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IDAHO PUBLIC
UTILITIES COMMISSION

201 South Main, Suite 2300
Salt Lake City, Utah 84111

VIA OVERNIGHT DELIVERY

February 5, 2007

Idaho Public Utility Commission
Statehouse
472 West Washington Street
Boise, ID 83720

ATTN: Ms. Jean Jewell
Commission Secretary

Re: Case No. PAC-E-07-62:

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

Dear Commissioners:

PacifiCorp, doing business as Rocky Mountain Power (Company), respectfully requests that the Commission enter its order, effective upon issuance, authorizing the Company to (1) issue and sell or exchange, in one or more public offerings or private placements, fixed or floating rate debt (Debt) in the aggregate principal amount not to exceed \$1,500,000,000 or, if the Debt is issued at an original issue discount, such greater amount as shall result in an aggregate offering price of not more than \$1,500,000,000 (or its equivalent amount in, or based upon, foreign currencies determined at the time of issue), (2) enter into letter of credit arrangements with one or more banks or such other agreements or arrangements as may be necessary or appropriate, from time to time, to provide additional credit support for the payment of the principal of, interest on and premium (if any) on such Debt, (3) enter into one or more currency swaps, and (4) contribute or sell additional Debt to special-purpose entities (SPEs) in an amount based upon the common securities of the SPE. The Company also requests that such increased authority remain in effect until March 31, 2012, on the condition the Company's senior secured debt be rated at "investment grade" by both Standard & Poor's Rating Services and Moody's Investors Service, Inc.

The requested authority is expected to accommodate the Company's 2007 and 2008 financing requirements. These requirements include a current-year capital budget of approximately \$1.5 billion, comprised of significant investments to serve customers, including expenditures for renewable resources consistent with acquisition commitments and the refinancing of approximately \$575 million of maturing debt and mandatorily redeemable preferred stock over the two-year period. The Company expects that it will use a substantial portion of this requested

authority during 2007 and 2008 and will likely seek subsequent new or amended authority from the Commission to permit continued access to the long-term debt markets.

The requested authority would supplement the financing flexibility that the Commission had previously authorized in Order No. 297897 in Case No. PAC-E-05-5 (the 2005 Order). In the 2005 Order, the Commission authorized the Company to issue up to \$1.0 billion of securities identical to those covered in the enclosed Application. The Company has subsequently issued \$650,000,000 principal amount of debt under the 2005 Order authority and has \$350,000,000 of additional issuance authorized under that order. As the Company does not anticipate utilizing the remaining authority under the 2005 Order, it may be withdrawn if the Commission issues its order in this matter.

The enclosed application is substantially similar to the application submitted in connection with the 2005 Order.

The Company respectfully requests that the Commission issue its order on or before March 1, 2007. The Company also requests twenty certified copies of any order issued in this matter. Notice of this Application will be published within seven days as required by the Commission's Rules of Procedure. Please note that the Company's Application Fee in the amount of \$1,000 is being submitted under separate cover.

It is respectfully requested that all formal correspondence and Staff requests regarding this material be addressed to:

By e-mail (preferred): datarequest@pacificorp.com

By regular mail: Data Request Response Center
PacifiCorp
825 NE Multnomah, Suite 2000
Portland, Oregon 97232

By fax: (503) 813-6060

Informal inquiries may be directed to me at (503) 813-5662.

Your attention to this matter is appreciated.

Sincerely,



Bruce N. Williams
Vice President and Treasurer

Enclosures: Application (1 original and 4 copies)
Proposed Form of Order (1 original and 4 copies)
CD containing the proposed Form of Order

APPLICATION

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

RECEIVED

CASE NO. PAC-E-07-02

2007 FEB -6 AM 9:44

IDAHO PUBLIC UTILITIES COMMISSION

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

APPLICATION

Rocky Mountain Power (Company) hereby applies for an order of the Idaho Public Utilities Commission (Commission) authorizing the Company to (1) issue and sell or exchange, in one or more public offerings or private placements, fixed or floating rate debt (Debt) in the aggregate principal amount of not more than \$1,500,000,000 or, if the Debt is issued at an original issue discount, such greater amount as shall result in an aggregate offering price of not more than \$1,500,000,000 (or its equivalent amount in, or based upon, foreign currencies determined at the time of issue), (2) enter into letter of credit arrangements with one or more banks or such other agreements or arrangements as may be necessary or appropriate, from time to time, to provide additional credit support for the payment of the principal of, the interest on, and the premium of the Debt, (3) enter into one or more currency swaps, and (4) contribute or sell additional Debt to special-purpose entities (SPEs) in an amount based upon the common securities of the SPE and Commission approval of the proposed guarantee and expense payment agreements relating to the preferred securities of the SPE, in each case substantially as described herein. The Company requests that such authority remain in effect until March 31, 2012, so long as the Company maintains a BBB- or higher senior secured debt rating, as indicated by Standard & Poor's Rating Services, and a Baa3 or higher senior secured debt rating, as indicated by

Moody's Investors' Service, Inc. The application is filed pursuant to Chapter 9, Title 61, of the *Idaho Code* and Section 141 of the Commission's Rules of Procedure and is intended to amend and supersede order No. 29787 (2005 Order) issued by the Commission May 17, 2005 in docket number PAC-E-05-5 (2005 Docket). This Application is substantially similar to that filed by the Company in the 2005 Docket and seeks authorization to issue up to \$1,500,000,000 of long-term debt through March 31, 2012 on the same terms and conditions contained in the 2005 Order.

The Company respectfully represents that:

- (a) The official name of the applicant and address of its principal business office:

PacifiCorp, doing business as Rocky Mountain Power
825 N.E. Multnomah, Suite 2000
Portland, OR 97232

- (b) The state and date of incorporation; each state in which it operates as a utility:

The Company was incorporated under Oregon law in August 1987 for the purpose of facilitating consummation of a merger with Utah Power & Light Company, a Utah corporation, and changing the state of incorporation of PacifiCorp from Maine to Oregon.

The Company currently serves customers as Rocky Mountain Power in Idaho, Utah and Wyoming and as Pacific Power in California, Oregon and Washington.

- (c) The name, address, and telephone number of persons authorized to receive notices and communications:

Bruce N. Williams, Treasurer
PacifiCorp
825 N.E. Multnomah, Suite 1900
Portland, OR 97232
Telephone: (503) 813-5662
E-mail: bruce.williams@pacificorp.com

Evan S. Reynolds, Senior Counsel
Rocky Mountain Power
825 N.E. Multnomah, Suite 1800
Portland, OR 97232
Telephone: (503) 813-5585
E-mail: evan.reynolds@pacificorp.com

Jeffrey K. Larsen, Vice President
Rocky Mountain Power
201 South Main Street, Suite 2300
Salt Lake City, UT 84111
Telephone: (801) 220- 4907
E-mail: jeff.larsen@pacificorp.com

Dean S. Brockbank, Senior Counsel
Rocky Mountain Power
201 South Main Street, Suite 2300
Salt Lake City, UT 84111
Telephone: (801) 220-4568
E-mail: dean.brockbank@pacificorp.com

Brian Dickman
Manager, Regulation
Rocky Mountain Power
201 South Main, Suite 2300
Salt Lake City, UT 84111
Telephone: (801) 220-4975
E-mail: brian.dickman@pacificorp.com

It is respectfully requested that all formal correspondence and Staff requests regarding this material be addressed to:

By e-mail (preferred): datarequest@pacificorp.com

By regular mail: Data Request Response Center
PacifiCorp
825 NE Multnomah, Suite 2000
Portland, Oregon 97232

By fax: (503) 813-6060

Informal questions should be directed to Bruce Williams at (503) 813-5662.

(d) The date by which Commission action is requested:

March 1, 2007.

(e) A full description of the securities proposed to be issued*:

(1) Type and nature of securities:

Debt to be issued in one or more transactions as conditions permit. The Debt may be secured or unsecured and may be subordinated or unsubordinated.

* Same description as in the Company's application in the 2005 Docket.

(2) Amount of securities:

Not more than \$1,500,000,000 aggregate principal amount or, if the Debt is issued at an original issue discount, such greater amount as shall result in an aggregate offering price of not more than \$1,500,000,000 (or its equivalent amount in, or based upon, foreign currencies determined at the time of issue); plus additional Debt and guaranties relating to the preferred securities of special-purpose entities in amounts as described below.

(3) Interest Rate:

If the Debt bears a fixed rate, the interest rate will be set at the time of issuance. If the Debt bears a floating rate, the interest rate will be set periodically based upon a published or quoted index of short-term rates.

(4) Dates of issuance and maturity:

The Company expects to issue the Debt from time to time in either public offerings or private placements for cash or in exchange for its outstanding securities. Maturities will be established at the time of issuance.

(5) Institutional rating of the securities, or if not rated an explanation:

The Company's debt is currently rated as follows:

<u>Security</u>	<u>Moody's</u>	<u>S & P</u>
Senior Secured Debt	A3	A-
Senior Unsecured Debt	Baa1	BBB+
Subordinated Debt	(P) Baa2	n/a

(6) Stock Exchange on which listed:

The Company has generally not listed its bonds, but has in the past listed certain unsecured debt on The New York Stock Exchange. If the Debt is issued publicly

in an overseas market, the Debt may be listed, if appropriate, on one or more foreign exchanges.

(7) Additional descriptive information:

General: Alternatives currently available to the Company include

(1) conventional first mortgage bonds placed publicly or privately in the domestic or foreign markets, (2) secured or unsecured medium-term notes placed publicly or privately in the domestic or foreign markets, (3) floating-rate debt placed publicly or privately in the domestic or foreign markets, (4) Eurodollar financings placed publicly or privately overseas, (5) debt issued overseas denominated in, or based upon, foreign currencies combined with a currency swap to effectively eliminate the currency risk, and (6) subordinated debt placed publicly or privately in the domestic or foreign markets and issued either alone or in conjunction with an offering of preferred securities by a special-purpose entity (SPE) organized by the Company. A brief description of these transactions is set forth below.

I. First Mortgage Bonds. First mortgage bonds have been the traditional debt financing vehicle utilized by utilities in the U.S. and are typically offered in public offerings but may be privately placed. First mortgage bonds are secured by a mortgage on the fixed assets of the utility. Thereafter, the bonds are typically refundable at a premium over the principal amount, with the premium declining to zero near the final maturity of the bonds. The Company may determine that a call provision structure is appropriate to provide financial flexibility in changing interest rate environments.

The Company's first mortgage bonds are issued as First Mortgage Bonds under the PacifiCorp Mortgage. The Commission has previously authorized the Company to incur the lien of the PacifiCorp Mortgage in Case No. U-1046-15, Order No. 22157.

II. Medium-Term Notes. Medium-term notes (MTNs) are interest-bearing instruments with maturities generally ranging between 9 months and 100 years. MTNs are typically offered on a continuous basis by the borrower through one or more managers which act as agents in placing the notes, either domestically or through global programs. MTNs can be offered on a secured or unsecured basis.

Compensation to the agents varies by the maturity of each tranche of MTNs issued, but is not expected to exceed one percent of the principal amount of notes placed.

The MTN investor universe in the U.S. consists of banks, insurance companies, pension funds, thrifts, mutual funds, money managers, investment advisors, corporate, and nonprofit organizations. Overseas, the investor profile primarily consists of banks, insurance companies, pension funds and retail accounts.

MTN programs are generally structured to allow a wide range of terms. Principal amount, currency, maturity, interest rate and redemption terms are fixed at the time of sale. In the event the Company chooses to issue MTNs in foreign currencies, a currency rate swap would be simultaneously entered into to effectively hedge the Company's exposure

against currency risk. If the Company issues secured MTNs, they will most likely be issued in the form of First Mortgage Bonds under the PacifiCorp Mortgage.

III. Floating-Rate Debt. Floating-rate debt is a security with interest rates that reset periodically, such as daily, weekly, monthly, quarterly, semi-annually or annually at the option of the Company. The most common indices used for pricing floating-rate debt are based upon LIBOR, commercial paper and Treasury bills.

Refunding provisions for floating-rate debt vary from transaction to transaction depending upon the structure of the agreement. Should the Company subsequently fix the interest rate through an interest rate swap or cap, the cost of refunding would include the cost of unwinding the swap or cap.

Floating-rate debt could be more advantageous than fixed-rate debt. First, it can provide the Company with an occasional source of long-term funding at attractive rates compared to the fixed-rate market. Second, it allows the Company access to the short end of the yield curve when short-term rates are attractive. Should rates begin to increase, the Company could execute an interest rate swap or cap to lock in a fixed rate.

The fees associated with a floating-rate debt arrangement are not expected to exceed one percent of the principal amount of the debt.

IV. Eurodollar Financings. Eurodollar bonds or debentures are dollar-denominated securities issued to foreign investors. Eurodollar securities

are generally placed by a foreign underwriter, or a foreign subsidiary of a U.S. investment or commercial bank (bank). Eurodollar securities are generally unsecured obligations. However, the Company may be required to enter into a letter of credit arrangement with one or more banks or such other agreements or arrangements as may be necessary or appropriate, from time to time, to support its obligation to repay the principal of, the interest on, and the premium (if any) on the debt. The Company estimates that such an arrangement could involve a fee not expected to exceed one percent on the principal amount of the debt. The Company would receive dollars at the time of closing and all interest and principal payments would be made in dollars.

A Eurodollar bond issuance is typically arranged using a bank as the underwriter (public offering) or placement agent (private offering). The bank's role is to locate investors outside the United States that are interested in purchasing financial assets in dollars. The interest rate charged on the debt is usually a spread over U.S. Treasury obligations having a similar maturity. After the call protection has expired, the bonds are generally callable at their principal value. The issuance fee associated with a Eurodollar bond offering is approximately two percent of the principal amount sold.

A potential advantage of a Eurodollar offering is that it allows the Company to access investors generally not active in the U.S. markets, and at the same time will not subject the Company to any currency exposure.

Another advantage is that, from time to time, very attractively priced funds become available in the private Eurodollar market when an investor with dollars attempts to invest in U.S. dollar assets. Thus, for short periods, a market could be created wherein the issuer can obtain very attractive rates relative to the public markets. These windows in the market open and close very quickly, making it necessary that the Company have the opportunity to commit quickly when offered an attractive proposal.

- V. Foreign Currency Debt Combined with a Currency Swap. The issuance of debt denominated in a currency other than U.S. dollars, combined with a currency swap, would allow the Company to issue debt in a foreign currency and execute a currency swap to effectively eliminate the currency risk. By issuing in a foreign currency, the Company would attract investors that would not normally be investing in its securities. Issuing securities in a foreign currency becomes attractive when the nominal interest rate charged in the foreign country is significantly lower than the rate in the U.S. or in dollar-denominated securities. To the extent that the cost of executing the currency swap is less than the difference between the nominal interest rate in the foreign country and the dollar-denominated interest rate, issuing debt in a foreign currency and executing a currency swap provides a lower total cost of debt.

The foreign currencies most frequently used in the past by U.S. companies include Euro, Swiss Francs, British Sterling, Japanese Yen, Canadian

Dollars, Australian Dollars and New Zealand Dollars. The underwriters for a foreign currency offering are responsible for locating investors willing to purchase the Company's debt that has principal and interest denominated in the foreign currency. The fees for a foreign currency offering are expected to approximate two percent of the principal amount sold.

In order to effectively eliminate the currency risk, the Company would enter into a currency swap that would be executed simultaneously with the foreign currency offering. In the currency swap, the Company would receive a stream of payments in the foreign currency exactly equal in amount and timing to the Company's obligations for the foreign currency debt (principal and interest). In exchange, the Company would agree to make a stream of payments in U.S. dollars to the third party. The net effect of the transaction is that the Company's foreign currency obligations would be exactly offset by the foreign currency receipts under the exchange and the Company's net payments would be in U.S. dollars. Of course, whether or not the other party to the exchange performs, the Company remains obligated under the terms of the foreign currency debt. The Company would propose to minimize the risk of nonperformance in the exchange through the selection of a third party participant with a long-term credit rating of AA equivalent or better or with a third party which is a high quality sovereign or agency of a sovereign if the tenor of the

exchange agreement is five years or longer, or long-term credit rating of A or better if the tenor is less than five years.

The fees associated with arranging a currency swap agreement are a function of interest rates and currency differentials between the U.S. dollar and the respective foreign currency.

Because a foreign offering with a currency swap involves two transactions and multiple parties, the complexity and cost of trying to unwind such a foreign offering prior to its final maturity effectively makes this type of transaction generally non-callable prior to its final maturity.

Issuing debt denominated in a foreign currency combined with a currency swap requires that the Company have a great degree of flexibility in timing the offering in order to pick the currency, nominal interest rates, and exchange rate that will enable it to achieve a lower cost.

Cost Test: The Company will not undertake the proposed transactions in a foreign market unless and until it can assure itself that the total cost of the foreign borrowings proposed in this matter is no more than the total cost of domestic borrowings for a similar term for companies of comparable credit rating at the time of the borrowing.

- VI. Subordinated Debt. It is anticipated that any subordinated debt could be issued in one or more series pursuant to the Company's Indenture dated as of May 1, 1995, as supplemented, or pursuant to a new indenture. The Company may issue the subordinated debt (a) directly to investors, as in the issuance and sale of its 8 3/8% Junior Subordinated Deferrable Interest

Debentures, Series A, pursuant to Case No. PAC-S-94-2, (b) in exchange for its outstanding securities, as in the issuance of its 8.55% Junior Subordinated Deferrable Interest Debentures, Series B, pursuant to Case No. PAC-S-95-1, or (c) to an SPE in support of the preferred securities of the SPE, as in the issuance and sale of its 8 1/4% Junior Subordinated Deferrable Interest Debentures, Series C, pursuant to Case No. PAC-S-96-2, and its 7.70% Junior Subordinated Debentures Series D, pursuant to Case No. PAC-E-97-2.

In a transaction involving preferred securities of an SPE, the Company would organize the SPE and contribute or sell subordinated debt of the Company to the SPE in an amount based upon the common securities of the SPE (generally 3% of the aggregate liquidation preference of the preferred securities issued by the SPE). The SPE would issue preferred securities that are expected to have a liquidation preference of \$25 each, have cumulative dividends payable quarterly and could be listed on the New York Stock Exchange. In addition, the SPE would purchase subordinated debt of the Company in an aggregate principal amount corresponding to the liquidation preference of the preferred securities issued by the SPE. In certain circumstances, the subordinated debt of the Company underlying the preferred securities of the SPE could be distributed to the holders of the preferred securities in connection with the liquidation of the SPE.

In this instance, the Company would guarantee the SPE's payment of:

(i) any accumulated and unpaid distributions required to be paid on the preferred securities of the SPE to the extent that the SPE has funds on hand available therefor; (ii) the redemption price with respect to any preferred securities called for redemption to the extent that the SPE has funds on hand available therefor; and (iii) upon a voluntary or involuntary dissolution, winding-up or liquidation of the SPE (unless the Company's subordinated debt is distributed to holders of the SPE's preferred securities), the lesser of (a) the aggregate of the liquidation preference and all accrued and unpaid distributions to the date of payment and (b) the amount of assets of the SPE remaining available for distribution to holders of the preferred securities. The guarantee is expected to be directly enforceable by holders of the preferred securities issued by the SPE and subordinate to all senior debt of the Company. It is also anticipated that the Company and the SPE will enter into an expense reimbursement arrangement under which the Company will agree to pay the expenses of the SPE.

(f) A description of the method of issuance and sale or procedure by which any obligation as guarantor will be assumed*:

The Company proposes to issue the Debt from time to time in either public offerings or private placements, domestically or overseas, for cash or in exchange for its outstanding securities. The financial markets have become increasingly global and, as such, foreign sources of capital compete directly with domestic sources for investment opportunities.

* Same general description as in the Company's application in the 2005 Docket.

The Company anticipates that issuances will be primarily fixed-rate First Mortgage Bonds, but it is requesting authority for a variety of borrowing options in order to provide the financial flexibility to pursue the most attractive markets at the time of issuance and to produce the most competitive cost for the Company.

Underwriters or placement agents will be selected after negotiations with a group of potential candidates. The firm or firms selected to lead an offering under this authority will be determined by the Company's opinion of their ability to assist the Company in meeting its objective of having the lowest total cost for the Debt to be issued. This opinion is based upon the level of underwriting or placement fees, their knowledge of the Company and its varied operations, the Company's parent company and its affiliates, and their ability to market the Debt to achieve the Company's financing and capital structure objectives.

(g)* (1)(i) The name and address of any person receiving a fee (other than a fee for technical services) for negotiating, issuing, or selling the securities or for securing an underwriter, sellers, or purchasers of securities except as related to a competitive bid:

Other than for technical services, the only fees payable by the Company will be fees and expenses to the underwriters and agents (including arrangement fees for currency swaps). The Company may also incur an annual fee for credit support which is not expected to exceed one percent on the principal amount of the Debt.

(ii) The fee amount: Subject to final negotiations, the fee is not expected to exceed 3.0 percent of the aggregate principal amount of the Debt if the Debt is issued overseas. If issued domestically, the fee is not expected to exceed 1.0 percent of the aggregate principal amount of the Debt. If subordinated debt is issued, the fee

* Same information as in the Company's application in the 2005 Docket.

is not expected to exceed 3.15 percent of the aggregate principal amount of the Debt. The level of the fee is only one factor in determining the overall cost of the Debt to be issued and, as such, is not the sole basis of the financing decision.

(iii) The facts showing the reason for and reasonableness of the fee: The Company believes that the aforementioned compensation levels to the agents or underwriters are not greater than the usual and customary fees prevailing currently in the market. The Company finds these fees not unreasonable given the services provided by the agents or underwriters. The agents and the underwriters will be familiar with the Company and its long-term financing needs. They will be available for consultation on these matters and will assist the Company in evaluating market conditions and in formulating the exact terms of the transactions. See subsection (f) supra.

(2) All facts showing that the applicant is or is not “controlled” by or is or is not under the common “control” of the person listed in (g)(1)(i):

The Company will have no officer or director in common with any underwriter or agent. All of the Company's issued and outstanding common stock is indirectly owned by MidAmerican Energy Holdings Company.

(h) The purposes of the issuance*:

The purposes for which the Debt is proposed to be issued in this matter are (1) the acquisition of property, (2) the construction, completion, extension or improvement of utility facilities, (3) the improvement of service, (4) the discharge or lawful refunding of obligations which were incurred for utility purposes or (5) the reimbursement of the Company's treasury for funds used for the foregoing purposes.

* Same statement as in the Company's application in the 2005 Docket.

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

To the extent that the funds to be reimbursed were used for the discharge or refunding of obligations, those obligations or their precedents were originally incurred in furtherance of utility purposes (1), (2) and (3) supra.

The results of the offerings are estimated to be:

ESTIMATED RESULTS OF THE OFFERING ⁽¹⁾

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

(1) Assumes the issuance of first mortgage bonds.

Other Issuance Expenses

Regulatory agency fees	\$ 2,000
SEC fees	106,950
Company counsel fees	475,000
Accounting fees	275,000
Printing and engraving fees	175,000

Rating agency fees	450,000
Trustee/Indenture fees	200,000
Miscellaneous expenses	<u>191,050</u>
TOTAL	<u>\$ 1,875,000</u>

(i) Statement that applications for authority to finance are required to be filed with state governments:

In addition to this Application, the Company is filing applications with the Oregon Public Utility Commission, the Utah Public Service Commission and the Washington Utilities and Transportation Commission (Washington applications will be made in connection with specific issuances pursuant to Washington law). The California Public Utilities Commission and the Wyoming Public Service Commission have exempted the Company from their respective securities statutes.

(j) A statement of the facts relied upon to show that the issuance is appropriate*:

As a public utility, the Company is expected to acquire, construct, improve, and maintain sufficient utility facilities to serve its customers adequately and reliably at reasonable cost. Issuances of the Debt are part of a program to finance the Company's facilities taking into consideration prudent capital ratios, earnings coverage tests and market uncertainties as to the relative merits of the various types of securities the Company could sell.

Accordingly, the proposed issuances (1) are for lawful objects within the corporate purposes of the Company, (2) are compatible with the public interest, (3) are necessary or appropriate for or consistent with the proper performance by the Company of its service

* Same statement as in the Company's application in the 2005 Docket.

as a public utility, (4) will not impair its ability to perform that service, and (5) are reasonably necessary or appropriate for these purposes.

- (k) A statement of the bond indenture or other limitations on interest and dividend coverage, and the effects of these limitations on this issuance:

See Exhibit J.

- (l) A summary of rate changes which occurred during or after or which will become effective after the period described by the income statement included as Exhibit E:

In December 2006, the Utah Public Service Commission approved a stipulation settling the Company's general rate case originally filed in March 2006. The stipulation calls for an annual increase of \$115.0 million, or 9.95%, with \$85.0 million of the increase effective December 11, 2006 and the remaining \$30.0 million effective June 1, 2007.

In September 2006, the Oregon Public Utility Commission (the "OPUC") approved a stipulation settling the Company's general rate case originally filed in February 2006.

Under the stipulation, effective January 1, 2007 the Company received an annual increase for non-power cost items of \$33.0 million and a \$10.0 million increase for power costs through its annual transition adjustment mechanism. After 2007, the Company's power costs will be updated annually using the existing transition adjustment mechanism. In July 2006, a final order was issued by the OPUC with respect to the Company's general rate case request originally filed in November 2004. The final order modified a tax adjustment in the general rate case, resulting in an additional annual increase in the Company's revenue of \$6.1 million effective July 2006. In April 2006, long-term special contracts for the Company's Klamath basin irrigation customers expired. Under the contracts, customers received power at rates less than the Company's average retail rates

charged to other customers on general irrigation tariffs. Following expiration of these contracts, the OPUC issued an order authorizing the transition of Klamath basin irrigators to generally applicable cost-based rates. In December 2006, the OPUC approved the Company's request to begin amortization of the net amount of \$2.31 million deferred in the Company's motion for reconsideration of the tax adjustment ordered in the Company's 2004 general rate case, and rate credits associated with the MidAmerican Energy Holdings Company transaction. The \$2.31 million increase was effective January 1, 2007.

In March 2006, the Wyoming Public Service Commission approved an agreement that settled the general rate case filed by the Company in October 2005 and a separate request filed by the Company in December 2005 to recover increased costs of net wholesale purchased power used to serve Wyoming customers. The agreement provided for an annual rate increase of \$15.0 million effective March 1, 2006, an additional annual rate increase of \$10.0 million effective July 1, 2006, a power cost adjustment mechanism and an agreement by the parties to support a forecast test year in the next general rate case application.

In December 2006, the Commission approved three applications filed by the Company seeking to adjust the rates of certain Idaho customers for a total increase of \$8.25 million. The applications were based on settlement agreements reached after negotiations between the Company and the respective customers and took the place of a general rate case request originally planned to be filed in 2006. The first application was approved effective as of September 1, 2006 and the remaining two applications were approved effective as of January 1, 2007.

In December 2006, the California Public Utilities Commission approved a stipulation settling the Company's general rate case originally filed in November 2005. The stipulation called for a \$7.3 million annual increase in rates and a 10.6% return on equity, a dollar-for-dollar energy cost adjustment clause that allows for annual changes in the level of net power costs, a post-test year adjustment mechanism that provides for inflation-based increases to rates in 2008 and 2009, the ability to seek recovery of the California-allocable portion of major plant additions exceeding \$50.0 million, and scheduled rate increases under the terms of a transition agreement with Klamath irrigators.

(m) Any other applicable exhibits:

The following exhibits are made a part of this application:

Incorporated by reference to:			
<u>Exhibit</u>	<u>Case</u>	<u>Exhibit</u>	<u>Description</u>
A-1	PAC-E-02-4	A	Third Restated Articles of Incorporation effective November 20, 1996, as amended effective November 29, 1999
A-2			Bylaws, as amended effective May 23, 2005
B**	PAC-E-05-5	B	Resolutions of the Board of Directors authorizing the proposed issuances
C			A statement (1) explaining the measure of control or ownership exercised over the applicant by a utility, bank, trust company, banking association, underwriter, or electrical equipment supplier, and (2) explaining that the applicant is a member of any holding company system
D			Balance Sheet, actual and pro forma, dated September 30, 2006
E			Income Statement, actual and pro forma, for the 12 months ended September 30, 2006
F	PAC-E-05-5	F-2	SEC Registration Statement on Form S-3, as filed with the SEC on September 6, 2005
G			Public invitation for proposal to purchase or underwrite the proposed issuance (<u>Not applicable.</u>)
H			Copies of each proposal received for a negotiated placement of the offering, a summary tabulation, a list of prospective underwriters from whom no proposal was received, and a justification of the accepted underwriting proposal (<u>Not applicable</u>)
I			Source and Uses of Treasury Funds, actual and pro forma, dated September 30, 2006
J			A statement of the bond indenture or other limitations on interest and dividend coverage, and the effects of those limitations on this issuance
K**			Prospectus
L**			Underwriting Agreement or Agency Agreement

** Exhibit or supplement to the Exhibit is to be filed as soon as available.

PRAAYER

Rocky Mountain Power respectfully requests that the Commission enter its order in this matter, effective upon issuance, authorizing Rocky Mountain Power to (1) issue and sell or exchange, in one or more public offerings or private placements, fixed or floating rate Debt in the aggregate principal amount of not more than \$1,500,000,000 or, if the Debt is issued at an original issue discount, such greater amount as shall result in an aggregate offering price of not more than \$1,500,000,000 (or its equivalent amount in, or based upon, foreign currencies determined at the time of issue), (2) enter into letter of credit arrangements with one or more banks or such other agreements or arrangements as may be necessary or appropriate, from time to time, to provide additional credit support for the payment of the principal of, the interest on, and the premium (if any) on the Debt, (3) enter into one or more currency swaps, and (4) contribute or sell additional Debt to one or more SPEs in an amount based upon the common securities of the SPE and Commission approval of the proposed guarantee and expense payment agreements relating to the preferred securities of the SPE, in each case substantially as described herein. The Company requests that such authority remain in effect until March 31, 2012, so long as the Company maintains a BBB- or higher senior secured debt rating, as indicated by Standard & Poor's Rating Services, and a Baa3 or higher senior secured debt rating, as indicated by Moody's Investors' Service, Inc. The Company agrees to continue to file with the Commission on a quarterly basis debt reports including any Debt authorized by the requested order and, to the extent not otherwise an obligation of the Company pursuant to Commitment I20 approved by Order No. 29998 in Case No. PAC-E-05-8, all credit rating agency reports related to the Company issued during the quarter.

Dated at Portland, Oregon on February 5, 2007.

PACIFICORP

By: Bruce N Williams
Bruce N. Williams
Vice President and Treasurer

VERIFICATION

I, Bruce N. Williams, declare, under penalty of perjury, that I am the duly appointed Vice President and Treasurer of PacifiCorp and am authorized to make this verification. The application and the attached exhibits were prepared at my direction and were read by me. I know the contents of the application and the attached exhibits, and they are true, correct, and complete of my own knowledge except those matters stated on information or belief which I believe to be true.

WITNESS my hand and the seal of PacifiCorp on this 5th day of February, 2007.

Bruce N Williams
Bruce N. Williams

(Seal)

DRAFT ORDER

senior secured debt rating, as indicated by Standard & Poor's Rating Services, and a Baa3 or higher senior secured debt rating, as indicated by Moody's Investors' Service, Inc. After reviewing the Application, the Commission grants the Company's request.

STAFF RECOMMENDATION

[To be inserted.]

FINDINGS OF FACT

The Company was incorporated under Oregon law in August 1987 for the purpose of facilitating consummation of a merger with Utah Power & Light Company, a Utah corporation, and changing the state of incorporation of PacifiCorp from Maine to Oregon. The Company The Company currently serves customers as Rocky Mountain Power in Idaho, Utah and Wyoming and as Pacific Power in California Oregon and Washington.

The Company proposes to issue or exchange the Debt in either public offerings or private placements, domestically or overseas from time to time not later than March 31, 2012, so long as the Company maintains a BBB- or higher senior secured debt rating, as indicated by Standard & Poor's Rating Services, and a Baa3 or higher senior secured debt rating, as indicated by Moody's Investors' Service, Inc. The Company finds that the variety of borrowing options available to it dictate that it have the ability to select the debt instrument, market and maturity that allows it to borrow at a lower all-in cost, consistent with its financial goals. The type of issue and its terms including interest rate will be determined at the date of issue and the Company will notify the Commission Staff of the terms as soon as practical before the issue. The type of issue will be based on the all-in costs and benefits of the alternatives. The Company committed in Case No. PAC-E-99-3 to a cost test where foreign transactions will not be utilized for ratemaking

unless and until it can assure the all-in costs of the foreign borrowing is no more than the all-in cost of similar domestic borrowings.

If the Debt bears a fixed rate, the interest rate will be set at the time of issuance. If the Debt bears a floating rate, the interest rate will be set periodically based upon a published or quoted index. The Debt may be publicly or privately placed in the domestic or foreign markets. Selection of the method of issuance and the location will depend on the relative all-in cost and other benefits of the alternatives being considered.

The types of offerings contemplated by the Company in its application include:

- a. Conventional first mortgage bonds placed publicly or privately in the domestic or foreign markets;
- b. Secured or unsecured medium-term notes placed publicly or privately in the domestic or foreign markets;
- c. Floating rate debt placed publicly or privately in the domestic or foreign markets;
- d. Eurodollar financings placed publicly or privately overseas;
- e. Debt issued overseas denominated in, or based upon, foreign currencies combined with a currency swap to effectively eliminate the currency risk; and
- f. Subordinated debt placed publicly or privately in the domestic or foreign markets and issued either alone or in conjunction with an offering of preferred securities by an SPE organized by the Company.

The Application recognizes that a foreign currency offering involves a degree of risk to a U.S. issuer because changes in the relationship between the value of the U.S. dollar and foreign currency may increase the ultimate cost of the debt. Currency swaps allow a party to make a series of payments in U.S. dollars in exchange for a series of payments in, or based upon, foreign currencies. Combining a foreign currency offering with a currency swap effectively eliminates

the currency risk by providing the issuer a stream of foreign currency payments equal to obligations on the foreign debt.

The Company expects to issue or exchange the Debt in either public offerings or private placements from time to time not later than March 31, 2012, so long as the Company maintains a BBB- or higher senior secured debt rating, as indicated by Standard & Poor's Rating Services, and a Baa3 or higher senior secured debt rating, as indicated by Moody's Investors' Service, Inc. The Debt may have various maturities, although medium-term notes generally have maturities longer than nine months.

The net proceeds of the issuances will be used for one or more of the utility purposes authorized by *Idaho Code* § 61-901. To the extent that any funds to be reimbursed were used for the discharge or refunding of obligations, those obligations or their precedents were originally incurred in furtherance of a utility purpose.

Issuances of the Debt proposed are part of an overall plan to finance the cost of the Company's facilities taking into consideration prudent capital ratios, earnings coverage tests and market uncertainties as to the relative merits of the various types of securities the Company could sell.

The Company has paid the fees required by *Idaho Code* § 61-905.

CONCLUSIONS OF LAW

PacifiCorp doing business as Rocky Mountain Power is an electrical corporation within the definition of *Idaho Code* § 61-119 and is a public utility within the definition of *Idaho Code* § 61-129.

The Idaho Public Utilities Commission has jurisdiction over this matter pursuant to the provisions of *Idaho Code* § 61-901 *et seq.*, and the Application reasonably conforms to Rules 141 through 150 of the Commission's Rules of Procedure, IDAPA 31.01.01.141-150.

The method of issuance is proper.

The general purposes to which the proceeds will be put are lawful purposes under the Public Utilities Law of the State of Idaho and are compatible with the public interest. However, this general approval of the general purposes to which the proceeds will be put is neither a finding of fact nor a conclusion of law that any particular construction program of the Company which may be benefited by the approval of this Application has been considered or approved by this Order, and this Order shall not be construed to that effect.

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

The Application should be approved.

ORDER

IT IS THEREFORE ORDERED that the Company's Application for authority to: (1) issue and sell or exchange, in one or more public offerings or private placements, not later than March 31, 2012, fixed or floating rate Debt in the aggregate principal amount of not more than \$1,500,000,000 or, if the Debt is issued at an original issue discount, such greater amount as shall result in an aggregate offering price of not more than \$1,500,000,000 (or its equivalent amount in, or based upon, foreign currencies determined at the time of issue); (2) enter into letter of credit arrangements with one or more banks or such other agreements or arrangements as may be necessary or appropriate, from time to time, to provide additional credit

support for the payment of the principal of, the interest on, and the premium (if any) on the Debt; and (3) enter into one or more currency swaps, is granted. Such authority would remain in effect until March 31, 2012, so long as the Company maintains a BBB- or higher senior secured debt rating, as indicated by Standard & Poor's Rating Services, and a Baa3 or higher senior secured debt rating, as indicated by Moody's Investors' Service, Inc.

IT IS FURTHER ORDERED that if the Company's senior secured debt ratings fall below the investment grade levels referenced in the above ordering paragraph (the "Downgrade"), the Company's authority to incur Debt as provided in this Order will not terminate, but instead such authority will continue for a period of 364 days from the date of the Downgrade (the "Continued Authorization Period") provided that the Company:

- (1) Promptly notifies the Commission in writing of the Downgrade; and
- (2) Files a supplemental application within seven (7) days after the Downgrade, requesting a supplemental order ("Supplemental Order") authorizing the Company to continue to incur Debt as provided in this Order, notwithstanding the Downgrade. Until Rocky Mountain Power receives the Supplemental Order, any Debt incurred or issued by the Company during the Continued Authorization Period will become due or mature no later than the final date of the Continued Authorization Period.

IT IS FURTHER ORDERED that the Company shall file with the Commission an application seeking approval of any proposed contribution or sale by the Company of additional Debt to special-purpose entities (SPEs) before such an agreement may be deemed effective.

IT IS FURTHER ORDERED that the Company shall file with the Commission on a quarterly basis debt reports including any Debt authorized by this Order and, to the extent not otherwise an obligation of the Company pursuant to Commitment I 20 approved by Order No. 29998 in Case No. PAC-E-05-8, all credit rating agency reports related to the Company issued during the quarter.

IT IS FURTHER ORDERED that the Company shall file the following as they become available:

- a. The "Report of Securities Issued" required by 18 C.F.R. § 34.10.
- b. Verified copies of any agreement entered into in connection with the issuance of Debt pursuant to this order.
- c. A verified statement setting forth in reasonable detail the disposition of the proceeds of each offering made pursuant to this order.

IT IS FURTHER ORDERED that this authorization is without prejudice to the regulatory authority of this Commission with respect to rates, service, accounts, valuation, estimates, or determination of costs, or any other matter that may come before this Commission pursuant to this jurisdiction and authority as provided by law.

IT IS FURTHER ORDERED that nothing in this Order and no provision of Chapter 9, Title 61, *Idaho Code*, or any act or deed done or performed in connection with this Order shall be construed to obligate the State of Idaho to pay or guarantee in any manner whatsoever any security authorized, issued, assumed, or guaranteed under the provisions of Chapter 9, Title 61, *Idaho Code*.

IT IS FURTHER ORDERED that the Company notify the Commission as soon as possible prior to the issuance with as much information as possible on the issue. The notice may be by telephone or facsimile to be followed with letter of verification if notice is less than seven days.

IT IS FURTHER ORDERED that issuance of this Order does not constitute acceptance of the Company's exhibits or other material accompanying the Application for any purpose other than the issuance of this Order.

THIS IS A FINAL ORDER. Any person interested in this Order (or in issues finally decided by this Order) may petition for reconsideration within twenty-one (21) days of the

service date of this Order with regard to any matter decided in this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *See Idaho Code* § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho, this _____ day of _____, 2007.

PAUL KJELLANDER, President

DENNIS S. HANSEN, Commissioner

MARSHA H. SMITH, Commissioner

ATTEST:

JEAN JEWELL
Commission Secretary

EXHIBIT A-2

**BYLAWS
of
PACIFICORP
As Amended Effective May 23, 2005**

BYLAWS
of
PACIFICORP
As Amended Effective May 23, 2005

ARTICLE I

OFFICES

The principal office of the Company in the State of Oregon shall be in the City of Portland, County of Multnomah. The Company may have such other offices, either within or without the State of Oregon, as the Board of Directors may designate or as the business of the Company may, from time to time, require.

ARTICLE II

SHAREHOLDERS

2.1 Annual Meeting. The annual meeting of the shareholders shall be held on the second Wednesday in the month of May in each year, unless a different date is fixed by the Board of Directors, at such time and place as are fixed by the Board of Directors and stated in the notice of the meeting. The failure to hold an annual meeting at the time stated herein shall not affect the validity of any corporate action.

2.2 Special Meetings. Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the Chairman of the Board, the President or the Board of Directors and shall be called by the Chairman of the Board or the President upon the written demand, describing the purpose or purposes for which the meeting is to be held, signed, dated and delivered to the Company's Secretary, of the holders of not less than one-tenth of all the outstanding votes of the Company entitled to be cast on any issue proposed to be considered at the meeting.

2.3 Place of Meetings. Meetings of the shareholders shall be held at such place, within or without the State of Oregon, as may be designated by the Board of Directors.

2.4 Notice of Meetings. Written or printed notice stating the date, time and place of the meeting and, in the case of a special meeting or where otherwise required by law, the purpose or purposes for which the meeting is called shall be mailed by the Secretary to each shareholder entitled to vote at the meeting, and if required by law, to such additional shareholders as are entitled to receive notice, at the shareholder's address shown in the Company's stock transfer books, with postage thereon prepaid, not less than 10 nor more than 60 days before the date of the meeting.

2.5 Fixing of Record Date. For the purpose of determining shareholders entitled to notice of a shareholders' meeting, to demand a special meeting, to vote or to take any other action, or shareholders entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the Board of Directors of the Company may fix a future date as the record date for any such determination of shareholders, such date in any case to be not more than 70 days nor, in the case

of a meeting, less than 10 days before the meeting or action requiring a determination of shareholders. The record date for any meeting, vote or other action of the shareholders shall be the same for all voting groups.

2.6 Shareholders' List for Meeting. After a record date for a meeting has been fixed, the Company shall prepare an alphabetical list of the names of all its shareholders entitled to notice of the shareholders' meeting. The list shall be arranged by voting group and within each voting group by class or series of shares and show the address of and number of shares held by each shareholder. The shareholders' list shall be available for inspection by any shareholder, upon proper demand as may be required by law, beginning two business days after notice of the meeting is given for which the list was prepared and continuing through the meeting, at the Company's principal office or at a place identified in the meeting notice in the city where the meeting will be held. The Company shall make the shareholders' list available at the meeting and any shareholder or the shareholder's agent or attorney shall be entitled to inspect the list at any time during the meeting or any adjournment. Refusal or failure to prepare or make available the shareholders' list does not affect the validity of action taken at the meeting.

2.7 Quorum; Adjournment.

(a) Shares entitled to vote as a separate voting group may take action on a matter at a meeting only if a quorum of those shares exists with respect to that matter. A majority of the votes entitled to be cast on the matter by the voting group constitutes a quorum of that voting group for action in that matter.

(b) A majority of votes represented at the meeting, whether or not a quorum, may adjourn the meeting from time to time to a different time and place without further notice to any shareholder of any adjournment, except as may be required by law. At such adjourned meeting at which a quorum is present, any business may be transacted that might have been transacted at the meeting originally held.

(c) Once a share is represented for any purpose at a meeting, it shall be deemed present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting unless a new record date is set for the adjourned meeting. A new record date shall be set if the meeting is adjourned to a date more than 120 days after the date fixed for the original meeting.

2.8 Voting Requirements; Action Without Meeting.

(a) If a quorum exists, action on a matter, other than the election of directors, is approved if the votes cast by the shares entitled to vote favoring the action exceed the votes cast opposing the action, unless a greater number of affirmative votes is required by law or the Company's Restated Articles of Incorporation. If any share of capital stock of the Company is entitled to more or less than one vote on any matter, every reference in these Bylaws to a majority or other proportion of shares shall refer to such a majority or other proportion of votes entitled to be cast.

(b) Action required or permitted by law to be taken at a shareholders' meeting may be taken without a meeting if the action is taken by all the shareholders entitled to vote on the action. The action must be evidenced by one or more written consents describing the action taken, signed by all the

shareholders entitled to vote on the action and delivered to the Secretary for inclusion in the minutes or filing with the Company's records. Such action shall not be effective unless, at least 10 days before the action is taken, any non-voting shareholder entitled to notice of the proposed action is given written notice of the proposed action as required by law. Action taken under this section is effective when the last shareholder signs the consent, unless the consent specifies an earlier or later effective date.

2.9 Proxies. A shareholder may vote shares in person or by proxy by signing an appointment. A shareholder may appoint a proxy by signing an appointment form either personally or by the shareholder's attorney-in-fact. An appointment of a proxy shall be effective when received by the Secretary or other officer of the corporation authorized to tabulate votes.

2.10 Notice of Business. At any meeting of the shareholders, only such business shall be conducted as shall have been brought before the meeting (a) by or at the direction of the Board of Directors or (b) by any shareholder of the Company who is a beneficial or record holder at the time of giving of the notice provided for in this Section 2.10, who shall be entitled to vote at such meeting and who complies with the notice procedures set forth in this Section 2.10. For business to be properly brought before a shareholder meeting by a shareholder, the shareholder must have given timely notice thereof in writing to the Secretary.

To be timely, a shareholder's notice must be delivered to or mailed and received at the principal executive offices of the Company as follows: (a) for annual meetings, not less than 45 days nor more than 75 days prior to the date in the current year corresponding to the day and month of mailing of the Company's proxy statement for the prior year's annual meeting, and (b) for other meetings, not less than 90 days nor more than 120 days prior to the date of the meeting; provided, however, that in the event that less than 100 days' notice or prior public disclosure of the date of such other meeting is given or made, notice by the shareholder to be timely must be received no later than the close of business on the 10th day following the day on which such notice of the date of such other meeting was mailed or such public disclosure was made.

A shareholder's notice to the Secretary shall set forth as to each matter the shareholder proposes to bring before the meeting (a) a brief description of the business desired to be brought before the meeting and the reasons for conducting such business at the meeting, (b) the name and address of the shareholder proposing such business, (c) the class and number of shares of the Company which are beneficially owned by the shareholder and (d) any material interest of the shareholder in such business. If the shareholder is not a shareholder of record at the time of giving the notice, the notice shall be accompanied by appropriate documentation of the shareholder's claim of beneficial ownership. Notwithstanding anything in these Bylaws to the contrary, no business shall be conducted at a shareholder meeting except in accordance with the procedures set forth in this Section 2.10. The officer presiding at the meeting shall, if in the officer's opinion the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting in accordance with the provisions of these Bylaws, and if such officer should so determine, such officer shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted. Notwithstanding the foregoing provisions of this Section 2.10, a shareholder shall also comply with all applicable requirements of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder with respect to the matters set forth in this Section 2.10.

2.11 Nomination of Directors. Only persons who are nominated in accordance with the procedures set forth in these Bylaws shall be eligible to serve as directors. Nominations of persons for election to the Board of Directors of the Company may be made at a meeting of shareholders (a) by or at the direction of

the Board of Directors or (b) by any shareholder of the Company who is a beneficial or record holder at the time of giving of notice provided for in this Section 2.11, who shall be entitled to vote for the election of directors at the meeting and who complies with the notice procedures set forth in this Section 2.11. Such nominations, other than those made by or at the direction of the Board of Directors, shall be made pursuant to timely notice in writing to the Secretary. To be timely, a shareholder's notice shall be delivered to or mailed and received at the principal executive offices of the Company not less than 60 days nor more than 90 days prior to the meeting; provided, however, that in the event that less than 70 days' notice or prior public disclosure of the date of the meeting is given or made, notice by the shareholder to be timely must be received no later than the close of business on the 10th day following the day on which such notice of the date of the meeting was mailed or such public disclosure was made. Such shareholder's notice shall set forth (a) as to each person whom the shareholder proposes to nominate for election or reelection as a director all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected); and (b) as to the shareholder giving the notice (i) the name and address of such shareholder and (ii) the class and number of shares of the Company which are beneficially owned by such shareholder. If the shareholder is not a shareholder of record at the time of giving the notice, the notice shall be accompanied by appropriate documentation of the shareholder's claim of beneficial ownership. At the request of the Board of Directors, any person nominated by the Board of Directors for election as a director shall furnish to the Secretary that information required to be set forth in a shareholder's notice of nomination which pertains to the nominee. No person shall be eligible to serve as a director of the Company unless nominated in accordance with the procedures set forth in this Section 2.11. The officer presiding at the meeting shall, if in the officer's opinion the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the procedures prescribed by the Bylaws, and if such officer should so determine, such officer shall so declare to the meeting and the defective nomination shall be disregarded. Notwithstanding the foregoing provisions of this Section 2.11, a shareholder shall also comply with all applicable requirements of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder with respect to the matters set forth in this Section 2.11.

2.12 Conduct of Meeting. The officer presiding at any meeting of the shareholders shall have authority to determine the agenda and order of business at the meeting and to adopt such rules and regulations as may be necessary or desirable to promote the fair and efficient conduct of the business of the meeting.

ARTICLE III

BOARD OF DIRECTORS

3.1 Duties of Board of Directors; Election. All corporate powers shall be exercised by or under the authority of, and the business and affairs of the Company shall be managed under the direction of, its Board of Directors, which shall be divided into three classes, as nearly equal in number as possible, with one class being elected each year. Members of a class shall be elected by the shareholders, by a plurality of the votes cast at the meeting.

3.2 Number, Election and Qualification. The exact number of directors may, within the limits of not less than nine (9) nor more than twenty-one (21) set forth in Article VI of the Company's Restated Articles of Incorporation, be fixed and increased or decreased from time to time by resolution of the Board of Directors. Directors shall hold office for a term of three years, and until their successors are elected and qualified or the number of directors is decreased; provided, however, that the term of office of any director shall not extend beyond the regular quarterly meeting of the Board of Directors following the date the director reaches age 70; and, provided further, that the term of any director who is also an employee of the Company shall expire at the date of the employee's retirement as an employee. No reduction in the number of directors shall shorten the term of any incumbent director.

3.3 Regular Meetings. The Board of Directors may provide the time and place, either within or without the State of Oregon, for the holding of regular meetings of the Board of Directors without other notice.

3.4 Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the Chairman of the Board, the President or any two directors. The person or persons authorized to call special meetings of the Board of Directors may fix any place, either within or without the State of Oregon, as the place for holding any special meeting of the Board of Directors called by them.

3.5 Notice. Notice of the date, time and place of any special meeting of the Board of Directors shall be given at least 48 hours prior to the meeting by notice communicated in person, by telephone, telegraph, teletype or other form of wire or wireless communication, or by mail or private carrier. If mailed, notice shall be deemed effective when deposited in the United States mail addressed to the director at the director's business address, with postage thereon prepaid. Notice by all other means shall be deemed effective when received by or on behalf of the director. Except as otherwise provided by law or in the Company's Restated Articles of Incorporation, neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

3.6 Quorum. One third of the total number of directors fixed in accordance with Section 3.2 of these Bylaws shall constitute a quorum for the transaction of business at any meeting of the Board of Directors. If less than a quorum is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

3.7 Manner of Acting. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless a different number is provided by law, the Restated Articles of Incorporation or these Bylaws.

3.8 Vacancies. Any vacancy, including a vacancy resulting from an increase in the number of directors, occurring on the Board of Directors may be filled by the shareholders, the Board of Directors or the affirmative vote of a majority of the remaining directors if less than a quorum of the Board of Directors or by a sole remaining director. Any directorship not filled by the directors shall be filled by election at an annual meeting or at a special meeting of shareholders called for that purpose; if the vacant office was held

by a director elected by a voting group of shareholders, then only the holders of shares of that voting group are entitled to vote to fill the vacancy. A director elected to fill a vacancy shall be elected to serve until the next meeting of shareholders at which directors are elected and shall continue to serve until a successor shall be elected and qualified or there is a decrease in the number of directors. A vacancy that will occur at a specific later date, by reason of a resignation or otherwise, may be filled before the vacancy occurs, but the new director may not take office until the vacancy occurs.

3.9 Compensation. By resolution of the Board of Directors, the directors may be paid a reasonable compensation for their services as directors, and their expenses, if any, of attendance at each meeting of the Board of Directors; provided, that no director who is also a full-time officer or employee of the Company shall receive additional compensation as a director. No such payment shall preclude any director from serving the Company in any other capacity and receiving compensation therefor.

3.10 Presumption of Assent. A director of the Company who is present at a meeting of the Board of Directors or a committee of the Board of Directors shall be deemed to have assented to the action taken unless (a) the director's dissent or abstention from the action is entered in the minutes of the meeting, (b) the director delivers a written notice of dissent or abstention to the action to the presiding officer of the meeting before the adjournment thereof or to the Company immediately after the adjournment of the meeting or (c) the director objects at the beginning of the meeting or promptly upon the director's arrival to the holding of the meeting or transacting business at the meeting. The right to dissent or abstain shall not apply to a director who voted in favor of the action.

3.11 Executive Committee. The Board of Directors, as soon as may be after its election in each year, shall by resolution adopted by a majority of all the Directors in office when the action is taken, designate from among its members an Executive Committee to consist of the officer designated as Chief Executive Officer and two or more other directors. Such Committee shall have and may exercise all of the powers of the Board during the intervals between its meetings which may be lawfully delegated, subject to such limitations as may be provided by resolution of the Board. The Board shall have the power at any time to change the membership of such Committee and to fill vacancies in it. The Executive Committee may make rules for the conduct of its business and may appoint such committees and assistants as it may deem necessary. A majority of the members of such Committee shall be a quorum. The Executive Committee shall elect one of its members as chairman.

3.12 Other Committees. The Board of Directors, by resolution adopted by a majority of all the Directors in office when the action is taken, from time to time may establish, fix the membership, define the duties and appoint the members of each of such other committees of the Board of Directors as it shall determine. One-third of the members of each such other committee, but in no case fewer than two directors, shall be a quorum of the committee.

ARTICLE III – A

SPECIAL NUCLEAR COMMITTEE

3A.1 Establishment of Committee; Membership. The Board of Directors shall establish a Special Nuclear Committee. The members of the Special Nuclear Committee shall be elected by the Board of Directors from their number. The membership of the Special Nuclear Committee shall consist of three directors, or such larger number as the Board of Directors, from time to time, shall determine. No director may serve on the Special Nuclear Committee unless such director is a citizen of the United States of America. A majority of the members of the Special Nuclear Committee shall at all times be made up of directors (“Independent Directors”) who are not current or former employees of the Company or of any other affiliated entity (a) that owns, directly or indirectly through one or more subsidiaries, a majority of the outstanding capital stock of the Company, (b) a majority of the outstanding equity securities of which is owned, directly or indirectly through one or more subsidiaries, by the Company, or (c) a majority of the outstanding equity securities of which is owned, directly or indirectly through one or more subsidiaries, by any entity referred to in clause (a) of this paragraph 3A.1.

3A.2 Term; Removal. Each member of the Special Nuclear Committee shall serve for a term commencing on the date of election to the Special Nuclear Committee and ending when such member’s term as a director expires. During any director’s term as a member of the Special Nuclear Committee, such member shall not be removed except for willful and continued failure by such member to substantially perform his or her duties to the Company in accordance with these bylaws, or such member’s conviction of fraud, embezzlement, theft or other criminal conduct involving a felony.

3A.3 Regular Meetings. Regular meetings of the Special Nuclear Committee may be held at such places and at such times as the members of the Special Nuclear Committee may by vote from time to time determine, and if so determined, no notice thereof need be given.

3A.4 Special Meetings. Special meetings of the Special Nuclear Committee may be held at any time and at any place when called by two or more members of the Special Nuclear Committee, reasonable notice thereof being given to each member of the Special Nuclear Committee, or at any time without call or formal notice, provided all the members of the Special Nuclear Committee are present or waive notice thereof by a writing which is filed with the records of the meeting. In any case it shall be deemed sufficient notice to a member of the Special Nuclear Committee to send notice by mail or telegram at least forty-eight hours before the meeting addressed to such member at his or her usual or last known business or residence address.

3A.5 Quorum. A majority of the members of the Special Nuclear Committee shall constitute a quorum for the transaction of business, but a lesser number may adjourn any meeting from time to time, and the meeting may be held as adjourned without further notice. Except as otherwise provided, when a quorum is present at any meeting, a majority of the members in attendance there at shall decide any question brought before such meeting.

3A.6 Vacancies. If the office of any member of the Special Nuclear Committee, one or more,

elected by the Board of Directors pursuant to 3A.1 of this Article III-A, becomes vacant by reason of death, resignation, removal, disqualification or otherwise, the Board of Directors shall choose a successor or successors from among the members of the Board of Directors who are citizens of the United States of America, who shall hold office for the unexpired term. Such successors shall be chosen in such a manner to ensure that, after giving effect to their selection, a majority of the members of the Special Nuclear Committee are Independent Directors, as such term is defined in 3A.1 of this Article III-A.

3A.7 Nuclear Authority Delegated to Special Nuclear Committee. Except as otherwise provided in 3A.8 of this Article III-A, the Special Nuclear Committee shall have sole discretion and decision-making authority on behalf of the Company as to all matters involving any interests that the Company may hold, now or in the future, in any nuclear power facility, whether such ownership interest is direct or indirect. Without limiting the generality of the foregoing, the Special Nuclear Committee shall, except as otherwise provided in 3A.8 of this Article III-A, have sole decision-making authority with respect to all matters relating to the operation, maintenance, contribution of capital, decommissioning, and fuel cycle matters with respect to all such nuclear power facilities. The Special Nuclear Committee shall report to the Board of Directors on a quarterly basis with respect to its activities, but such reports shall be for informational purposes only, and any powers that the Board of Directors generally might otherwise have with respect to any such matters are, except as otherwise provided in this Article III-A, permanently and irrevocably delegated to the Special Nuclear Committee.

3A.8 Certain Decisions Reserved to Board of Directors. Notwithstanding 3A.7 of this Article III-A, after consultation with the Special Nuclear Committee, the Board of Directors shall have, with respect to any nuclear power facility in which the Company has a direct or indirect interest, the following rights:

- (a) The right to determine to sell, lease or otherwise dispose of the Company's interest in any such facility;
- (b) The right to authorize and determine the budget related to the facility; and
- (c) The right to take any action with respect to any such nuclear facility that is ordered by the Special Nuclear Committee or any other governmental agency or court of competent jurisdiction.

3A.9 Access to Restricted Information. To the extent that the Company, by virtue of its ownership of any direct or indirect interest in any nuclear power facility, obtains any so-called "Restricted Data" as to which access is restricted pursuant to the provisions of the Atomic Energy Act of 1954, as amended, or any rules, regulations or orders of the Nuclear Regulatory Commission, access to any such information shall be limited solely to the members of the Special Nuclear Committee, and the members of the Special Nuclear Committee shall not, without the permission of the Nuclear Regulatory Commission, reveal any such information to any foreign citizen or other person with whom it shall be unlawful to share any such information.

3A.10 Report of Foreign Influence; Whistle Blower Protections. In the event that any member of the Special Nuclear Committee believes that any action by a foreign citizen is designed to influence such member's behavior with respect to any nuclear power facility to the detriment of the national interest of the

United States of America, such member is authorized and directed to report such behavior to the Nuclear Regulatory Commission. The Company hereby extends to each member of the Special Nuclear Committee the full protection afforded by the so-called "whistle blower" regulations of the Nuclear Regulatory Commission as codified at 10 C.F.R. §50.7, and agrees that the phrase "protected activity" used therein shall include, with respect to each member of the Special Nuclear Committee, any action or decision made by any such member pursuant to this Article III-A of these bylaws, including any votes cast by any such member.

3A.11 Amendments to Bylaw Provisions Relating to Special Nuclear Committee. Notwithstanding Article IX of these bylaws, the provisions of this Article III-A shall not, without the prior consent of the Nuclear Regulatory Commission, be amended or repealed unless and until (a) the provisions of the Atomic Energy Act of 1954, as amended, or the applicable regulations thereunder, are amended such as to remove the current provisions thereof restricting foreign ownership of nuclear power facilities, or (b) the Company shall, with the consent of the Nuclear Regulatory Commission, have disposed of all of its interests in any nuclear power facilities. In the event that either such condition shall have been met, the Company shall, prior to amending or repealing the provisions of this Article III-A, notify the Nuclear Regulatory Commission of its intent to effect such amendment or repeal.

ARTICLE IV

OFFICERS

4.1 Number. The officers of the Company shall be a Chairman of the Board (who shall be a Director of the Company), a President, one or more Vice Presidents (who may be distinguished from one another by such designations as the Board of Directors may specify), a Secretary, a Treasurer, and if the Board of Directors shall deem such an officer desirable, a Controller. Each of the aforesaid officers shall be appointed by the Board of Directors. The Board of Directors shall designate one of the officers of the Company (who shall also be a Director of the Company) as Chief Executive Officer. Other officers and assistant officers may be appointed as determined by the Board of Directors. Any two or more offices may be held by the same person.

4.2 Appointment and Term of Office. With the exception of the initial appointment of any new officer or assistant officer, or the initial election of an officer to another or different office, which may be at any meeting of the Board of Directors, the officers of the Company shall be appointed annually at the first meeting of the Board of Directors held after each annual meeting of the shareholders. If the appointment of officers shall not be held at such meeting, such appointment shall be held as soon thereafter as conveniently may be. Each officer shall hold office until a successor shall have been duly appointed and shall have qualified or until such officer's death, resignation, or removal from office in the manner hereinafter provided.

4.3 Removal. Any officer or agent appointed by the Board of Directors may be removed by the Board of Directors with or without cause, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. The appointment of an officer does not itself create contract rights.

4.4 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

4.5 Chairman of the Board. The Chairman of the Board of Directors shall preside at all meetings of the Board of Directors and shall perform other duties assigned by the Board of Directors.

4.6 Chief Executive Officer. The Chief Executive Officer shall be the chief executive officer of the Company and, subject to the control of the Board of Directors, shall in general supervise and control all of the business and affairs of the Company.

4.7 President. The President shall perform all duties incident to the office of President and such other duties as from time to time may be assigned by the Chief Executive Officer or the Board of Directors.

4.8 Vice Presidents. Each of the Vice Presidents shall perform such duties as from time to time may be assigned by the Chief Executive Officer or the Board of Directors.

4.9 Treasurer. The Treasurer shall perform the duties usually pertaining to such office and such other duties as from time to time may be assigned by the Chief Executive Officer or the Board of Directors. The Treasurer shall give a bond for faithful discharge of the Treasurer's duties in such sum and with such surety or sureties as the Board of Directors shall determine.

4.10 Secretary. The Secretary shall have the responsibility for preparing minutes of all meetings of the directors and shareholders and for authenticating records of the Company. The Secretary shall in addition perform other duties assigned by the Chief Executive Officer or the Board of Directors.

4.11 Other Officers. Other officers and assistant officers shall perform such duties as from time to time may be assigned to each of them by the Chief Executive Officer or the Board of Directors.

4.12 Salaries. The salaries of the officers shall be fixed from time to time by the Board of Directors, and no officer shall be prevented from receiving such salary because the officer is also a director of the Company.

ARTICLE V

INDEMNIFICATION

The Company shall indemnify to the fullest extent not prohibited by law any person who is made, or threatened to be made, a party to an action, suit or proceeding, whether civil, criminal, administrative, investigative, or otherwise (including an action, suit or proceeding by or in the right of the Company) by reason of the fact that the person is or was a director, officer, employee or agent of the Company or a fiduciary within the meaning of the Employee Retirement Income Security Act of 1974 with respect to any employee benefit plan of the Company, or serves or served at the request of the Company as a director, officer, employee or agent, or as a fiduciary of an employee benefit plan, of another corporation, partnership, joint venture, trust or other enterprise. The Company shall pay for or reimburse the reasonable expenses incurred by any such person in any such proceeding in advance of the final disposition of the proceeding to the fullest extent not prohibited by law. This Article shall not be deemed exclusive of any other provisions for indemnification or advancement of expenses of directors, officers, employees, agents and fiduciaries that may be included in any statute, bylaw, agreement, general or specific action of the Board of Directors, vote of shareholders or otherwise.

ARTICLE VI

ISSUANCE OF SHARES

6.1 Certificates for Shares.

(a) Certificates representing shares of the Company shall be in form determined by the Board of Directors. Such certificates shall be signed by the Chairman of the Board, the President or a Vice President, and by the Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer and may be sealed with the seal of the Company or a facsimile thereof. All certificates for shares shall be consecutively numbered or otherwise identified. The signatures of officers upon a certificate may be facsimiles.

(b) Every certificate for shares of stock that are subject to any restriction on transfer pursuant to the Restated Articles of Incorporation, the Bylaws, applicable securities laws, agreements among or between shareholders or any agreement to which the Company is a party shall have conspicuously noted on the face or back of the certificate either the full text of the restriction or a statement of the existence of such restriction and that the Company retains a copy of the restriction. Every certificate issued when the Company is authorized to issue more than one class or series of stock shall set forth on its face or back either the full text of the designations, relative rights, preferences and limitations of the shares of each class and series authorized to be issued and the authority of the Board of Directors to determine variations for future series or a statement of the existence of such designations, relative rights, preferences and limitations and a statement that the Company will furnish a copy thereof to the holder of such certificate upon written request and without charge.

(c) All certificates surrendered to the Company for transfer shall be canceled, and no new

certificate shall be issued until the former certificate for a like number of shares shall have been surrendered and canceled, except that in case of a lost, destroyed or mutilated certificate a new one may be issued therefor upon such terms and indemnity to the Company as the Board of Directors prescribes.

6.2 Transfer of Shares. Transfer of shares of the Company shall be made only on the stock transfer books of the Company by the holder of record thereof or by the holder's legal representative, who shall furnish proper evidence of authority to transfer, or by the holder's attorney thereunto authorized by power of attorney duly executed.

6.3 Transfer Agent and Registrar. The Board of Directors may from time to time appoint one or more transfer agents and one or more registrars for the shares of the Company, with such powers and duties as the Board of Directors determines by resolution.

6.4 Officer Ceasing to Act. If the person who signed a share certificate, either manually or in facsimile, no longer holds office when the certificate is issued, the certificate is nevertheless valid.

ARTICLE VII

CONTRACTS, LOANS, CHECKS AND OTHER INSTRUMENTS

7.1 Contracts. The Board of Directors may authorize any officer or officers, or agent or agents to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Company, and such authority may be general or confined to specific instances.

7.2 Loans. No loans shall be contracted on behalf of the Company and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

7.3 Checks, Drafts, etc. All checks, drafts or other orders for the payment of money and notes or other evidences of indebtedness issued in the name of the Company shall be signed by such officer or officers, or agent or agents of the Company and in such manner as shall from time to time be determined by resolution of the Board of Directors.

7.4 Deposits. All funds of the Company not otherwise employed shall be deposited from time to time to the credit of the Company in such banks, trust companies or other depositories as the Board of Directors or officers of the Company designated by the Board of Directors may select; or be invested as authorized by the Board of Directors.

ARTICLE VIII

MISCELLANEOUS PROVISIONS

8.1 Seal. The corporate seal of the Company shall be circular in form and shall bear an inscription containing the name of the Company, the year 1910 and the state of incorporation.

8.2 Severability. Any determination that any provision of these Bylaws is for any reason inapplicable, invalid, illegal or otherwise ineffective shall not affect or invalidate any other provision of these Bylaws.

8.3 Waiver of Notice.

(a) A shareholder may at any time waive any notice required by these Bylaws, the Restated Articles of Incorporation or the provisions of any applicable law. Such waiver shall be in writing, be signed by the shareholder entitled to the notice and be delivered to the Company for inclusion in the minutes for filing with the corporate records. A shareholder's attendance at a meeting waives objection to (i) lack of notice or defective notice of the meeting, unless the shareholder at the beginning of the meeting objects to holding the meeting or transacting business at the meeting and (ii) consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the shareholder objects to considering the matter when it is presented.

(b) A director may at any time waive any notice required by these Bylaws, the Restated Articles of Incorporation or the provisions of any applicable law. Except as set forth below, such waiver must be in writing, be signed by the director entitled to the notice, must specify the meeting for which notice is waived and must be filed with the minutes or corporate records. A director's attendance at or participation in a meeting waives any required notice to the director of the meeting unless the director at the beginning of the meeting, or promptly upon the director's arrival, objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

8.4 Engineering Decisions in Washington. Engineering decisions pertaining to any project or engineering activities in the State of Washington shall be made by the engineer designated by or in accordance with resolutions of the Board of Directors.

8.5 Oregon Control Share Act. Sections 60.801 to 60.816 of the Oregon Business Corporation Act, known as the "Oregon Control Share Act," do not apply to acquisitions of the Company's voting shares (as defined in the Oregon Control Share Act).

ARTICLE IX

AMENDMENTS

The Company's Bylaws may be amended or repealed or new bylaws may be made: (a) by the affirmative vote of the holders of record of a majority of the outstanding capital stock of the Company entitled to vote thereon, irrespective of class, given at any annual or special meeting of the shareholders; provided that notice of the proposed amendment, repeal or new bylaw or bylaws be included in the notice of such meeting or waiver thereof; or (b) by the affirmative vote of a majority of the entire Board of Directors given at any regular meeting of the Board, or any special meeting thereof; provided that notice of the proposed amendment, repeal or new bylaw or bylaws be included in the notice of such meeting or waiver thereof or all of the directors at the time in office be present at such meeting.

EXHIBIT C

**Statement of Control, Ownership
and
Holding Company Status**

Exhibit C

Statement of Control, Ownership and Holding Company Status

1. PacifiCorp does not directly or indirectly own, control or hold power to vote, 5 percent or more of the outstanding voting securities of any “public utility company” as defined in the Public Utility Holding Company Act of 1935, as amended (PUHCA 1935) or the Public Utility Holding Company Act of 2005 (PUHCA 2005) of any company that is a “holding company” by virtue of such acts, and no determination has been made by the Securities and Exchange Commission or the Federal Energy Regulatory Commission that PacifiCorp exercises a controlling influence over any such person.
2. All of PacifiCorp’s issued and outstanding common stock is indirectly owned by MidAmerican Energy Holdings Company, which is a “holding company” under PUHCA 2005 and a majority-owned subsidiary of Berkshire Hathaway Inc.

EXHIBIT D

PACIFICORP Unconsolidated Balance Sheet

September 30, 2006

EXHIBIT D
PACIFICORP
UNCONSOLIDATED BALANCE SHEET
SEPTEMBER 30, 2006

ASSETS AND OTHER DEBITS		TOTAL CORPORATION	PROPOSED FINANCING	TOTAL PROFORMA
UTILITY PLANT				
ELECTRIC PLANT IN SERVICE (101)		15,068,264,174.98		15,068,264,174.98
PROPERTY UNDER CAPITAL LEASES (101.1)		32,620,226.08		32,620,226.08
ELECTRIC PLANT PURCHASED OR SOLD (102)		30,200.67		30,200.67
EXPERIMENTAL ELECTRIC PLANT - UNCLASSIFIED (103)		0.00		0.00
ELECTRIC PLANT HELD FOR FUTURE USE (105)		3,205,805.36		3,205,805.36
COMPLETED CONSTRUCTION NOT CLASSIFIED (106)		32,101,847.60		32,101,847.60
CONSTRUCTION WORK IN PROGRESS - ELECTRIC (107)		749,170,387.16	658,480,872.00	1,407,651,259.16
ELECTRIC PLANT ACQUISITION ADJUSTMENTS (114)		157,193,779.75		157,193,779.75
OTHER UTILITY PLANT (118)		0.00		0.00
NUCLEAR FUEL (120.1-120.4)		0.00		0.00
TOTAL UTILITY PLANT		16,042,586,421.60	658,480,872.00	16,701,067,293.60
ACCUM PROV FOR DEPR OF ELECT PLANT IN SERVICE (108)	CR	5,895,930,413.13		5,895,930,413.13
ACCUM PROV FOR AMORT OF ELECT PLANT IN SERVICE (111)	CR	376,642,964.85		376,642,964.85
ACCUM PROV FOR ASSET ACQUISITION ADJUSTMENT (115)	CR	78,518,975.91		78,518,975.91
ACCUM PROV FOR DEPR OF OTHER UTILITY PLANT (119)	CR	0.00		0.00
ACCUM PROV FOR AMORT OF NUCLEAR FUEL ASSEMB (120.5)	CR	0.00		0.00
UTILITY PLANT - NET		9,691,494,067.71	658,480,872.00	10,349,974,939.71
NONUTILITY PROPERTY AND INVESTMENTS				
NONUTILITY PROPERTY (121)		8,896,543.94		8,896,543.94
ACCUM PROV FOR DEPR/AMORT OF NONUTILITY PROP (122)	CR	1,205,063.97		1,205,063.97
INVESTMENT IN ASSOCIATED COMPANIES (123)		7,373,024.62		7,373,024.62
INVESTMENT IN SUBSIDIARY COMPANIES (123.1)		103,783,226.88		103,783,226.88
OTHER INVESTMENTS (124)		92,101,992.22		92,101,992.22
OTHER SPECIAL FUNDS (128)		7,681,693.12		7,681,693.12
LONG-TERM PORTION OF DERIVATIVE INSTRUMENT ASSETS (175)		271,018,877.96		271,018,877.96
TOTAL NONUTILITY PROPERTY & INVESTMENTS		489,650,294.77	0.00	489,650,294.77
CURRENT AND ACCRUED ASSETS				
CASH (131)		2,981,237.89	0.00	2,981,237.89
SPECIAL DEPOSITS (132-134)		9,378,224.23		9,378,224.23
WORKING FUNDS (135)		3,170.00		3,170.00
TEMPORARY CASH INVESTMENTS (136)		26,481,893.92	(26,481,893.92)	0.00
NOTES RECEIVABLE (141)		883,240.32		883,240.32
CUSTOMER ACCOUNTS RECEIVABLE (142)		326,981,715.73		326,981,715.73
OTHER ACCOUNTS RECEIVABLE (143)		23,559,849.88		23,559,849.88
ACCUMULATED PROV FOR UNCOLLECTIBLE ACCOUNTS (144)	CR	(12,047,400.41)		(12,047,400.41)
NOTES RECEIVABLE FROM ASSOCIATED COMPANIES (145)		18,310,420.51		18,310,420.51
ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES (146)		1,658,379.78		1,658,379.78
FUEL STOCK (151-152)		76,772,047.59		76,772,047.59
MATERIALS AND SUPPLIES (154-163)		126,393,935.78		126,393,935.78
PREPAYMENTS (165)		62,150,347.32		62,150,347.32
INTEREST AND DIVIDENDS RECEIVABLE (171)		97,211.10		97,211.10
RENTS RECEIVABLE (172)		2,065,114.08		2,065,114.08
ACCRUED UTILITY REVENUES (173)		163,107,761.70		163,107,761.70
MISCELLANEOUS CURRENT AND ACCRUED ASSETS (174)		0.00		0.00
CURRENT PORTION OF DERIVATIVE INSTRUMENT ASSETS (175)		145,520,672.60		145,520,672.60
DERIVATIVE INSTRUMENT ASSETS - HEDGES (176)		29,162,990.00		29,162,990.00
TOTAL CURRENT AND ACCRUED ASSETS		1,003,460,812.02	(26,481,893.92)	947,815,928.10
DEFERRED DEBITS				
UNAMORTIZED DEBT EXPENSE (181)		24,206,992.82	14,500,000.00	38,706,992.82
EXTRAORDINARY PROPERTY LOSSES (182.1)		0.00		0.00
UNRECOVERED PLANT AND REGULATORY STUDY COSTS (182.2)		7,257,738.26		7,257,738.26
OTHER REGULATORY ASSETS (182.3)		1,077,500,436.09		1,077,500,436.09
PRELIMINARY SURVEY & INVESTIGATION CHARGES (183)		3,455,168.75		3,455,168.75
CLEARING ACCOUNTS (184)		0.00		0.00
TEMPORARY FACILITIES (185)		91,434.38		91,434.38
MISCELLANEOUS DEFERRED DEBITS (186)		55,820,119.93		55,820,119.93
RESEARCH DEVELOPMENT DEMONSTRATION EXPENDITURES (188)		0.00		0.00
UNAMORTIZED LOSS ON REACQUIRED DEBT (189)		26,611,912.96		26,611,912.96
ACCUMULATED DEFERRED INCOME TAXES (190)		699,360,623.43		699,360,623.43
TOTAL DEFERRED DEBITS		1,894,304,426.62	14,500,000.00	1,908,804,426.62
TOTAL ASSETS AND OTHER DEBITS		13,078,909,601.12	646,498,978.08	13,696,245,589.20

EXHIBIT D
PACIFICORP
UNCONSOLIDATED BALANCE SHEET
SEPTEMBER 30, 2006

LIABILITIES AND OTHER CREDITS	TOTAL CORPORATION	PROPOSED FINANCING	TOTAL PROFORMA
CAPITALIZATION			
COMMON EQUITY			
COMMON STOCK ISSUED (201)	3,417,945,896.24		3,417,945,896.24
COMMON STOCK LIABILITY FOR CONVERSION (203)	0.00		0.00
PREMIUM ON CAPITAL STOCK (207)	0.00		0.00
OTHER PAID-IN CAPITAL (208-211)	152,690,163.39		152,690,163.39
INSTALLMENTS RECEIVED ON CAPITAL STOCK (212)	0.00		0.00
CAPITAL STOCK EXPENSE (214) DR	41,288,206.75		41,288,206.75
RETAINED EARNINGS (215.1, 216)	731,045,878.11	(4,003,641.03)	727,042,237.08
REACQUIRED CAPITAL STOCK (217)	0.00		0.00
ACCUMULATED OTHER COMPREHENSIVE INCOME (219)	13,686,744.50		13,686,744.50
TOTAL COMMON EQUITY	4,274,080,475.49	(4,003,641.03)	4,270,076,834.46
PREFERRED STOCK ISSUED (204)	41,463,300.00		41,463,300.00
LONG-TERM DEBT			
BONDS (221)	4,259,424,000.00	751,373,000.00	5,010,797,000.00
POLLUTION CONTROL FUNDS ON DEPOSIT WITH TRUSTEE (221.4, 5)	(2,224,025.79)		(2,224,025.79)
ADVANCES FROM ASSOCIATED COMPANIES (223)	0.00		0.00
OTHER LONG-TERM DEBT (224)	37,500,000.00	(37,500,000.00)	0.00
UNAMORTIZED PREMIUM ON LONG-TERM DEBT (225)	44,396.94		44,396.94
UNAMORTIZED DISCOUNT ON LONG-TERM DEBT (226) DR	6,019,963.88		6,019,963.88
TOTAL LONG-TERM DEBT	4,288,724,407.27	713,873,000.00	5,002,597,407.27
TOTAL CAPITALIZATION	8,604,268,182.76	709,869,358.97	9,314,137,541.73
OTHER NONCURRENT LIABILITIES			
OBLIGATIONS UNDER CAPITAL LEASES (227)	33,484,705.60		33,484,705.60
ACCUMULATED PROVISION FOR PROPERTY INSURANCE (228.1)	688,396.90		688,396.90
ACCUMULATED PROVISION FOR INJURIES & DAMAGES (228.2)	2,472,878.72		2,472,878.72
ACCUMULATED PROVISION FOR PENSIONS & BENEFITS (228.3)	388,967,223.05		388,967,223.05
ACCUMULATED MISCELLANEOUS OPERATING PROVISIONS (228.4)	44,749,098.40		44,749,098.40
ACCUMULATED PROVISION FOR RATE REFUNDS (229)	0.00		0.00
LONG-TERM PORTION OF DERIVATIVE INSTRUMENT LIABILITIES (244)	505,083,048.43		505,083,048.43
ASSET RETIREMENT OBLIGATION (230)	84,899,472.56		84,899,472.56
TOTAL OTHER NONCURRENT LIABILITIES	1,060,344,823.66	0.00	1,060,344,823.66
CURRENT AND ACCRUED LIABILITIES			
NOTES PAYABLE (231)	80,000,000.00	(60,921,739.89)	19,078,260.11
ACCOUNTS PAYABLE (232)	409,783,131.51		409,783,131.51
NOTES PAYABLE TO ASSOCIATED COMPANIES (233)	0.00		0.00
ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES (234)	10,510,009.91		10,510,009.91
CUSTOMER DEPOSITS (235)	40,930,765.71		40,930,765.71
TAXES ACCRUED (236)	57,990,228.81	(2,448,641.00)	55,541,587.81
INTEREST ACCRUED (237)	65,936,641.38		65,936,641.38
DIVIDENDS DECLARED (238)	520,947.43		520,947.43
MATURED LONG-TERM DEBT (239)	0.00		0.00
MATURED INTEREST (240)	0.00		0.00
TAX COLLECTIONS PAYABLE (241)	13,252,197.72		13,252,197.72
MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (242)	67,786,895.75		67,786,895.75
OBLIGATIONS UNDER CAPITAL LEASES (243)	763,978.87		763,978.87
CURRENT PORTION OF DERIVATIVE INSTRUMENT LIABILITIES (244)	119,407,026.55		119,407,026.55
DERIVATIVE INSTRUMENT LIABILITIES - HEDGES (245)	480,784.00		480,784.00
TOTAL CURRENT AND ACCRUED LIABILITIES	867,362,607.64	(63,370,380.89)	803,992,226.75
DEFERRED CREDITS			
CUSTOMER ADVANCES FOR CONSTRUCTION (252)	6,167,220.36		6,167,220.36
OTHER DEFERRED CREDITS (253)	65,173,903.98		65,173,903.98
OTHER REGULATORY LIABILITIES (254)	114,419,046.67		114,419,046.67
ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (255)	63,667,970.00		63,667,970.00
UNAMORTIZED GAIN ON REACQUIRED DEBT (257)	77,228.52		77,228.52
ACCUM DEFERRED INCOME TAXES - ACCEL AMORTIZTN (281)	404,436.00		404,436.00
ACCUM DEFERRED INCOME TAXES-LIBRLZ DEPRECIATION (282)	1,990,858,018.33		1,990,858,018.33
ACCUMULATED DEFERRED INCOME TAXES-OTHER (283)	306,166,163.20		306,166,163.20
TOTAL DEFERRED CREDITS	2,546,933,987.06	0.00	2,546,933,987.06
TOTAL LIABILITIES AND OTHER CREDITS	13,078,909,601.12	646,498,978.08	13,725,408,579.20

PacifiCorp
Pro Forma Issuance of \$1.5 billion of Long-term Debt

Proposed Journal Entries for the 12 Months Ended September 30, 2006

Cash	131	1,485,000,000	
Unamortized Debt Expense	181	15,000,000	
Bonds	221		1,500,000,000
<i>Proceeds of issuing \$1.5 billion in long-term debt</i>			
Notes Payable - Commercial Paper	231	80,000,000	
Cash	131		80,000,000
<i>Proceeds of bond issuance used to retire existing short-term debt at September 30, 2006</i>			
Bonds	221	748,627,000	
Other Long-Term Debt	224	37,500,000	
Cash	131		786,127,000
<i>Proceeds of bond issuance used to finance long-term debt & mandatorily redeemable preferred stock maturities (for scheduled maturities from 10/1/06 through 12/31/08)</i>			
Construction Work In Progress	107	618,873,000	
Cash	131		618,873,000
<i>Remaining proceeds of bond issuance used to finance additional capital spending</i>			
Interest on Long-Term Debt	427 / 216	96,000,000	
Temporary Cash Investments	136		76,921,740
Notes Payable - Commercial Paper	231		19,078,260
<i>Interest on \$1.5 billion bond issuance</i>			
Amortization of Debt Expense	428 / 216	500,000	
Unamortized Debt Expense	181		500,000
<i>Amortization of debt expense for new issuance</i>			
Temporary Cash Investments	136	4,400,000	
Other Interest Expense	431 / 216		4,400,000
<i>Reduced interest from short-term debt replaced by new issuance</i>			
Temporary Cash Investments	136	46,039,846	
Interest on Long-Term Debt	427 / 216		46,039,846
<i>Reduced interest from maturing bonds and mandatorily redeemable preferred stock replaced by new issuance</i>			
Construction Work In Progress	107	39,607,872	
AFUDC - borrowed funds	432 / 216		39,607,872
<i>Capitalized interest from increased CWIP</i>			
Taxes Accrued	236	2,448,641	
Income Taxes - Federal	409 / 216		2,155,707
Income Taxes - State	409 / 216		292,934
<i>Net tax effect of above interest expense amounts</i>			

PacifiCorp

Pro Forma Issuance of \$1.5 billion of Long-term Debt

Pro Forma Assumptions:

- 1) Proceeds of long-term debt issuance used to retire short-term debt, replace maturing long-term debt & preferred stock and finance capital expenditures.
- 2) Assumed 30 year long-term debt issuance at 6.4% interest rate with 1.0% issuance costs.
- 3) Assumed short-term debt interest rate of 5.5%.
- 4) Scheduled long-term debt & mandatorily redeemable preferred stock maturities through 12/31/08:

<u>Amount</u>	<u>Rate</u>	<u>Maturity Date</u>
\$3,459,000	8.271%	10/01/06
279,000	7.978%	10/01/06
1,145,000	8.493%	10/01/06
850,000	8.797%	10/01/06
1,342,000	8.734%	10/01/06
2,037,000	8.294%	10/01/06
736,000	8.635%	10/01/06
704,000	8.470%	10/01/06
<u>200,000,000</u>	5.650%	11/01/06
<u>\$210,552,000</u>		

5,724,000	7.670%	01/10/07
100,000,000	6.625%	06/01/07
37,500,000	7.480%	06/15/07
2,000,000	7.430%	09/11/07
2,500,000	7.220%	09/18/07
4,000,000	7.270%	09/24/07
3,745,000	8.271%	10/01/07
301,000	7.978%	10/01/07
1,242,000	8.493%	10/01/07
925,000	8.797%	10/01/07
1,460,000	8.734%	10/01/07
2,206,000	8.294%	10/01/07
800,000	8.635%	10/01/07
764,000	8.470%	10/01/07
200,000,000	6.375%	05/15/08
200,000,000	4.300%	09/15/08
4,055,000	8.271%	10/01/08
325,000	7.978%	10/01/08
1,348,000	8.493%	10/01/08
1,007,000	8.797%	10/01/08
1,587,000	8.734%	10/01/08
2,389,000	8.294%	10/01/08
869,000	8.635%	10/01/08
828,000	8.470%	10/01/08
<u>\$575,575,000</u>		

\$786,127,000 Total LT Debt & Pfd Stk maturities from 10/1/06 through 12/31/08

- 5) For purposes of pro forma statements, the allowance for borrowed funds used during construction rate assumed equal to rate for new bond issuance used to finance new capital spending.
- 6) Effective federal income tax rate of 33.41% and effective state tax rate of 4.54%.

EXHIBIT E

PACIFICORP
Unconsolidated Statement of Income

12 Months Ended September 30, 2006

EXHIBIT E
PACIFICORP
UNCONSOLIDATED STATEMENT OF INCOME
12 MONTHS ENDED SEPTEMBER 30, 2006

	TOTAL CORPORATION	PROPOSED FINANCING	TOTAL PROFORMA
UTILITY OPERATING INCOME			
OPERATING REVENUES	3,683,420,321.61		3,683,420,321.61
OPERATION AND MAINTENANCE EXPENSE			
OPERATION	2,053,822,471.21		2,053,822,471.21
MAINTENANCE	339,704,064.34		339,704,064.34
TOTAL OPERATION AND MAINTENANCE EXPENSE	2,393,526,535.55	0.00	2,393,526,535.55
DEPRECIATION	384,313,502.68		384,313,502.68
DEPRECIATION EXPENSE FOR ASSET RETIREMENT COSTS	0.00		0.00
AMORTIZATION	61,155,098.95		61,155,098.95
TAXES OTHER THAN INCOME TAXES	100,412,956.23		100,412,956.23
CURRENT INCOME TAXES	139,948,530.36	(2,448,641.00)	137,499,889.36
PROVISION FOR DEFERRED INCOME TAXES	32,010,019.04		32,010,019.04
INVESTMENT TAX CREDIT ADJUSTMENTS -- NET	(5,854,860.00)		(5,854,860.00)
GAINS FROM DISPOSITION OF UTILITY PLANT CR	0.00		0.00
LOSSES FROM DISPOSITION OF UTILITY PLANT	60,094.36		60,094.36
ACCRETION EXPENSE	0.00		0.00
GAINS FROM DISPOSITION OF ALLOWANCES CR	29,577,749.86		29,577,749.86
OTHER UTILITY OPERATING INCOME - STEAM HTG	0.00		0.00
UTILITY OPERATING INCOME	607,426,194.30	2,448,641.00	609,874,835.30
OTHER INCOME AND DEDUCTIONS			
OTHER INCOME			
INCOME FROM MERCHANDISING	617,288.14		617,288.14
INCOME FROM NONUTILITY OPERATIONS	114,342.74		114,342.74
NONOPERATING RENTAL INCOME	62,546.79		62,546.79
EQUITY IN EARNINGS OF SUBSIDIARIES	(2,089,939.92)		(2,089,939.92)
INTEREST AND DIVIDEND INCOME	8,920,572.62		8,920,572.62
ALLOW FOR FUNDS USED DURING CONSTRUCTION	20,676,224.50		20,676,224.50
MISCELLANEOUS NONOPERATING INCOME	547,482,239.09		547,482,239.09
GAIN ON DISPOSITION OF PROPERTY	350,532.90		350,532.90
TOTAL OTHER INCOME	576,133,806.86	0.00	576,133,806.86
OTHER INCOME DEDUCTIONS			
LOSS ON DISPOSITION OF PROPERTY	376,730.24		376,730.24
MISCELLANEOUS AMORTIZATION	1,076,376.82		1,076,376.82
MISCELLANEOUS INCOME DEDUCTIONS	533,852,186.33		533,852,186.33
TOTAL OTHER INCOME DEDUCTIONS	535,305,293.39	0.00	535,305,293.39
TAXES APPLIC TO OTHER INCOME & DEDUCTIONS			
TAXES OTHER THAN INCOME TAXES	479,531.24		479,531.24
INCOME TAXES	58,341,152.60		58,341,152.60
DEFERRED INCOME TAXES	(41,402,722.40)		(41,402,722.40)
INVESTMENT TAX CREDITS	(2,065,260.00)		(2,065,260.00)
TOTAL TAXES APPLIC TO OTHER INC & DED	15,352,701.44	0.00	15,352,701.44
NET OTHER INCOME AND DEDUCTIONS	25,475,812.03	0.00	25,475,812.03
INCOME BEFORE INTEREST CHARGES	632,902,006.33	2,448,641.00	635,350,647.33
INTEREST CHARGES			
INTEREST ON LONG-TERM DEBT	243,030,969.91	49,960,154.03	292,991,123.94
AMORTIZATION OF DEBT DISCOUNT AND EXPENSE	3,907,738.50	500,000.00	4,407,738.50
AMORTIZATION OF LOSS ON REACQUIRED DEBT	5,032,148.36		5,032,148.36
AMORTIZATION OF PREMIUM ON DEBT	(2,718.18)		(2,718.18)
AMORTIZATION OF GAIN ON REACQUIRED DEBT	(84,505.68)		(84,505.68)
INTEREST ON DEBT TO ASSOCIATED COMPANIES	85,335.66		85,335.66
OTHER INTEREST EXPENSE	25,273,435.87	(4,400,000.00)	20,873,435.87
ALLOW FOR BRD FUNDS USED DURING CONSTR	(21,277,258.96)	(39,607,872.00)	(60,885,130.96)
NET INTEREST CHARGES	255,965,145.48	6,452,282.03	262,417,427.51
INCOME BEFORE EXTRAORD. ITEMS	376,936,860.85	(4,003,641.03)	372,933,219.82
EXTRAORDINARY ITEMS -- NET OF INCOME TAX			
INCOME TAX ON CUM. EFFECT OF CHANGE IN ACCT. PRINC	0.00		0.00
CUMULATIVE EFFECT OF CHANGE IN ACCT. PRINCIPLE	0.00		0.00
NET INCOME	376,936,860.85	(4,003,641.03)	372,933,219.82
PREFERRED DIVIDEND REQUIREMENTS	2,083,789.72		2,083,789.72
EARNINGS AVAILABLE FOR COMMON STOCK	374,853,071.13	(4,003,641.03)	370,849,430.10

EXHIBIT I

Sources and Uses of Treasury Funds

September 30, 2006

EXHIBIT I
PACIFICORP
SOURCES AND USES OF TREASURY FUNDS
SEPTEMBER 30, 2006

TREASURY FUND USES:	TOTAL CORPORATION	PROPOSED FINANCING	TOTAL PROFORMA
UTILITY PLANT	16,042,586,421.60	658,480,872.00	16,701,067,293.60
ACCUMULATED PROVISION FOR DEPREC. AND AMORTIZATION CR	6,351,092,353.89	0.00	6,351,092,353.89
UTILITY PLANT - NET	9,691,494,067.71	658,480,872.00	10,349,974,939.71
INVESTMENT IN DEFERRED OR TERMINATED PROJECTS	552,481,000.00	0.00	552,481,000.00
TOTAL FUND USES	10,243,975,067.71	658,480,872.00	10,902,455,939.71
TREASURY FUND SOURCES:			
PERMANENT FINANCING ISSUANCES			
LONG TERM DEBT	3,934,648,000.00	1,076,149,000.00	5,010,797,000.00
PREFERRED STOCK	41,463,300.00	0.00	41,463,300.00
COMMON STOCK	3,459,234,102.99	0.00	3,459,234,102.99
OBLIGATIONS UNDER CAPITAL LEASES	32,720,726.73	0.00	32,720,726.73
TOTAL	7,468,066,129.72	1,076,149,000.00	8,544,215,129.72
TEMPORARY FINANCING ISSUANCES			
SHORT TERM DEBT (NET)	53,518,106.08	(34,439,845.97)	19,078,260.11
CURRENT PORTION OF LONG TERM DEBT & PFD STK	362,276,000.00	(362,276,000.00)	0.00
CURRENT PORTION OF CAPITAL LEASES	763,978.87	0.00	763,978.87
ADVANCES FROM SUBSIDIARIES (NET)	0.00	0.00	0.00
TOTAL	416,558,084.95	(396,715,845.97)	19,842,238.98
TOTAL FUND SOURCES	7,884,624,214.67	679,433,154.03	8,564,057,368.70
BALANCE OF FUNDS OBTAINED FROM INCOME AND FROM SOURCES OTHER THAN SECURITIES ISSUED AND OTHER OBLIGATIONS INCURRED			
	2,359,350,853.04	(20,952,282.03)	2,338,398,571.01

EXHIBIT J

Limitations on Issuance of First Mortgage Bonds and Preferred Stock

September 30, 2006

Exhibit J

Limitations on Issuance of First Mortgage Bonds and Preferred Stock September 30, 2006

Mortgage

Bonds may be issued under the Company's Mortgage on the basis of: (1) Class "A" Bonds delivered to the Trustee under the Mortgage; (2) 70% of qualified Property Additions after adjustments to offset retirements; (3) retirement of Bonds or certain prior lien bonds; and/or (4) deposits of cash. With certain exceptions in the case of (1) and (3) above, the issuance of Bonds under the Mortgage is subject to adjusted net earnings of the Company for twelve out of the preceding fifteen months, before income taxes, being at least twice the annual interest requirements on all Bonds at the time outstanding, including any new issue, all outstanding Class "A" Bonds held other than by the Trustee or by the Company, and any other indebtedness secured by a lien prior to the Lien of the Mortgage.

Under above mortgage coverage tests, the Company estimates that it could have issued an additional \$4.6 billion principal amount of Bonds under the Mortgage as of September 30, 2006.

Preferred Stock

Not applicable to proposed issuance.