holdings' equity level would actually drop to 35 percent. PacifiCorp has other merger commitments and bank and loan covenants that require a minimum common equity of 35 percent. PacifiCorp would like the flexibility to maintain a capital structure that is below 44 percent for a period of time (three to five years). PacifiCorp's common equity could not drop below 35 percent without triggering certain loan covenants. Since PPW Holdings' capital structure has more equity than PacifiCorp, PPW Holdings equity level would not drop below 35 percent. At this time, PacifiCorp is not planning for PPW Holdings' common equity percentage to drop below 40 percent, but that could change due to factors outside of PacifiCorp's control, such as if a significant event like an unexpected storm occurs or an additional accrual for wildfire liabilities. As a result, PacifiCorp would like the flexibility to maintain a common equity percentage for PPW Holdings at above 35 percent for three years with two one-year extensions.

c. Describe any potential impacts on financing costs and PacifiCorp's financial condition if PPW Holdings' equity level is reduced below 44 percent, and maintained at, or near, the requested minimum of 35 percent.

PacifiCorp Response 1.c. There will not be an impact on PacifiCorp's financing costs or its financial condition if the company is allowed to reduce its common equity percent below 44 percent temporality.

[Begin Confidential] [redacted] **[End Confidential]** Please see the Company's response to 1.a. which describes the impacts and importance of being able to issue the debt. Please see the Company's response to 1.b. on how PPW Holdings is not expected to be maintained at or near the requested 35 percent. **[Begin Confidential]** [redacted] **[End Confidential]**

[Begin Confidential] [redacted] **[End Confidential]**

Question 2. *In D.06-02-033, as modified by D.06-09-032, the Commission approved two broad categories of commitments governing the transfer of control of PacifiCorp, including 'California-specific Commitments' and 'General Commitments' that apply to all six states in which PacifiCorp operates. California-specific Commitment C-16, which is the subject of PacifiCorp's Petition, reflects the same common equity capital thresholds that are described in General Commitment 19(a). Further, General Commitment 19(d) provides "[t]he Commission, on its own motion or at the request of any party, may reexamine the minimum common equity percentages as financial conditions or accounting standard warrant."*

a. Has PacifiCorp filed petitions in any of the other states in which it operates to request authority to reduce PPW Holdings' current common equity threshold?

i. If yes, identify the states in which PacifiCorp has filed the petitions, the proposed amendments, and the status of the petitions.

PacifiCorp Response 2.a.i.

PacifiCorp has received approval in Oregon, Idaho, Wyoming, and Washington to reduce this merger commitment. This commitment does not exist in Utah. Please see the table below for additional information.

State	Approval Order	Amendments
Oregon	*In the Matter of PacifiCorp, dba Pacific Power, Request*	PacifiCorp filed a settlement with Oregon Staff to

	to Amend Order No. 06-082 pursuant to ORS 756.568 to Allow PPH Holdings to Maintain a Common Equity Percentage of Less Than 44 Percent, Docket No. UM 2406, Order No. 26-008 (Jan. 21, 2026).	authorize PPW Holdings' equity below 44 percent, but no lower than 35 percent, for three years with two one-year extensions, and prohibited PPW Holdings from issuing debt. The OPUC also imposed three additional conditions.[1] First, PacifiCorp must file a report detailing the actual capital structure of PPW Holdings and detailing the company's strategy and framework for returning to compliance with the merger commitment every 180 days. Second, the adoption of the stipulation is contingent on approval by the other state regulatory commissions. Third, PacifiCorp is required to provide notice of any commitments or conditions imposed by other jurisdictions after the issuance of the order, and the OPUC reserves the right to impose those conditions.
Idaho	*In the Matter of Rocky Mountain Power's Application for Authority to Allow Parent Company to Maintain a Common Equity Percentage of Less Than 44 Percent*, Case No. PAC-E-25-18, Order No. 36915 (Jan. 23, 2026).	Idaho issued an order authorizing PPW Holdings' equity below 44 percent, but no lower than 35 percent, for three years with two one-year extensions, and prohibited PPW Holdings from issuing debt.
Wyoming	*In the Matter of the Application of Rocky Mountain Power for Authority to Temporarily Maintain a Common Equity Percentage of Less Than 44 Percent*, Docket No. 20000-	Wyoming issued an oral order indicating that PPW Holdings should maintain a common equity percentage above 40 percent before returning to 44 percent after three years.

[1] *Id.* at 3.

	692-EA-25 (Record No. 17980) (audio recording of January 20, 2026, Open Meeting) (decision effective January 20, 2026, with a written order to follow).	
Washington	*In the Matter of PacifiCorp d/b/a Pacific Power & Light Company*, *Petition for Authority to Allow Parent Company to Maintain a Common Equity Percentage of Less Than 44 Percent*, Docket No. UE-250727, Order 04 (Jan. 28, 2026).	Washington issued an order indicating that PPW Holdings should maintain a common equity percentage above 40 percent before returning to 44 percent after three years and additionally adopted the same provisions that have were included in the order issued in Oregon.

ii. If no, explain why PacifiCorp has not requested the same changes to the minimum common equity percentages approved in the other states in which PacifiCorp operates, and why the lower minimum common equity threshold should be limited to PacifiCorp's California operations.

PacifiCorp Response 2.a.ii. See Response 2.a.i. above.

b. In the event PacifiCorp's Petition is granted, are any further amendments needed to General Commitment 19(a)? Why or why not?

PacifiCorp Response 2.b. No, General Commitment 19(a) simply states that when PacifiCorp's capital structure drops below a certain threshold, PacifiCorp will not provide a dividend to BHE (formerly MEHC). PacifiCorp has not provided a dividend since the first quarter of 2023, and after the June 2023 verdict in the liability phase of the James class action litigation, BHE suspended PacifiCorp's dividend requirement. PacifiCorp has no plans to provide a dividend to BHE while either PacifiCorp or PPW Holdings have a common equity percentage below 44 percent.

Question 3. *In its Petition, PacifiCorp states PPW Holdings' consolidated capital structure equity level is expected to fall below the current 44 percent threshold due to PacifiCorp's accrual of substantial wildfire liabilities as well as the additional capital needed to maintain PacifiCorp's transmission and distribution (T&D) system.*

a. Please explain, in greater detail, the level of wildfire liabilities PacifiCorp has/is expected to accrue, as well as the additional capital needed to maintain PacifiCorp's T&D system, and how and when these costs are expected to impact PPW Holdings' minimum equity percentage threshold.

PacifiCorp Response 3.a. In September 2020, a severe weather event with high winds, low humidity and warm temperatures contributed to several major wildfires (2020 Wildfires), which resulted in real and personal property and natural resource damage, personal injuries and loss of life, and widespread power outages in Oregon and Northern California. The wildfires spread across certain parts of PacifiCorp's service territory and surrounding areas across multiple counties in Oregon and California.[2]

A significant number of complaints and demands alleging similar claims related to the 2020 Wildfires have been filed in Oregon and California, including the class action complaint in Oregon captioned *Jeanyne James et al. v. PacifiCorp,* (*James*), that resulted in several jury verdicts.[3] The plaintiffs seek damages for economic losses; noneconomic losses, including mental suffering, emotional distress, personal injury, and loss of life; punitive damages; other damages; and attorneys' fees. Amounts sought in outstanding complaints and demands filed in Oregon and in certain demands in California totaled approximately $55 billion, excluding any doubling or trebling of damages or punitive damages requested in the complaints, and excluding damages that may be sought by additional plaintiffs in the *James* class action lawsuit.[4] Generally, the complaints filed in California do not specify damages sought and are excluded from this amount. Of the $55 billion, $52 billion represents the economic and noneconomic damages sought in the *James* case alleging damages related to the Santiam Canyon and other fires.[5] To date, PacifiCorp had accrued $2.9 billion for estimated losses associated with 2020 and 2022 wildfires. It is reasonably possible PacifiCorp will incur material additional losses beyond the amounts accrued for the Wildfires that could have a material adverse effect on PacifiCorp's financial condition. PacifiCorp is currently unable to reasonably estimate a specific range of possible additional losses that could be incurred due to the number of properties and parties involved, including claimants in the class to the James case, the variation in the types of properties and damages and the ultimate outcome of legal actions, including mediation, settlement negotiations, jury verdicts and the appeals process.

[Begin Confidential] [redacted] **[End Confidential]**

PacifiCorp requires capital to support its liquidity needs to fund its on-going operations and meeting its customers' needs, as well as liquidity to support its credit rating. Maintaining utility operations is a capital-intensive process, especially when facing the combined operational demands of addressing emerging wildfire risks and associated insurance premium increases, expanding the distribution and transmission

[2] PacifiCorp's Form 10-Q for Quarter Ending September 30, 2025 at 21 (available at PAC_09302025_Form10-Q_FINAL.pdf) (last visited Jan. 23, 2026).

[3] The *James* class action complaint was filed on September 30, 2020. *Id.* at 22.

[4] *Id.*

[5] *Id.*

systems to serve load, and additional integration of renewable resources to meet both customer need and state energy policies. The Company's capital investment plan forecasts $8.5 billion in spend over the next three years. It includes funds for transmission and distribution spend, wildfire prevention, wind generation and other projects that are focused on information technology, environmental spend and other infrastructure. Funds from operations will not fully cover these expenditures; therefore, the company will need to access the debt markets to secure additional liquidity.

Respectfully submitted this February 4, 2026, at San Francisco, California

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