DECISION MEMORANDUM

TO:COMMISSIONER HANSEN

COMMISSIONER NELSON

COMMISSIONER SMITH

MYRNA WALTERS

DON HOWELL

STEPHANIE MILLER

DAVE SCHUNKE

SCOTT WOODBURY

DAVID SCOTT

TONYA CLARK

BEV BARKER

WORKING FILE

FROM:TERRI CARLOCK

DATE:OCTOBER 6, 1997

RE:PACIFICORP REQUEST TO ISSUE AND SELL NOT MORE THAN 14,500,000 SHARES OF COMMON STOCK PURSUANT TO ITS STOCK INCENTIVE PLAN, CASE NO. PAC-E-97-4

RECOMMEND: APPROVAL

PacifiCorp requests authority to issue and sell from time to time not more than 14,500,000 shares of common stock under its stock incentive plan adopted February 12, 1997 by PacifiCorp’s Board of Directors (Board) and approved May 14, 1997 by PacifiCorp shareholders.  PacifiCorp requests the authority to remain in effect until all of the shares are issued.  PacifiCorp estimates the shares will cover about eight years of awards.

The incentive plan is available to all employees, officers and directors of PacifiCorp and its subsidiaries.  Also eligible are non-employee agents, consultants, advisors and independent contractors of PacifiCorp or any subsidiary.  The Personnel Committee of the Board designated the individuals to receive awards, the amount of the award including price and conditions of the options.  The Incentive plan will be in effect until August 13, 2006 unless suspended or terminated by the Board of Directors of PacifiCorp.

PacifiCorp requests authority to issue its common stock in connection with options granted under the Incentive Plan or issuance of other securities as the Board deems necessary to make the awards.  PacifiCorp believes 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 have them exert their best efforts on behalf of PacifiCorp.  The options will generally vest over a number of years during which the employees will be required to remain with PacifiCorp.

Any proceeds from the stock options will be used for the acquisition of property; construction, or improvement of facilities; improvement of service; discharge or refunding of obligations; or the reimbursement of treasury.  It is anticipated that the net proceeds at $21 per share would produce $304,200,000.  The estimated $300,000 of expenses will cover the Securities and Exchange Commission Fees, regulatory agency fees, councel fees, accounting fees, printing fees, Stock Exchange listing fees and other miscellaneous costs.

STAFF RECOMMENDATION

I recommend approval of the requested authority to issue common shares under the Incentive Plan.  Staff will monitor the costs of the incentives in conjunction with rate cases.  Staff recommends that PacifiCorp provide an annual report showing when and the amount of other securities issued under the plan.

COMMISSION DECISION

Does the Commission wish to grant authority to issue up to 14.5 million shares of common stock under the Incentive Plan?

Does the Commission want to see any reporting related to other issuances under the Incentive Plan?

Terri Carlock

TC:udmemos/pace974.tc