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

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| IN THE MATTER OF THE APPLICATION OF PACIFIC POWER & LIGHT COMPANY (NOW PACIFICORP) FOR AN ORDER AUTHORIZING IT TO ENTER INTO AN UMBRELLA LOAN AGREEMENT WITH CERTAIN OF ITS SUBSIDIARIES AND TO ISSUE PROMISSORY NOTES TO EVIDENCE THE SHORT-TERM INDEBTEDNESS. | ))))))))) | CASE NO. PAC-E-97-5 ORDER NO.  27217 |

On February 1, 1983, Pacific Power & Light Company (now PacifiCorp) applied for an order authorizing it to enter into an Umbrella Loan Agreement with PacifiCorp subsidiaries pursuant to which it could borrow funds from time to time in aggregate principal amounts of not more than $200,000,000 at any one time and to issue unsecured short term promissory notes to evidence the indebtedness.  The agreement would also allow PacifiCorp subsidiaries to borrow not more than $200,000,000 at any one time from PacifiCorp subject to the same conditions.   The Commission granted the application on March 8, 1983.  Order No. 17942, Case No. U-1046-122.

On October 20, 1997, PacifiCorp applied to the Commission for approval to amend its original Umbrella Loan Agreement to allow PacifiCorp to borrow from its subsidiaries and issue unsecured short term promissory notes without any monetary limitation, provided that such borrowed funds bear interest at rates that do not exceed the interest rates PacifiCorp would otherwise incur externally.  All other terms and conditions included in the original Umbrella Loan Agreement approved by the Commission in Order No. 17942 would remain the same.  The $200,000,000 limitation on loans from PacifiCorp to its subsidiaries would not be changed.

FINDINGS OF FACT

PacifiCorpwas incorporated in Oregon in August 1987 to facilitate a merger with Utah Power & Light Company, a Utah corporation, and to change PacifiCorp’s state of incorporation from Maine to Oregon.  PacifiCorp uses the assumed business names of Pacific Power & Light Company and Utah Power & Light Company within their respective service territories located in the states of California, Idaho, Montana, Oregon, Utah, Washington and Wyoming.

Approximately 99% of the PacifiCorp’s direct utility revenues in 1996 were derived from its electric operations and approximately 4% of those revenues were derived from its Idaho operations.

PacifiCorp represents that the proposed securities issuance, as amended, will be substantially as set forth in its original application in this Case.

Under the amended Umbrella Loan Agreement, PacifiCorp proposes to:

(1)  Lend or make advances to its subsidiaries and receive their unsecured promissory notes in an amount not to exceed $200,000,000 in aggregate at any one time; and

(2)  Borrow from its subsidiaries and issue promissory notes to its subsidiaries without limitation provided that such borrowings bear interest at rates which do not exceed the interest rates which PacifiCorp would otherwise incur externally.

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 matter pursuant to the provisions of Idaho Code § 61-901 et seq., and the amended Application reasonably conforms to Rules 141 through 150 of the Commission Rules of Procedure (IDAPA 31.01.01.141-150).

The method of issuance is proper.

Idaho law prescribes the general purposes to which the proceeds of short-term debt may be lawfully applied by public utilities.  Idaho Code § 61-901 et seq.  However, this broad approval of the general purposes to which the proceeds of the short-term debt will be put is neither a finding nor a conclusion of law that any particular construction program of PacifiCorp which may be benefitted by the approval of this amended 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 issuance of short-term debt does not constitute agency determination/approval of the type of financing or the related costs for rate making purposes.  The Commission expressly reserves this determination until the appropriate proceeding.

PacifiCorp’s Application to amend its Umbrella Loan Agreement should be approved.

O R D E R

IT IS THEREFORE ORDERED that the PacifiCorp’s Application to amend its Umbrella Loan Agreement to allow it to borrow from its subsidiaries and issue promissory notes to its subsidiaries without limitation provided that such borrowings bear interest at rates which do not exceed the interest rates which PacifiCorp would otherwise incur externally is hereby approved.

IT IS FURTHER ORDERED that except as modified by this Order, Commission Case No. U-1046-122, Order No. 17942 issued on March 8, 1983, shall remain in full force and effect.

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 of 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 securities authorized, issued, assumed or guaranteed under the provisions of Chapter 9, Title 61, Idaho Code.

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

IT IS FURTHER ORDERED that thisApplication for approval to borrow from and loan to PacifiCorp subsidiaries is granted, subject to the following conditions:

1.PacifiCorp shall provide the Commission Staff access to all books of account, as well as all documents, data, and records of PacifiCorp and its subsidiary which pertain to the affiliated interest transaction between PacifiCorp and its subsidiary.

2.The Commission reserves the right to review for reasonableness all financial aspects of this arrangement in any subsequent rate proceeding.

3.PacifiCorp shall immediately apply to the Commission for approval of any substantive amendments to the Umbrella Loan Agreement.

4.PacifiCorp shall promptly inform the Commission when PacifiCorp has a reasonable expectation that any party to the Umbrella Loan Agreement may be unable to fulfill its loan repayment obligation, e.g., negative working capital, cash flow difficulties, etc.

5.PacifiCorp shall provide the information illustrated in Appendix A on an annual basis.  Reports are to be filed by April 1 for the year ending December 31.

6.PacifiCorp shall provide documentation with the annual report, required by condition 5, to reflect the recording of interest expense, transaction costs, and interest income in the following below-the-line accounts:

●Interest Expense:  Interest expense on loans made by PacifiCorp to subsidiaries recorded in FERC Account No. 430; Interest on Debt to subsidiary companies.  This condition will arise when PacifiCorp borrows externally to loan to subsidiaries.

●Interest expense on loans made from a subsidiary to PacifiCorp recorded in FERC Account No. 431; Other Interest Income.

●Transaction Costs:  Transaction costs on loans made by PacifiCorp to subsidiaries recorded in FERC Account No. 428; Amortization of Debt Discount and Expense.  This condition will arise when PacifiCorp borrows externally to loan to subsidiaries.

●Interest income:  Interest income on loans from PacifiCorp to subsidiaries recorded in FERC Account No. 419; Interest and Dividend Income.

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 November 1997.

DENNIS S. HANSEN, PRESIDENT

RALPH NELSON, COMMISSIONER

MARSHA H. SMITH, COMMISSIONER

ATTEST:

Myrna J. Walters

Commission Secretary

vld/O-pace975.cc

Exhibit A

PACIFICORP

Umbrella Loan Agreement Transaction Statement:

“Subsidiary”

January through December 19

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| Month | Advanced to PacifiCorp | Repaid by PacifiCorp | Advancedto “Subsidiary” | Repaid by“Subsidiary” | OutstandingMonth-endBalance | Range of Interest Rates  Applicable | Accrued Interest Received by PacifiCorp | Accrued External Interest Paid by PacifiCorp | Accrued External Interest Received by PacifiCorp |
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**COMMENTS AND ANNOTATIONS**

Text Box 1:

**TEXT BOXES**

Office of the Secretary

Service Date

November 24, 1997