(text box: 1)BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION )

OF PACIFICORP FOR AUTHORITY TO ISSUE)

AND SELL NOT MORE THAN 14,500,000)

SHARES OF ITS COMMON STOCK PURSUANT)

TO ITS STOCK INCENTIVE PLAN.)

                                                                          )

CASE NO.  PAC-E-97-4

ORDER NO.  27174

On September 4, 1997, PacifiCorp filed an application for authority to issue and sell not more than 14,500,000 shares (new shares) of its Common Stock pursuant to options granted under its Stock Incentive Plan (Incentive Plan).  See Idaho Code § 61-901 et seq. and IDAPA 31.01.01.104 et seq.  The Commission, having considered the application and appended exhibits, the information in its files concerning PacifiCorp, the applicable law, and being fully advised in the premises, makes the findings and conclusions set out below.

FINDINGS OF FACT

PacifiCorp was incorporated under Oregon law in August 1987 for the purpose of consummating a merger with Utah Power & Light Company and changing the state of incorporation of PacifiCorp from Maine to Oregon.  PacifiCorp uses the assumed business names of Pacific Power & Light Company or Utah Power & Light Company within their respective service territories located in the states of California, Idaho, Montana, Oregon, Utah, Washington and Wyoming.

Approximately 99 percent of PacifiCorp's direct utility revenues in 1996 were derived from its electric operations and approximately 4 percent of its retail electric revenues were derived from its Idaho operations.

PacifiCorp proposes to issue not more than 14,500,000 new shares under the Incentive Plan.  The new shares will be issued pursuant to PacifiCorp's Third Restated Articles of Incorporation and will constitute additional shares within the 750,000,000 shares currently authorized.  At July 31, 1997, a total of 296,162,794 shares of Common Stock were outstanding.  The new shares will be ranked equally with outstanding shares in all respects.  The rights of these shares are set out in PacifiCorp's Third Restated Articles of Incorporation.

The Incentive Plan permits the grants of incentive stock options, nonstatutory stock options, stock awards, stock appreciation rights (SARs), cash bonus rights, dividend equivalent rights (DERs), performance-based awards and foreign qualified grants.  All employees, officers and directors of PacifiCorp and its subsidiaries are eligible to participate in the Incentive Plan.  Also eligible are non-employee agents, consultants, advisors and independent contractors of PacifiCorp or any subsidiary.  The Incentive Plan will continue in effect until August 13, 2006, subject to earlier termination by the Board of Directors of PacifiCorp.  The Board of Directors of PacifiCorp has delegated authority for administration of the Incentive Plan to the Personnel Committee of the Board, which designates from time to time the individuals to whom awards are made under the Incentive Plan, the amount of any such award and the price and other terms and conditions of any such award.

The total number of shares reserved for issuance under the Incentive Plan is 14,500,000 shares, of which 57,100 shares have been used for restricted stock awards.  The shares awarded under the Incentive Plan may be authorized and unissued shares or shares acquired in the market.  Prior to receipt of all required approvals of the public utility regulatory authorities having jurisdiction over issuances of securities by PacifiCorp, any shares of Common Stock to be delivered under the Incentive Plan will be acquired in the market.  Accordingly, the 57,100 shares subject to restricted stock awards under the Incentive Plan were acquired in the market by PacifiCorp.

On June 3, 1997, options for 1,322,500 shares were granted to officers and employees of PacifiCorp at an exercise price of $19.75 per share.  On August 12, 1997 options for an additional 193,500 shares were granted at an exercise price of $21.25 per share.  In each case, the option price was set at the closing price for PacifiCorp’s Common Stock on the New York Stock Exchange on the day before the grant.  The options vest over a three year period and have a term of 10 years.  All of the options have been granted subject to receipt by PacifiCorp of all necessary regulatory approvals.  No SARs, cash bonus rights, DERs, performance-based awards or foreign  qualified grants have been granted under the Incentive Plan.  Although PacifiCorp is requesting authority to issue its Common Stock only in connection with options granted under the Incentive Plan, PacifiCorp has also requested Commission authorization for any issuances of securities in connection with awards under the Incentive Plan because such awards may technically involve the issuance of other securities of PacifiCorp.

The purpose of the requested authority is to sell new shares pursuant to options granted under the Incentive Plan.  The offering of shares under the Incentive Plan is consistent with PacifiCorp's desire to strengthen the common equity portion of its capital structure.  PacifiCorp also believes that the availability of stock options and other stock incentives will be an important factor in PacifiCorp’s ability to attract and retain qualified employees and to provide an incentive for them to exert their best efforts on behalf of PacifiCorp.  As the offering and issuance costs of the new shares are expected to approximate less than one percent of the proceeds, the offering is also an efficient means of obtaining permanent investment capital.

The anticipated results of the offering and sale of the new shares are as follows:

ESTIMATED RESULTS

    Total     Per Share

Gross Proceeds\*$304,500,000$21.00

Less:  Issuance Expenses     300,000   .02

Net Proceeds to PacifiCorp $304,200,000$20.98

Other Expenses

Securities and Exchange Commission fees$92,300

Regulatory agency fees1,500

Company's counsel fees25,000

Accounting fees20,000

Printing fees75,000

Stock Exchange listing fees80,000

Miscellaneous costs   6,200

TOTAL$300,000

\*Based on the assumption that options for all new shares are exercised at the closing price for the Common Stock on the New York Stock Exchange on August 27, 1997.

PacifiCorp intends to use the proceeds for purposes set forth in Idaho Code § 61-901.  Proceeds may be used for one or more of the following purposes:  the acquisition of property; the construction, completion, extension, or improvement of facilities; the improvement of service; the discharge or refunding of obligations; and to reimburse the treasury for funds expended from income or from other treasury funds that were not derived from the issuance of securities, provided that the funds to be reimbursed were used in furtherance of one or more of the utility purposes authorized by Idaho Code § 61-901.  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 a utility purpose.

The proposed issuances are a part of an overall plan to finance the cost of PacifiCorp'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 PacifiCorp could sell.

PacifiCorp has paid the fees required by Idaho Code §61-905.

CONCLUSIONS OF LAW

PacifiCorp 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 application pursuant to the provisions of Idaho Code § 61-901 et seq. and the application reasonably conforms to Rules 141 through 146 of the Commission's Rules of Procedure, IDAPA 31.01.01.141-146.

The method of issuance is proper.

The general purposes to which the proceeds will be put are lawful purposes under the Public Utility 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 PacifiCorp which may be benefitted 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.  The Commission expressly reserves determination of this until the appropriate proceeding.

The application should be approved.

O R D E R

IT IS THEREFORE ORDERED THAT the application of PacifiCorp for authority to issue and sell not more than 14,500,000 shares of its Common Stock pursuant to options granted under its Stock Incentive Plan, until all authorized shares have been sold, is granted.

IT IS FURTHER ORDERED that, to the extent that awards under the Incentive Plan may involve the issuance of other securities of PacifiCorp, such issuances are hereby authorized.

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 which may come before this Commission pursuant to its 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 PacifiCorp shall file as they become available:

(a)The "Report of Securities Issued" required by 18 CFR 34.10.

(b)A copy of any SEC Registration Statement for the Incentive Plan.

(c)For each year of the Incentive Plan, a verified statement showing in reasonable detail issuances made pursuant to the Incentive Plan.

(d)For each year of the Incentive Plan, a verified statement setting forth in reasonable detail the disposition of the proceeds.

IT IS FURTHER ORDERED that issuance of this Order does not constitute acceptance of PacifiCorp 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 may petition for reconsideration within twenty-one (21) days of the service date of 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 October 1997.

                                                                                                                                   DENNIS S. HANSEN, PRESIDENT

                                                                                           RALPH NELSON, COMMISSIONER

MARSHA H. SMITH, COMMISSIONER

ATTEST:

Myrna J. Walters

Commission Secretary

vld/O:PAC-E-97-4.TC

**COMMENTS AND ANNOTATIONS**

Text Box 1:

**TEXT BOXES**

Office of the Secretary

Service Date

November 20, 1997