BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)

PACIFICORP FOR AUTHORITY TO ISSUE)CASE NO. PAC-S-95-1

UP TO $125,000,000 AGGREGATE PRINCIPAL)

AMOUNT OF ITS JUNIOR SUBORDINATED)

DEBENTURES IN EXCHANGE FOR SHARES)

OF ITS OUTSTANDING PREFERRED STOCK.)

)ORDER NO.  25961

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On March 13, 1995, PacifiCorp (Company) filed its Application, pursuant to Chapter 9, Title 61, of the Idaho Code and Rule 14 of the Commission's Rules of Practice and Procedure for authority to issue up to $125,000,000 aggre­gate principal amount of its junior subordinated debentures (Debentures) in exchange for shares of its outstanding $1.98 Series No Par Serial Pre­ferred Stock, Series 1992 (Series 1992 Pre­ferred Stock).

The Commission, having considered the applica­tion and appended exhibits, the information in its files concerning the Company, the applicable law, and being fully advised in the premises, FINDS and CONCLUDES:

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 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 percent of the Company's direct utility revenues in 1994 were derived from its electric operations and approxi­mately 5 percent of those revenues were derived from its Idaho operations.

The Company proposes to offer to exchange (Exchange Offer) up to $125,000,000 aggregate principal amount of Debentures for shares of the Series 1992 Preferred Stock.  Exchanges will be made on a basis of $25 principal amount of Debentures (the minimum permitted denomina­tion) for each share of Series 1992 Preferred Stock validly tendered and accepted for ex­change in the Exchange Offer.

The principal purpose of the Ex­change Offer is to improve the Company's after-tax cash flow by replacing the Series 1992 Preferred Stock with the Debentures.  The potential cash flow benefit to the Company arises because interest payable on the Deben­tures should be deductible by the Company for federal income tax purposes, while dividends payable on the Series 1992 Preferred Stock are not deductible.

The Debentures will have a 30-year maturity and will bear interest at an annual rate of not more than 8.92% from the first day following the expiration date of the Exchange Offer or from the most recent interest payment date to which interest has been paid or duly provided for.  Interest is expected to be paid quarterly or monthly in arrears, provided that, so long as the Company shall not be in default in the payment of interest on the Debentures, the Company shall have the right, upon prior notice by public announcement given in accordance with NYSE rules at any time during the term of the Deben­tures, to extend the interest payment period from time to time for a period not ex­ceeding 20 consecutive calendar quarters.  The Debentures will be subordinated to all existing and future senior indebted­ness of the Company (as de­fined).

Holders of the Debentures will also be entitled to interest at a rate of 7.92% per annum from the last date through which divi­dends have been paid on the Series 1992 Pre­ferred Stock through the expiration date of the Exchange Offer, payable at the time of the first interest payment on the Debentures.

The Company will accept for ex­change Series 1992 Preferred Stock validly tendered and not withdrawn prior to the latest date and time to which the Exchange Offer is extended.  Tenders of Series 1992 Preferred Stock pursuant to the Exchange Offer may be withdrawn at any time prior to the expiration date and, unless accepted for exchange by the Company, may be with­drawn at any time after 40 business days after the date of the Exchange Offer.

The Company will expressly reserve the right to (i) extend, amend or modify the terms of the Exchange Offer in any manner and (ii) withdraw or terminate the Exchange Offer and not accept for exchange any Series 1992 Preferred Stock, at any time for any reason.

The estimated expenses of the Ex­change Offer are expected to be as follows:

ESTIMATED EXPENSES

Regulatory agency fees$    1,000

Dealer/manager fees1,500,000

Broker/dealer fees2,500,000

Information agent fees25,000

Depositary/exchange agent fees25,000

Company's counsel fees30,000

Printing and engraving fees40,000

Miscellaneous Expenses   29,000

TOTAL$4,150,000

The Debentures will replace the Series 1992 Preferred Stock tendered in the Exchange Offer, which had originally been issued in furtherance of utility purposes.  The Company will receive no cash proceeds in the transaction.

The proposed Exchange Offer is a 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 I.C. §61-129.

CONCLUSIONS OF LAW

The Company is an electrical corpo­ration within the definition of I.C.§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 Section 14 of the Commission's Rules of Practice and Procedure.

The method of issuance is proper.

The general purposes for the issuance 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 of the issuance is neither a finding of fact nor a conclusion of law that any particular con­struction program of the Company 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 transaction 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 appli­cation of PacifiCorp for authority to issue up to $125,000,000 aggregate principal amount of its junior subordinated debentures (Debentures) in exchange for shares of its outstanding pre­ferred stock, is granted.

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 the following as they become avail­able:

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

b)A schedule with documentation showing that the security issuance utilized will be a low-cost option compared to other issues.  This informa­tion can be provided simultaneously with the “Report of Securities Issued.”

c)Verified copies of any agreement entered into pursuant to this Order.

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 (or in is­sues finally decided by this Order) or in interlocutory Orders previ­ously issued in this Case No. PAC-S-95-1 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 or in interlocutory Orders previously issued in this Case No. PAC-S-95-1.  Within seven (7) days after any person has peti­tioned for reconsideration, any other person may cross-petition for reconsideration in response to issues raised in the petition for reconsideration.  See Idaho Code §61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho,

this                      day of April 1995.

RALPH NELSON, PRESIDENT

MARSHA H. SMITH, COMMISSIONER

DENNIS S. HANSEN, COMMISSIONER

ATTEST:

MYRNA J. WALTERS, SECRETARY

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