(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.  26435 |

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, IDAPA 31.01.01.141-150, 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 requested 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.  On April 15, 1996, the Commission issued Order No. 26407 in Case No. PAC-S-96-2 granting the Company's request so long as the Company's senior secured debt has A- or higher ratings from at least two nationally recognized rating agencies.

On April 18, 1996, the Company filed an amending application requesting that the authority granted in Order No. 26407 be expanded to include subordinated debt issued by the Company to a special purpose entity (SPE) in support of preferred securities issued by the SPE to the public.

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.

Substantially all of the Company's retail utility revenues in 1995 were derived from its electric operations and approximately 4 percent of those revenues were derived from its Idaho operations.

The Company proposes, from time to time, to (i) issue and sell or exchange shares of its fixed or floating rate No Par Serial Preferred Stock (Preferred Stock), or (ii) issue its subordinated debt to an SPE in support of preferred securities of the SPE, or (iii) exercise both of such authorities, provided that the aggregate preference on involuntary liquidation of the preferred stock and preferred securities issued pursuant thereto not exceed $250,000,000. The Company also requests Commission approval of the issuance of additional subordinated debt of the Company to the SPE in connection with its receipt of all of the common securities of the SPE and Commission approval of certain guarantee and expense payment agreements proposed to be entered into by the Company with respect to the preferred securities of the SPE.  The Company requests that the amended authority remain in effect so long as the Company’s senior secured debt has A- or higher ratings from at least two nationally recognized rating agencies.

In the event the Company chooses to issue its Preferred Stock, the number of shares will depend upon the assigned liquidation preference on involuntary liquidation, but the aggregate preference on involuntary liquidation of the Preferred Stock will not exceed $250,000,000.  The Preferred Stock will be issued pur­suant to the Company's Restated Articles of Incorporation, as amended (Articles); will constitute one or more new series of a class of the Company's author­ized preferred stock; will be entitled to cumulative dividends, redemption rights, liquida­tion preference rights and voting rights as determined by the Company at the time of issuance.  Other­wise, the Preferred Stock will have the same rights, terms and charac­teristics as the out­standing series of the Company's No Par Serial Preferred Stock.  These rights, terms and charac­ter­istics are set forth in the Company's Articles.  Because the Preferred Stock is expected to be issued and sold primarily to retail investors, the Preferred Stock is expected to have a stated value of $25 per share and be listed on the New York Stock Exchange (NYSE).

In a transaction involving preferred securities of an SPE, the Company would organize the SPE and issue subordinated debt of the Company to the SPE in connection with the receipt of all of the common securities of the SPE.  The SPE would issue preferred securities with an aggregate preference on involuntary liquidation of not to exceed $250,000,000.  The SPE preferred securities are expected to have a liquidation preference of $25 each, have cumulative distributions payable quarterly and be listed on the NYSE.  In addition to an issuance for cash, the preferred securities of the SPE may also be issued in exchange for subordinated debt securities issued by the Company under Case No. PAC-S-96-1.  In either type of transaction, the SPE would receive or be deemed to have received subordinated debt of the Company in an aggregate principal amount corresponding to the liquidation preference of the preferred securities issued by the SPE.  In certain circumstances, the subordinated debt of the Company underlying the preferred securities of the SPE could be distributed to the holders of the preferred securities in connection with the liquidation of the SPE.

It is anticipated that the Company will guarantee the SPE’s payment of:  (i) any accumulated and unpaid distributions required to be paid on the preferred securities of the SPE to the extent that the SPE has funds on hand available therefor; (ii) the redemption price with respect to any preferred securities called for redemption to the extent that the SPE has funds on hand available therefor; and (iii) upon a voluntary or involuntary dissolution, winding-up or liquidation of the SPE (unless the Company’s subordinated debt is distributed to holders of the SPE’s preferred securities), the lesser of (a) the aggregate of the liquidation preference and all accrued and unpaid distributions to the date of payment and (b) the amount of assets of the SPE remaining available for distribution to holders of the preferred securities.  The guarantee is expected to be directly enforceable by holders of the preferred securities issued by the SPE and subordinate to all senior debt of the Company.  It is also anticipated that the Company and the SPE will enter into an expense reimbursement arrangement under which the Company will agree to pay certain expenses of the SPE.

Offering costs are not expected to exceed 3.15%.

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   0.22

Net Proceeds to Company $241,575,000$ 96.63

\*Represents issuance of Preferred Stock by the Company or amount of

subordinated debt of the Company corresponding to preferred securities

of the SPE.

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 securities 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 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.

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.

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 hereby approved.

IT IS FURTHER ORDERED that the application of PacifiCorp to issue, from time to time, its subordinated debt to a special purpose entity in support of preferred securities of the special purpose entity having an aggregate preference on involuntary liquidation of not to exceed $250,000,000 is hereby approved.

IT IS FURTHER ORDERED that PacifiCorp may exercise the separate authorities granted above or both of such authorities provided that the aggregate preference on involun­tary liquidation of any Preferred Stock issued by PacifiCorp and any preferred securities issued by a special purpose entity not exceed $250,000,000.

IT IS FURTHER ORDERED that PacifiCorp may issue additional subordinated debt to a special purpose entity in connection with the receipt of all of its common securities and may also enter into guarantee and expense payment agreements, in each case substantially as described in the Company's application.

IT IS FURTHER ORDERED that the authorizations 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 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.A schedule with documentation showing that the security issuance utilized will be a low-cost option compared to other preferred stock issues.  This information can be provided simultaneously with the “Report of Securities issued” required in the next paragraph.

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

c.Verified copies of any agreement entered into in connection with the issuance of preferred stock or preferred securities pursuant to this order.

d.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 stocks for the purpose of reporting the estimated 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 (or in issues finally decided by this Order) or in interlocutory Orders previously issued in this Case No.  PAC-S-96-2 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-96-2.  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 30, 1996