

## DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER  
COMMISSIONER SMITH  
COMMISSIONER HANSEN  
COMMISSION SECRETARY  
LEGAL  
WORKING FILE**

**FROM: TOM MCKEOWN AND TERRI CARLOCK**

**DATE: JUNE 28, 2006**

**RE: IN THE MATTER OF PACIFICORP'S APPLICATION FOR AUTHORITY  
TO ISSUE OF UP TO 30,000,000 SHARES OF AUTHORIZED COMMON  
STOCK TO ITS PARENT PPW HOLDINGS LLC; CASE NO. PAC-E-06-7.**

On June 5, 2006, PacifiCorp applied for authority to offer, issue and sell up to 30,000,000 shares of authorized Common Stock, with a book value equal to \$11.08 per share, ("Common Stock"). The proceeds will be used for one or more of the following purposes: (a) the acquisition of property, or the construction, completion, extension, or improvement of its facilities, (b) the improvement or maintenance of service, (c) the discharge or refunding of its obligations, (d) the reimbursement of monies actually expended from income or from the treasury of PacifiCorp to the extent permitted, or (e) for other purposes permitted by law.

PacifiCorp proposes to issue shares of its Common Stock pursuant to its Third Restated Articles of Incorporation, as amended (Articles). The Articles authorize the Company to issue up to 750,000,000 shares of its Common Stock. As of the date of the Company's Application in this case, 357,060,915 shares of Common Stock were issued and outstanding, and all of those shares were held by the Parent. The Company proposes to issue and sell shares, from time to time and for cash, pursuant to one or more subscription or other agreements between the Company and the Parent. Sales would be made at a purchase price not less than book value of the Common Stock, as determined as of the last day of the month prior to issuance.

The Company believes that the proposed sale and issuance of the Shares to the Parent, from time to time and in the amounts that the Company and Parent may deem appropriate, would be reasonably required to (1) maintain or improve its capitalization ratio, (2) maintain or improve the Company's access to capital on reasonable terms (3) assist the Company in maintaining its current

investment grade credit ratings and (4) enable the Company to acquire, construct, improve and maintain sufficient utility facilities to serve its customers adequately and reliably at a reasonable cost.

### **STAFF RECOMMENDATION**

The proposed methods of Common Stock issuance provides the flexibility for PacifiCorp to maintain its current senior long-term debt rating of "A-" by Standard & Poor's and "A3" by Moody's. Staff recommends approval of the requested Common Stock issuance authority.

### **COMMISSION DECISION**

Does the Commission accept Staff's recommendations to approve PacifiCorp's request to issue up to 30,000,000 shares of authorized Common Stock.

A handwritten signature in black ink, appearing to read "T. McKeown", written over a horizontal line.

Thomas McKeown

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