

Service Date: January 17, 1991

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

* * * * *

In the Matter of the Application)	UTILITY DIVISION
of PACIFICORP for authority to)	DOCKET NO. 90.12.85
issue and sell (1) not more than)	DEFAULT ORDER NO. 5526
5,000,000 shares of its Common)	
Stock and (2) not more than)	
\$100,000,000 of its No Par)	
Serial Preferred Stock.)	

On December 5, 1990, PacifiCorp (Company), a corporation organized and existing under and by virtue of the laws of the State of Oregon and qualified to transact business in Montana, 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 to issue and sell, from time to time not later than December 31, 1992, (1) not more than 5,000,000 shares of its Common Stock and (2) shares of its fixed or floating rate No Par Serial Preferred Stock (Preferred Stock) with an aggregate preference on involuntary liquidation of not more than \$100,000,000.

The application 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 December 17, 1990, there came before the Commission for final action the matters and things in Docket No. 90.12.85, and the Commission, having fully considered the application 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. Pursuant to a Plan of Reorganization and Merger, as amended, PacifiCorp, a Maine corporation, and Utah Power & Light Company, a Utah corporation, merged with and into the Company. The Company was incorporated under Oregon law in August 1987 for the purpose of facilitating consummation of the merger and changing the state of incorporation of PacifiCorp from Maine to Oregon. At the time of the merger, the Company changed its name to PacifiCorp. The Company uses the assumed business name of either Pacific Power & Light Company or Utah Power & Light Company within their respective service territories located in the states of Oregon, Utah, Washington, Idaho, Wyoming, Montana and California.

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

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

6. The Company proposes to issue and sell not more than 5,000,000 of its Common Stock from time to time not later than December 31, 1992 in one or more public offerings.

7. The Company also proposes to issue and sell, in one or more public offerings or private placements from time to time not later than December 31, 1992, shares of its fixed or floating rate No Par Serial Preferred Stock with an aggregate preference on involuntary liquidation of not more than \$100,000,000.

8. The dividends paid on the Company's Common Stock are set from time to time by the Company's Board of Directors. The

dividend rate on the Preferred Stock will be fixed or floating as determined by the Company's Board of Directors or Finance 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.

9. The new shares of Common Stock will be issued pursuant to the Company's Second Restated Articles of Incorporation, as amended (Restated Articles), and will constitute additional shares within the 750,000,000 authorized. The new shares of Common Stock will rank equally with outstanding shares in all respects. The rights are set forth in the Company's Restated Articles.

10. The Preferred Stock will be issued pursuant to the Company's Restated 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 at the involuntary liquidation preference plus premia (if any), liquidation preference rights and voting rights as determined by the Company's Board of Directors or Finance Committee following negotiations with the underwriters or purchasers. 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 Restated Articles.

11. The Company expects to issue the Common Stock and the Preferred Stock from time to time not later than December 31, 1992. The new shares of Common Stock will be permanent capital with a perpetual life. The Preferred Stock may be perpetual or have a sinking fund or mandatory or optional redemption provisions as required by market conditions at the time of issue.

12. Offering costs are expected to be between 3.00% and 3.50% for the Common Stock and between 1.35% and 3.00% for the Preferred Stock. In addition, the Company may pay an annual remarketing fee of 0.25% to pay for subsequent auctions of the Preferred Stock.

13. The expected results of the offering and sale of the Common Stock and the Preferred Stock are as follows:

ESTIMATED RESULTS OF THE FINANCINGS

Common Stock

	TOTAL	PER SHARE
Gross Proceeds	\$105,000,000	\$21.00*
Less: Underwriters' Fee at approximately 3.15 percent	3,307,500	0.66
Proceeds Payable to Company	\$101,692,500	\$20.34
Less: Other Issuance Expenses	372,500	0.07
Net Proceeds	\$101,320,000	\$20.27

*Based upon the November 26, 1990 closing stock price.

Preferred Stock

	Total	Per \$100
Gross Proceeds	\$100,000,000	\$100.000
Less: Underwriting Fees Approximately 3.00%	\$ 3,000,000	\$ 3.00
Proceeds Payable to Company	\$ 97,000,000	\$ 97.00
Less: Other Issuance Expenses*	350,000	0.35
Net Proceeds to Company	\$ 96,650,000	\$ 96.65

*Does not include the annual remarketing fee.

14. The net proceeds of the issuances 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.

15. Issuances of the Common Stock and 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.

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

CONCLUSIONS OF LAW

1. The proposed issuances of Common Stock and Preferred Stock to which the application relates will be for lawful objects within the corporate purposes of the Company. The method of financing is proper.

2. The application should be approved.

ORDER

IT IS THEREFORE ORDERED by the Commission that:

1. The application of PacifiCorp filed on December 5, 1990, for authority to issue and sell, from time to time not later than December 31, 1992, (1) not more than 5,000,000 shares of its Common Stock and (2) shares of its fixed or floating rate No Par Serial Preferred Stock with an aggregate preference on involuntary liquidation of not more than \$100,000,000, pursuant to Sections 69-3-501 through 69-3-507, MCA, and to use the proceeds for normal utility purposes, is approved.

2. 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 Common Stock or 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 the order.

3. 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.

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

Commission.

5. 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.

6. This order shall be effective upon execution.

DONE IN OPEN SESSION at Helena, Montana, this 17th day of December, 1990, by a vote of 5 - 0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

HOWARD L. ELLIS, Chairman

DANNY OBERG, Vice Chairman

WALLACE W. "WALLY" MERCER, Commissioner

JOHN B. DRISCOLL, Commissioner

REX MANUEL, Commissioner

ATTEST:

Ann Peck
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.