

Service Date: July 7, 1998

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)	UTILITY DIVISION
PACIFICORP for authority to issue)	DOCKET NO. D98.6.136
and sell not more than 45,000,000)	DEFAULT ORDER NO. 6078
shares of its Common Stock.)	

On June 18, 1998, 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 (Commission) its application in the named matter, pursuant to . . . 69-3-501 through 69-3-507, MCA, requesting an order authorizing the Company to issue and sell, from time to time, not more than 45,000,000 shares of its Common Stock (Shares). 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 1701 Prospect Avenue, Helena, Montana, on July 6, 1998, there came before the Commission for final action the matters and things in Docket No. D98.6.136, and the Commission, having fully considered the supplemental 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. PacifiCorp 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. PacifiCorp is operating as a public utility as defined in . 69-3-101, MCA, and is engaged in furnishing electric service in Montana.
3. The Company was incorporated under Oregon law in August 1987 for the purpose of facilitating consummation of a merger with Utah Power & Light Company 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.
4. The Commission has jurisdiction over the subject matter of the application under . 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 not more than 45,000,000 Shares. The Shares will be issued pursuant to the Company's Third Restated Articles of Incorporation and will constitute additional shares within the 750,000,000 shares currently authorized. At March 31, 1998, a total of 297,231,736 shares of Common Stock were outstanding. The Shares will be ranked equally with outstanding shares in all respects. The rights of these shares are set out in the Company's Third Restated Articles of Incorporation.
7. The purpose of the requested authority is to issue the Shares from time to time as acquisitions or requirements for funding of the Company's nonutility operations arise. The offering of Shares is consistent with the Company's desire to strengthen the common equity portion of its capital structure. If all of the Shares were issued, they would represent only approximately 13 percent of the Company's outstanding Common Stock. The transactions are expected to strengthen the capital structure of the Company, which should result in lower debt costs thereby benefiting its utility customers.
8. The anticipated results of the issuance of the Shares are as follows:

ESTIMATED RESULTS

	Total	Per Share
Gross Proceeds*	\$1,040,625,000	\$23.125
Less: Fees at approximately 3.50%	<u>36,421,875</u>	<u>0.809</u>
Proceeds Payable to the Company	<u>1,004,203,125</u>	<u>\$22.316</u>
Less: Other Issuance Expenses**	<u>1,500,000</u>	<u>.033</u>
Net Proceeds to Company	<u><u>\$1,002,703,125</u></u>	<u><u>\$22.283</u></u>

* Based on the assumption that all Shares were issued for cash or other property at the closing price for the Common Stock on May 1, 1998.

** Assumes the Shares are issued in five discrete transactions.

Other Expenses

Securities and Exchange Commission fees	\$306,984
Regulatory agency fees	1,500
Counsel fees	200,000
Accounting fees	150,000
Printing fees	375,000
Stock Exchange listing fees	310,000
Miscellaneous costs	<u>156,516</u>
TOTAL	

9. The Company requests authority to use the proceeds for any purpose, whether or not set forth in clauses (a) through (e) of . 69-3-501(2). Subject to receipt of an order from the Commission, clause (f) of . 69-3-501(2) allows the proceeds of

securities issuances to be used for any purpose approved by the Commission. The Shares would represent a small portion of the Company's overall capitalization and the proposed issuances are intended to provide additional resources to the Company to enable it to adapt to changing market and industry conditions.

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 OF LAW

1. The proposed issuances to which the application relates will be for lawful objects within the corporate purposes of the Company and are not inconsistent with the public interest. 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 June 18, 1998, for authority to issue and sell, from time to time, not more than 45,000,000 shares of its Common Stock, until all authorized Shares have been issued, pursuant to . . . 69-3-501 through 69-3-507, MCA, and to use the proceeds as described in the application, 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) A copy of any SEC Registration Statement for the Shares.
- (c) For each calendar quarter hereafter, a verified statement showing in reasonable detail issuances of Shares authorized under this order.
- (d) For each calendar quarter hereafter, a verified statement setting forth in reasonable detail the disposition of the proceeds.

3. Issuance of this Order does not constitute acceptance of PacifiCorp 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 further action of the 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 6th day of July, 1998, by a vote of 5 - 0 .

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

DAVE FISHER, Chairman

NANCY MCCAFFREE, Vice Chair

BOB ANDERSON, Commissioner

DANNY OBERG, Commissioner

BOB ROWE, Commissioner

ATTEST:

Kathlene M. Anderson
Commission Secretary

NOTE: You may be entitled to judicial review in this matter. Judicial review may be obtained by filing a petition for review within thirty (30) days of the service of this order. Section 2-4-702, MCA.