

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

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In the Matter of the Application of )  
PacifiCorp for Authority to (1) Issue and )  
Sell or Exchange not more than )  
\$1,600,000,000 of Debt, (2) Enter into )  
Credit Support Arrangements, (3) Enter )  
into Currency Exchanges, and (4) )  
Contribute or Sell Additional Debt to )  
Special Purpose Entities )

DOCKET NO. 99-2035-05

ORDER

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ISSUED: January 11, 2000

By The Commission:

On November 12, 1999, PacifiCorp (Company) filed with this Commission its verified Petition in the above-referenced matter.

Having fully considered the application and all of the exhibits, documents, and matters pertaining thereto, the Commission makes the following Findings of Fact and Conclusions of Law, together with the Order based thereon:

FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. This Commission has jurisdiction over this application pursuant to the provision of Section 54-4-31, Utah Code Annotated, 1953, as amended 1997.
2. The proposed issuance of securities will be for a lawful purpose and the proposed transactions are consistent with the public interest and are necessary and appropriate for and consistent with proper performance by the Company of a service as a public utility.
3. The Company proposes to (1) issue and sell or exchange, in one or more public offerings or private placements, fixed or floating rate debt (Debt) in the aggregate principal amount of not more than \$1,600,000,000 or, if the Debt is issued at an original issue discount, such greater amount as shall result in an aggregate offering price of not more than \$1,600,000,000 (or its equivalent amount in, or based upon, foreign currencies determined at the time of issue), (2) enter into letter of credit arrangements with one or more banks or such other agreements or arrangements as may be necessary or appropriate, from time to time, to provide additional credit support for the payment of the principal of, interest on and premium (if any) on the Debt, and (3) enter into one or more currency exchanges. The Company also proposes to contribute or sell additional Debt to special purpose entities ("SPE") in an amount based upon the common securities of the SPE and Commission approval of the proposed guarantee and expense payment agreements relating to the preferred securities of the SPE, in each case substantially as described in the Company's application. The Company requests that such authorities remain in effect so long as the Company's senior secured debt has investment grade ratings from at least two nationally recognized ratings agencies.
4. The results of the financings are expected to be:

ESTIMATED RESULTS OF THE OFFERING (1)

Total Percent of Total

Gross Proceeds \$1,600,000,000 100.00%

Less: Agents/Underwriters

Compensation <sup>(1)</sup> 50,400,000 3.15%

Proceeds Payable to Company \$1,549,600,000 96.85%

Less: Other Issuance Expenses 1,600,000 .10%

Net Proceeds \$1,548,000,000 96.75%

<sup>(1)</sup> Assumes the issuance of junior subordinated debt securities.

Other Issuance Expenses

Regulatory agency fees \$1,000

SEC fees 444,800

Company counsel fees 300,000

Underwriters counsel fees 300,000

Accounting fees 50,000

Printing and engraving fees 150,000

Rating agency fees 200,000

Trustee/Indenture fees 100,000

Miscellaneous expenses 54,200

TOTAL \$1,600,000

5. The proceeds will be used for the following purposes:

- a. The acquisition of utility property.
- b. The construction, completion, extension, or improvement of facilities.
- c. The improvement of service.
- d. The discharge or refunding of obligations.
- e. The reimbursement of the Company's treasury for funds used for the foregoing purposes.

The Company keeps its accounts in a manner which enables the Commission to ascertain the amount of money expended and the purposes for which the expenditures were made. If 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 the utility purposes listed above.

To the extent that any funds to be reimbursed were used for the discharge or refunding of obligations, those obligations or their precedents were originally incurred in furtherance of utility purposes 1,2 or 3 supra.

6. Encumbrances on all utility property of the Company have previously been approved in Docket No. 88-2035-04

The Division of Public Utilities in its memo of December 8, 1999, recommended approval of PacifiCorp's application, but with a three year limitation and listed 5 merger conditions that apply to this application. The Division's memorandum states:

In order to gain experience with the application of these (merger) conditions to ScottishPower financing, the Division recommends that the Commission limit the authority to 3 years. PacifiCorp should be required to seek renewal of this authority prior to December 31, 2002.

The Commission agrees that the 5 merger conditions listed in the Division's memorandum apply to this request for authority. We also concur with the 3 year limit proposed by the Division and limit our approval of this application to three years. PacifiCorp's authority to issue debt or preferred stock under this application will expire on December 31, 2002.

### ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED, that the application of PacifiCorp requesting authority to (1) issue and sell or exchange not more than \$1,600,000,000 of debt, (2) enter into credit support arrangements, (3) enter into currency exchanges, and

(4) contribute or sell additional debt to special purpose entities, is hereby approved.

IT IS FURTHER ORDERED, that nothing in this Order shall be construed to obligate the State of Utah to pay or guarantee in any manner whatsoever, any securities authorized, issued, assumed or guaranteed hereunder.

IT IS FURTHER ORDERED, that the Company will use the net proceeds of the issuance as set forth in the Company's application.

IT IS FURTHER ORDERED, that the Company shall file with the Commission a copy of any SEC Registration Statement relating to the Preferred Stock as soon as it becomes available.

IT IS FURTHER ORDERED, that the issuance of an Order authorizing the proposed transaction does not constitute determination or approval of the type of financing or the related costs for ratemaking purposes, which determination the Commission expressly reserves for the appropriate proceeding.

IT IS FURTHER ORDERED, that the authority to issue and sell or exchange not more than \$1,600,000,000 in debt is limited to a term of three years, and expires on December 31, 2002.

DATED at Salt Lake City, Utah, this 11th day of January, 2000.

/s/ Stephen F. Mecham, Chairman

/s/ Constance B. White, Commissioner

/s/ Clark D. Jones, Commissioner

Attest:

/s/ Julie Orchard

Commission Secretary