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

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| IN THE MATTER OF THE APPLICATION OF PACIFICORP FOR AUTHORITY TO ISSUE AND SELL OR EXCHANGE NOT MORE THAN  $250,000,000 OF ITS NO PAR SERIAL PREFERRED STOCK. | )  )  )  )  )  ) | CASE NO. PAC-S-96-2  ORDER NO.  26407 |

On March 11, 1996, PacifiCorp (Company) filed its application pursuant to Chap­ter 9, Title 61, of the Idaho Code and Rules 141 through 150 of the Com­mission's Rules of Procedure requesting an order authorizing the Company to issue and sell or exchange, from time to time, shares of its fixed or floating rate No Par Serial Preferred Stock with an aggregate preference on involuntary liquidation of not more than $250,000,000.  The Company requests that such authority remain in effect so long as the Company's senior secured debt has BBB or higher ratings from at least two nationally recognized ratings agencies.

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 issue the Preferred Stock from time to time in one or more offerings in either public offerings or private placements.  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 after evaluating their ability to provide the Company the lowest all-in cost for the Preferred Stock to be issued.  This evaluation and opinion is based upon the level of underwriting or placement fees, knowledge of the Company and its varied operations, and their ability to market the Preferred Stock to achieve the Company's financing and capital structure objectives.

The dividend rate on the Preferred Stock will be fixed or floating as determined by the Company's Board of Directors, Finance Committee, or Pricing Committee, following negotiations with the underwriters or purchasers.

Dividends on the shares of Preferred Stock will be cumulative from the Date of Original Issue and will be payable, when, as and if declared by the Board of Directors of the Company out of funds legally available therefor (Declared Dividends).  Dividends will be cumulative at the rate established at the date of original issue for fixed rate No Par Serial Preferred Stock or at a floating rate for floating rate No Par Serial Preferred Stock.

The Company expects to issue the Preferred Stock from time to time for cash or in exchange for its outstanding securities.  The terms of the new shares of Preferred Stock will be estab­lished after negotiations with the underwriters or purchasers and may include sinking funds and optional or mandatory redemption or repurchase provisions.

Offering costs are not expected to exceed 3.15% for the Preferred Stock.

The results of the financings are expected to be:

ESTIMATED RESULTS OF THE FINANCINGS

    Total     Per $100

Gross Proceeds$250,000,000$100.00

Less:  Underwriting Fees at

Approximately 3.15%  7,875,000   3.15

Proceeds Payable to Company$242,125,000$ 96.85

Less:  Other Issuance Expenses     550,000   0.55

Net Proceeds to Company $241,575,000$ 96.30

The Company 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 Company 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.

Issuances of the Preferred Stock 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 requests that such authority remain in effect so long as the Company’s senior secured debt has a BBB or higher ratings from at least two nationally recognized rating agencies.  For the purpose of this authority, we find an A- or higher Senior Secured debt rating is more appropriate.

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

CONCLUSIONS OF LAW

The Company 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 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 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 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.

We conclude that for financial review purposes and the continuation of this authority that the Company’s senior secured debt maintain A- or higher ratings from at least two nationally recognized rating agencies.  PacifiCorp shall have 60 days from the date that fewer than two nationally recognized rating agencies rate the senior secured debt below A- to demonstrate why the continued debt authority for unissued amounts is reasonable and should not be terminated.

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 or exchange, from time to time, shares of its fixed or floating rate No Par Serial Preferred Stock with an aggregate preference on involuntary liquidation of not more than $250,000,000, is granted.

IT IS FURTHER ORDERED that the authority granted herein shall remain in effect so long as the Company's senior secured debt has A- or higher ratings from at least two nationally recognized ratings agencies. PacifiCorp shall have 60 days from the date that fewer than two nationally recognized rating agencies rate the senior secured debt below A- to demonstrate why the continued debt authority for unissued amounts is reasonable and should not be terminated.

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 PacifiCorp shall file the following as they become available:

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

b.Verified copies of any agreement entered into in connection with the issuance of preferred stock 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 PacifiCorp shall contact the Commission Staff as soon as possible prior to the issuance or exchange of preferred stocks for the purpose of reporting the estimated dividend rates and other terms of the issuance.  PacifiCorp shall also, after issuance, provide to the Staff work­papers demonstrating the cost effectiveness of the type of security selected for issuance.  These two requirements are for information purposes and are not utilized to determine the legality of the issue.

IT IS FURTHER ORDERED that 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.

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 April 1996.

RALPH NELSON, PRESIDENT

MARSHA H. SMITH, COMMISSIONER

DENNIS S. HANSEN, COMMISSIONER

ATTEST:

MYRNA J. WALTERS

Commission Secretary

vld/O:PAC-S-96-2.tc

**COMMENTS AND ANNOTATIONS**

Text Box 1:

**TEXT BOXES**

Office of the Secretary

Service Date

April 16, 1996