

Service Date: November 7, 1989

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

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IN THE MATTER Of The Application)	
Of PACIFICORP For (1) Authority)	UTILITY DIVISION
To Issue and Sell Not More Than)	
\$450,000,000 Of Debt, (2) Authority)	DOCKET NO. 89.10.38
To Enter Into A Credit Support)	
Arrangement, And (3) Authority To)	DEFAULT ORDER NO. 5429
Enter Into Currency Exchanges.)	

On November 30, 1988, PacifiCorp (the Company) filed with the Montana Public Service Commission its verified application, pursuant to Sections 69-3-501 through 69-3-507, MCA, requesting an order authorizing the Company (1) to issue and sell, in one or more public offerings or private placements, prior to December 31, 1990, fixed or floating rate debt (Debt) in the aggregate principal amount of not more than \$450,000,000 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 \$450,000,000 (or its equivalent amount in, or based upon, foreign currencies determined at the time of issue), (2) to enter into a letter of credit arrangement with one or more banks or such other agreements or arrangements as may be necessary or appropriate to provide additional credit support for the payment of the principal of, the interest on, and the premium (if any) on the Debt, and (3) to enter into one or more currency exchanges. On December 27, 1988, the

Commission issued Default Order No. 5385 approving the Company's request.

On October 19, 1989, the Company filed an amendment to its application requesting an increase in its authorized Debt of an aggregate principal amount of \$150,000,000.

The application, as amended, is supported by exhibits and data in accordance with the rules and regulations of the Commission governing the authorization of the issuance of securities by electric and gas utility companies operating within Montana.

For detailed information with respect to the general character of the Company's business and the territories served by it, reference is made to its annual reports on file with the Commission.

The application sets forth Counsel who will pass upon the legality of the proposed issuance, the other regulatory authorizations required, and the propriety of the proposed issue.

At a regular open session of the Montana Public Service Commission held in its offices at 2701 Prospect Avenue, Helena, Montana, on November 6, 1989, there came before the Commission for final action the matters and things in Docket No. 89.10.38, and the Commission, having fully considered the application, as amended, and all the data and records pertaining to it on file with the Commission and being fully advised in the premises, makes the following:

FINDINGS

1. The Company is a corporation organized and existing under and by virtue of the laws of the State of Oregon and is qualified to transact business in the State of Montana.

2. The Company is operating as a public utility as defined in Section 69-3-101, MCA, and is engaged in furnishing electric service in Montana.

3. The Commission has jurisdiction over the subject matter of the application under Section 69-3-102, MCA.

4. Notice of the amended application was published as a part of the Commission's regular weekly agenda.

5. As amended, the Company proposes to sell, in one or more public offerings or private placements, prior to December 31, 1990, fixed or floating rate debt in the aggregate principal amount of not more than \$600,000,000 (of which \$147,000,000 has been issued) 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 \$600,000,000 (or its equivalent amount in, or based upon foreign currencies determined at the time of issue), to enter into a letter of credit arrangement with one or more banks or such other agreements or arrangements as may be necessary or appropriate to provide additional credit support for the payment of the principal of, the interest on, and the premium (if any) on the Debt, and to enter into one or more currency exchanges to effectively eliminate the currency risk if it issues its Debt denominated in, or based upon, foreign currencies.

6. Offering, issuance, and administrative costs are expected to be less than 1.20 percent if first mortgage and collateral trust bonds or floating rate debt is sold. The costs associated with a Eurodollar financing and a foreign currency offering combined with a currency exchange are expected to be no more than 2.20 and 3.20 percent, respectively. A dollar-denominated foreign offering with a credit support arrangement is expected to have costs no greater than 3.20 percent with an annual fee ranging from 30 to 40

basis points. Costs of this magnitude are not greater than customary fees for similar services and are reasonable given the cost of rendering the service.

7. The expected results of the offering and sale of the Debt not yet sold are as follows:

ESTIMATED RESULTS OF THE FINANCING

	<u>Total</u>	<u>Per \$100</u>
Gross Proceeds	\$453,000,000	\$100.000
Less: Underwriting Fees		
Approximately 3%*	<u>13,590,000</u>	<u>3.000</u>
Proceeds Payable to Company	439,410,000	97.000
Less: Other Issuance Expenses	<u>906,000</u>	<u>0.200</u>
Net Proceeds to Company	\$438,504,000	\$ 96.800

*Assumes the higher level of fees associated with a foreign currency offering combined with a currency exchange.

8. The net proceeds of the issuance will be used to reimburse the Company's treasury for funds expended from income and from other treasury funds that were not derived from the issuance of securities. The funds to be reimbursed were used in furtherance of one or more of the utility purposes authorized by Section 69-3-501 MCA. 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.

9. Issuances of the Debt 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.

10. The issuance of an order authorizing the proposed financing does not constitute agency determination/approval of any issuance-related ratemaking issues which issues are expressly reserved until the appropriate proceeding.

CONCLUSIONS

1. The proposed issuance of Debt to which the application, as amended, relates will be for lawful objects within the corporate purposes of the Company. The method of financing is proper.

2. The proposed credit support arrangements and the proposed currency exchanges to effectively eliminate currency risk of a foreign currency offering to which the application relates will be for lawful objects within the corporate purpose of the Company.

3. The amended application should be approved.

ORDER

IT IS THEREFORE ORDERED by the Commission that:

1. The amended application of PacifiCorp, filed on October 20, 1989, for authority for PacifiCorp to issue and sell, in one or more public offerings or private placements, prior to December 31, 1990, fixed or floating rate debt in the aggregate principal amount of not more than \$600,000,000 (of which \$147,000,000 has been issued) 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 \$600,000,000 (or its equivalent amount in, or based upon, foreign currencies determined at the time of issue), pursuant to Sections 69-3-501 through 69-3-507, MCA, and to use the proceeds for normal utility purposes, is approved.

2. The application of PacifiCorp for authority to enter into a letter of credit arrangement with one or more banks or such other agreements or arrangements as may be necessary or appropriate to provide additional credit support for the payment of the principal of, the interest on, and the premium (if any) on the Debt, is approved.

3. The application of PacifiCorp for authority to enter into one or more currency exchanges is approved.

4. 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 Debt pursuant to this order.
- c. Verified copies of any credit support arrangement entered into pursuant to this order.
- d. Verified copies of any currency exchange agreements entered into pursuant to this order.
- e. A verified statement setting forth in reasonable detail the disposition of the proceeds of each offering made pursuant to this order.

5. 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.

6. Approval of the transaction authorized shall not be construed as precedent to prejudice any future action of this Commission.

7. Section 69-3-507, MCA, provides that neither the issuance of securities by PacifiCorp pursuant to the provisions of this order, nor any other act or deed done or performed in connection with the issuance, shall be construed to obligate the State of Montana to pay or guarantee in any manner whatsoever any security authorized, issued, assumed, or guaranteed.

8. This order shall be effective upon execution.

DONE IN OPEN SESSION at Helena, Montana, this 6th day of November, 1989, by a 5-0 vote.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

CLYDE JARVIS, Chairman

HOWARD L. ELLIS, Commissioner

WALLACE W. "WALLY" MERCER, Commissioner

DANNY OBERG, Commissioner

JOHN B. DRISCOLL, Commissioner

ATTEST:

Ann Purcell
Acting Commission Secretary

(SEAL)

NOTE: Any interested party may request that the Commission reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.