



April 8, 2005

Oregon Public Utility Commission  
Proceedings Division  
550 Capitol Street  
Salem, OR 97310

ATTN: Ms. Janice Fulker  
Administrator, Tariffs and Data Analysis

Re: Docket No. UF 4215:

In the Matter of the Application of PACIFICORP for authority to (1) issue and sell or exchange not more than \$1,000,000,000 of debt, (2) enter into credit support arrangements, (3) enter into currency swaps, and (4) contribute or sell additional debt to special purpose entities.

Dear Commissioners:

PacifiCorp (the Company) transmits its application in the named matter with this letter. An original and four copies are tendered.

The Company respectfully requests that the Commission enter its order, effective upon issuance, authorizing the Company 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 not to exceed \$1,000,000,000 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 \$1,000,000,000 (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 such Debt, (3) enter into one or more currency swaps, and (4) contribute or sell additional Debt to special purpose entities (SPE) in an amount based upon the common securities of the SPE.

The \$1.0 billion of requested authority is expected to accommodate the Company's future financing requirements which include the refinancing of approximately \$650 million of debt that matures over the next three years. The requested authority would preserve the financing flexibility that the Commission had previously authorized in Order No. 99-786 in Docket No. 4167, as amended by Supplemental Order No. 01-965 (as so amended, the 1999 Order). In the 1999 Order (and in previous related orders), the Commission authorized the Company to issue

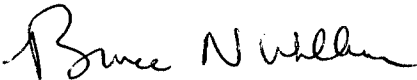
up to \$1.6 billion of securities similar to those covered in the enclosed Application. No authority remains under the 1999 Order. The enclosed Application is substantially similar to the Application submitted in connection with the 1999 Order.

Because the Company has submitted a separate request for authority relating to common stock, the attached pro forma financial exhibits include all approximately \$1.5 billion of securities, assuming that the securities in both the common stock application and this Application were issued and sold in their entirety at the same time.

The Company respectfully requests that the Commission issue its order on or before May 31, 2005, in lieu of within 30 days after the filing of the enclosed application as required by ORS 757.420(1). The Company also requests twenty certified copies of any order issued in this matter.

Your attention to this matter is appreciated.

Sincerely,



Bruce N. Williams  
Treasurer

Enclosures:   Application (1 original and 4 copies)  
                  Proposed Form of Order (1 original and 4 copies)  
                  Diskette containing the proposed Form of Order

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1 **BEFORE THE PUBLIC UTILITY COMMISSION**  
2 **OF OREGON**  
3 **DOCKET NO. UF 4215**

4  
5 In the Matter of the Application of  
6 PACIFICORP for authority to (1) issue and sell  
7 or exchange not more than \$1,000,000,000 of  
8 debt, (2) enter into credit support arrangements,  
9 (3) enter into currency swaps, and (4) contribute  
or sell additional debt to special purpose  
entities.

APPLICATION

10 PacifiCorp (Company) hereby applies for an order of the Public Utility Commission of Oregon  
11 (Commission) authorizing the Company to (1) issue and sell or exchange, in one or more public  
12 offerings or private placements, fixed or floating rate debt (Debt) in the aggregate principal  
13 amount of not more than \$1,000,000,000 or, if the Debt is issued at an original issue discount,  
14 such greater amount as shall result in an aggregate offering price of not more than  
15 \$1,000,000,000 (or its equivalent amount in, or based upon, foreign currencies determined at the  
16 time of issue), (2) enter into letter of credit arrangements with one or more banks or such other  
17 agreements or arrangements as may be necessary or appropriate, from time to time, to provide  
18 additional credit support for the payment of the principal of, the interest on and the premium of  
19 the Debt, (3) enter into one or more currency swaps, provided that, with respect to the Debt  
20 contemplated in clauses (1), (2) and (3), such Debt is either issued with a cost to maturity not  
21 exceeding the spreads over treasury yields established by the Commission or is issued with a cost  
22 to maturity not exceeding 9.0 percent per annum, and (4) contribute or sell additional Debt to  
23 special purpose entities (SPE) in an amount based upon the common securities of the SPE and  
24  
25  
26

1 Commission approval of the proposed guarantee and expense payment agreements relating to the  
2 preferred securities of the SPE, in each case substantially as described herein. The Company  
3 requests that such authority remain in effect so long as the Company's senior secured debt has  
4 investment grade ratings from at least two nationally recognized ratings agencies. The  
5 application is filed pursuant to ORS Chapter 757 and OAR 860-27-030.  
6

7 The Company respectfully represents that:  
8

9 (a) The official name of the applicant and address of its principal business office:

10 PacifiCorp  
11 825 N.E. Multnomah, Suite 2000  
12 Portland, OR 97232

13 (b) The state and date of incorporation; each state in which it operates as a utility:

14 The Company was incorporated under Oregon law in August 1987 for the purpose of  
15 facilitating consummation of a merger with Utah Power & Light Company, a Utah  
16 corporation, and changing the state of incorporation of PacifiCorp from Maine to Oregon.

17 The Company uses the assumed business names of Pacific Power & Light Company and  
18 Utah Power & Light Company within their respective service territories located in the  
19 states of California, Idaho, Oregon, Utah, Washington and Wyoming.  
20  
21  
22  
23  
24  
25  
26

1 (c) The name, address, and telephone number of persons authorized to receive notices and  
2 communications:

3 Bruce N. Williams, Treasurer  
4 PacifiCorp  
5 825 N.E. Multnomah, Suite 1900  
6 Portland, OR 97232  
7 Telephone: (503) 813-5662

Jeffery B. Erb, Assistant General Counsel  
PacifiCorp  
825 N.E. Multnomah, Suite 1900  
Portland, OR 97232  
Telephone: (503) 813-5029

8 The Commission is also requested to dispatch copies of all notices and communications  
9 to the following:

10 John M. Schweitzer  
11 Stoen Rives LLP  
12 900 S.W. Fifth Avenue, Suite 2600  
13 Portland, OR 97204-1268  
14 Telephone: (503) 294-9225

Electronic copies of Data Requests should be sent to [laura.beane@pacificorp.com](mailto:laura.beane@pacificorp.com).  
Informal inquires may be addressed to Laura Beane (503-813-5542).

15 (d) The date by which Commission action is requested.

16 By May 31, 2005, in lieu of within 30 days after the filing of this Application as required  
17 by ORS 757.420(1).

18 (e) A full description of the securities proposed to be issued:

19 (1) Type and nature of securities--

20 Debt to be issued in one or more transactions as conditions permit. The Debt may  
21 be secured or unsecured and may be subordinated or unsubordinated.

22 (2) Amount of securities--

23 Not more than \$1,000,000,000 aggregate principal amount or, if the Debt is issued  
24 at an original issue discount, such greater amount as shall result in an aggregate  
25  
26

1 offering price of not more than \$1,000,000,000 (or its equivalent amount in, or  
2 based upon, foreign currencies determined at the time of issue); plus additional  
3 Debt and guaranties relating to the preferred securities of special purpose entities  
4 in amounts as described below.

5  
6 (3) Interest Rate:

7 If the Debt bears a fixed rate, the interest rate will be set at the time of issuance.  
8 If the Debt bears a floating rate, the interest rate will be set periodically based  
9 upon a published or quoted index of short-term rates.

10  
11 (4) Dates of issuance and maturity:

12 The Company expects to issue the Debt from time to time in either public  
13 offerings or private placements for cash or in exchange for its outstanding  
14 securities. Maturities will be established at the time of issuance.

15  
16 (5) Institutional rating of the securities, or if not rated an explanation:

17 The Company's outstanding debt is currently rated as follows:

18

<u>Security</u>	<u>Moody's</u>	<u>S &amp; P</u>
Senior Secured Debt	A3	A-
Senior Unsecured Debt	Baa1	BBB+
Subordinated Debt	Baa2	BBB+

19  
20  
21

22 (6) Stock Exchange on which listed:

23 The Company has generally not listed its bonds, but has in the past listed certain  
24 unsecured debt on The New York Stock Exchange. If the Debt is issued publicly  
25 in an overseas market, the Debt may be listed, if appropriate, on one or more  
26 foreign exchanges.



1 (7) Additional descriptive information:

2 General: Alternatives currently available to the Company include

3 (1) conventional first mortgage bonds placed publicly or privately in the domestic  
4 or foreign markets, (2) secured or unsecured medium-term notes placed publicly  
5 or privately in the domestic or foreign markets, (3) floating rate debt placed  
6 publicly or privately in the domestic or foreign markets, (4) Eurodollar financings  
7 placed publicly or privately overseas, (5) debt issued overseas denominated in, or  
8 based upon, foreign currencies combined with a currency swap to effectively  
9 eliminate the currency risk, and (6) subordinated debt placed publicly or privately  
10 in the domestic or foreign markets and issued either alone or in conjunction with  
11 an offering of preferred securities by an SPE organized by the Company. A brief  
12 description of these transactions is set forth below.  
13  
14

15 I. First Mortgage Bonds. First mortgage bonds have been the traditional  
16 debt financing vehicle utilized by utilities in the U.S., and are typically  
17 offered in public offerings but may be privately placed. First mortgage  
18 bonds are secured by a mortgage on the fixed assets of the utility.  
19

20 Thereafter, the bonds are typically refundable at a premium over the  
21 principal amount, with the premium declining to zero near the final  
22 maturity of the bonds. The Company may determine that a call provision  
23 structure is appropriate to provide financial flexibility in changing interest  
24 rate environments.  
25  
26

1 The Company's first mortgage bonds are issued as First Mortgage Bonds  
2 under the PacifiCorp Mortgage. The Commission has previously  
3 authorized the Company to incur the lien of the PacifiCorp Mortgage in  
4 Docket UF 3990, Order No. 88-1363.  
5

6 II. Medium-Term Notes. Medium-term notes (MTNs) are interest bearing  
7 instruments with maturities generally ranging between 9 months and  
8 100 years. MTNs are typically offered on a continuous basis by the  
9 borrower through one or more managers which act as agents in placing the  
10 notes, either domestically or through global programs. MTNs can be  
11 offered on a secured or unsecured basis.  
12

13 Compensation to the agents varies by the maturity of each tranche of  
14 MTNs issued, but is not expected to exceed one percent of the principal  
15 amount of notes placed.  
16

17 The MTN investor universe in the U.S. consists of banks, insurance  
18 companies, pension funds, thrifts, mutual funds, money managers,  
19 investment advisors, corporate, and nonprofit organizations. Overseas, the  
20 investor profile primarily consists of banks, insurance companies, pension  
21 funds and retail accounts.  
22

23 MTN programs are generally structured to allow a wide range of terms.  
24 Principal amount, currency, maturity, interest rate and redemption terms  
25 are fixed at the time of sale. In the event the Company chooses to issue  
26

1 MTNs in foreign currencies, a currency rate swap would be  
2 simultaneously entered into to effectively hedge the Company's exposure  
3 against currency risk. If the Company issues secured MTNs, they will  
4 most likely be issued in the form of First Mortgage Bonds under the  
5 PacifiCorp Mortgage.  
6

7 III. Floating Rate Debt. Floating rate debt is a security with interest rates that  
8 reset periodically, such as daily, weekly, monthly, quarterly, semi-  
9 annually or annually at the option of the Company. The most common  
10 indices used for pricing floating rate debt are based upon LIBOR,  
11 commercial paper and Treasury bills.  
12

13 Refunding provisions for floating rate debt vary from transaction to  
14 transaction depending upon the structure of the agreement. Should the  
15 Company subsequently fix the interest rate through an interest rate swap  
16 or cap, the cost of refunding would include the cost of unwinding the swap  
17 or cap.  
18

19 Floating rate debt could be advantageous to fixed rate debt. First, it can  
20 provide, from time to time, the Company with a source of long-term  
21 funding at attractive rates compared to the fixed rate market. Second, it  
22 allows the Company access to the short end of the yield curve when short-  
23 term rates are attractive. Should rates begin to increase, the Company  
24 could execute an interest rate swap or cap to lock-in a fixed rate.  
25  
26

1 The fees associated with a floating rate debt arrangement are not expected  
2 to exceed one percent of the principal amount of the debt.

3  
4 IV. Eurodollar Financings. Eurodollar bonds or debentures are dollar-  
5 denominated securities issued to foreign investors. Eurodollar securities  
6 are generally placed by a foreign underwriter, or a foreign subsidiary of a  
7 U.S. investment or commercial bank (bank). Eurodollar securities are  
8 generally unsecured obligations. However, the Company may be required  
9 to enter into a letter of credit arrangement with one or more banks or such  
10 other agreements or arrangements as may be necessary or appropriate,  
11 from time to time, to support its obligation to repay the principal of, the  
12 interest on, and the premium (if any) on the debt. The Company estimates  
13 that such an arrangement could involve a fee not expected to exceed one  
14 percent on the principal amount of the debt. The Company would receive  
15 dollars at the time of closing and all interest and principal payments would  
16 be made in dollars.

17  
18  
19 A Eurodollar bond issuance is typically arranged using a bank as the  
20 underwriter (public offering) or placement agent (private offering). Its  
21 role is to locate investors outside the United States that are interested in  
22 purchasing financial assets in dollars. The interest rate charged on the  
23 debt is usually a spread over U.S. Treasury obligations having a similar  
24 maturity. After the call protection has expired, the bonds are generally  
25 callable at their principal value. The issuance fee associated with a  
26

1 Eurodollar bond offering is approximately two percent of the principal  
2 amount sold.

3  
4 A potential advantage of a Eurodollar offering is that it allows the  
5 Company to access investors generally not active in the U.S. markets, and  
6 at the same time not subject the Company to any currency exposure.

7 Another advantage is that, from time to time, very attractively priced  
8 funds become available in the private Eurodollar market when an investor  
9 with dollars attempts to invest in U.S. dollar assets. Thus, for short  
10 periods, a market could be created wherein the issuer can obtain very  
11 attractive rates relative to the public markets. These windows in the  
12 market open and close very quickly making it necessary that the Company  
13 have the opportunity to commit quickly when offered an attractive  
14 proposal.  
15

16  
17 V. Foreign Currency Debt Combined with a Currency Swap. The issuance of  
18 debt denominated in a currency other than U.S. dollars, combined with a  
19 currency swap, would allow the Company to issue debt in a foreign  
20 currency and execute a currency swap to effectively eliminate the currency  
21 risk. By issuing in a foreign currency, the Company would attract  
22 investors that would not normally be investing in its securities. Issuing  
23 securities in a foreign currency becomes attractive when the nominal  
24 interest rate charged in the foreign country is significantly lower than the  
25 rate in the U.S. or in dollar-denominated securities. To the extent that the  
26

1 cost of executing the currency swap is less than the difference between the  
2 nominal interest rate in the foreign country and the dollar-denominated  
3 interest rate, issuing debt in a foreign currency and executing a currency  
4 swap provides a lower all-in cost of debt.  
5

6 The foreign currencies most frequently used in the past by U.S. companies  
7 include Euro, Swiss Francs, British Sterling, Japanese Yen, Canadian  
8 Dollars, Australian Dollars and New Zealand Dollars. The underwriters  
9 for a foreign currency offering are responsible to locate investors willing  
10 to purchase the Company's debt that has principal and interest  
11 denominated in the foreign currency. The fees for a foreign currency  
12 offering are expected to approximate two percent of the principal amount  
13 sold.  
14

15  
16 In order to effectively eliminate the currency risk, the Company would  
17 enter into a currency swap that would be executed simultaneously with the  
18 foreign currency offering. In the currency swap, the Company would  
19 receive a stream of payments in the foreign currency exactly equal in  
20 amount and timing to the Company's obligations for the foreign currency  
21 debt (principal and interest). In exchange, the Company would agree to  
22 make a stream of payments in U.S. dollars to the third party. The net  
23 effect of the transaction is that the Company's foreign currency  
24 obligations would be exactly offset by the foreign currency receipts under  
25 the exchange and the Company's net payments would be in U.S. dollars.  
26

1 Of course, whether or not the other party to the exchange performs, the  
2 Company remains obligated under the terms of the foreign currency debt.  
3 The Company would propose to minimize the risk of nonperformance in  
4 the exchange through the selection of a third party participant with a long-  
5 term credit rating of AA equivalent or better or with a third party which is  
6 a high quality sovereign or agency of a sovereign if the tenor of the  
7 exchange agreement is five years or longer and long-term credit rating of  
8 A or better if the tenor is less than five years.

10 The fees associated with arranging a currency swap agreement are a  
11 function of interest rates and currency differentials between the U.S. dollar  
12 and the respective foreign currency.

14 Because a foreign offering with a currency swap involves two transactions  
15 and multiple parties, the complexity and cost of trying to unwind such a  
16 foreign offering prior to its final maturity effectively makes this type of  
17 transaction generally non-callable prior to its final maturity.

19 Issuing debt denominated in a foreign currency combined with a currency  
20 swap requires that the Company have a great degree of flexibility in  
21 timing the offering in order to pick the currency, nominal interest rates,  
22 and exchange rate that will enable it to achieve a lower cost.

24 Cost Test: The Company will not undertake the proposed transactions in a  
25 foreign market unless and until it can assure itself that the all-in cost of the  
26

1 foreign borrowings proposed in this matter is no more than the all-in cost  
2 of domestic borrowings for a similar term for companies of comparable  
3 credit rating at the time of the borrowing.  
4

5 VI. Subordinated Debt. It is anticipated that any subordinated debt could be  
6 issued in one or more series pursuant to the Company's Indenture dated as  
7 of May 1, 1995, as supplemented, or pursuant to a new indenture. The  
8 Company may issue the subordinated debt (a) directly to investors as in  
9 the issuance and sale of its 8 3/8% Junior Subordinated Deferrable Interest  
10 Debentures, Series A, pursuant to Docket UF 4098, (b) in exchange for its  
11 outstanding securities as in the issuance of its 8.55% Junior Subordinated  
12 Deferrable Interest Debentures, Series B, pursuant to Docket UF 4126 or  
13 (c) to a special purpose entity in support of the preferred securities of the  
14 SPE as in the issuance and sale of its 8 1/4% Junior Subordinated  
15 Deferrable Interest Debentures, Series C, pursuant to Docket UF 4140,  
16 and its 7.70% Junior Subordinated Debentures Series D, pursuant to  
17 Docket UF 4151.  
18  
19

20 In a transaction involving preferred securities of an SPE, the Company  
21 would organize the SPE and contribute or sell subordinated debt of the  
22 Company to the SPE in an amount based upon the common securities of  
23 the SPE (generally 3% of the aggregate liquidation preference of the  
24 preferred securities issued by the SPE). The SPE would issue preferred  
25 securities which are expected to have a liquidation preference of \$25 each,  
26



1 have cumulative dividends payable quarterly and could be listed on the  
2 New York Stock Exchange. In addition, the SPE would purchase  
3 subordinated debt of the Company in an aggregate principal amount  
4 corresponding to the liquidation preference of the preferred securities  
5 issued by the SPE. In certain circumstances, the subordinated debt of the  
6 Company underlying the preferred securities of the SPE could be  
7 distributed to the holders of the preferred securities in connection with the  
8 liquidation of the SPE.  
9

10  
11 In this instance, the Company would guarantee the SPE's payment of:  
12 (i) any accumulated and unpaid distributions required to be paid on the  
13 preferred securities of the SPE to the extent that the SPE has funds on  
14 hand available therefor; (ii) the redemption price with respect to any  
15 preferred securities called for redemption to the extent that the SPE has  
16 funds on hand available therefor; and (iii) upon a voluntary or involuntary  
17 dissolution, winding-up or liquidation of the SPE (unless the Company's  
18 subordinated debt is distributed to holders of the SPE's preferred  
19 securities), the lesser of (a) the aggregate of the liquidation preference and  
20 all accrued and unpaid distributions to the date of payment and (b) the  
21 amount of assets of the SPE remaining available for distribution to holders  
22 of the preferred securities. The guarantee is expected to be directly  
23 enforceable by holders of the preferred securities issued by the SPE and  
24 subordinate to all senior debt of the Company. It is also anticipated that  
25  
26

1 the Company and the SPE will enter into an expense reimbursement  
2 arrangement under which the Company will agree to pay the expenses of  
3 the SPE.  
4

5 (f) A description of the method of issuance and sale or procedure by which any obligation as  
6 guarantor will be assumed:

7 The Company proposes to issue the Debt from time to time in either public offerings or  
8 private placements, domestically or overseas, for cash or in exchange for its outstanding  
9 securities. The financial markets have become increasingly global and, as such, foreign  
10 sources of capital compete directly with domestic sources for investment opportunities.  
11

12 The Company finds that the variety of borrowing options available to it provide it the  
13 financial flexibility to pursue the most attractive markets at the time of issuance to  
14 produce the most competitive cost for the Company.  
15

16 Underwriters or placement agents will be selected after negotiations with a group of  
17 potential candidates. The firm or firms selected to lead an offering under this authority  
18 will be determined by the Company's opinion of their ability to assist the Company in  
19 meeting its objective of having the lowest all-in cost for the Debt to be issued. This  
20 opinion is based upon the level of underwriting or placement fees, their knowledge of the  
21 Company and its varied operations, and their ability to market the Debt to achieve the  
22 Company's financing and capital structure objectives.  
23

24 The Company also requests authority to issue Debt without further Commission approval  
25 to the extent its cost to maturity does not exceed the maximum all-in spreads over  
26

1 treasury yields (*See Exhibit M*) or is issued with a cost to maturity not exceeding  
2 9.0 percent per annum in order to provide additional flexibility in the event spreads widen  
3 or the Company decides to sell Debt, including a block of MTNs, through underwriters.  
4

- 5 (g) (1) (i) The name and address of any person receiving a fee (other than a fee for  
6 technical services) for negotiating, issuing, or selling the securities or for  
7 securing an underwriter, sellers, or purchasers of securities except as  
8 related to a competitive bid:

9 Other than for technical services, the only fees payable by the Company  
10 will be fees and expenses to the underwriters and agents (including  
11 arrangement fees for currency swaps). The Company may also incur an  
12 annual fee for credit support which is not expected to exceed one percent  
13 on the principal amount of the Debt.  
14

- 15  
16 (ii) The fee amount:

17 Subject to final negotiations, the fee is not expected to exceed 3.0 percent  
18 of the aggregate principal amount of the Debt if the Debt is issued  
19 overseas. If issued domestically, the fee is not expected to exceed  
20 1.0 percent of the aggregate principal amount of the Debt. If subordinated  
21 debt is issued, the fee is not expected to exceed 3.15 percent of the  
22 aggregate principal amount of the Debt. The level of the fee is only one  
23 factor in determining the overall cost of the Debt to be issued and, as such,  
24 is not the sole basis of the financing decision.  
25  
26

1 (iii) The facts showing the reason for and reasonableness of the fee:

2 The Company believes that the aforementioned compensation levels to the  
3 agents or underwriters are not greater than the usual and customary fees  
4 prevailing currently in the market. The Company finds these fees not  
5 unreasonable given the services provided by the agents or underwriters.

6 The agents and the underwriters will be familiar with the Company and its  
7 long-term financing needs. They will be available for consultation on  
8 these matters and will assist the Company in evaluating market conditions  
9 and in formulating the exact terms of the transactions. See subsection (f)  
10 supra.

11  
12  
13 (2) All facts showing that the applicant is or is not “controlled” by or is or is not  
14 under the common “control” of the person listed in (h)(1)(i):

15 The Company will have no officer or director in common with any underwriter or  
16 agent. All of the Company’s issued and outstanding common stock is indirectly  
17 owned by ScottishPower plc.

18  
19 (h) The purposes of the issuance:

20 The purposes for which the Debt is proposed to be issued in this matter are (1) the  
21 acquisition of property, (2) the construction, completion, extension or improvement of  
22 utility facilities, (3) the improvement of service, (4) the discharge or lawful refunding of  
23 obligations which were incurred for utility purposes or (5) the reimbursement of the  
24 Company’s treasury for funds used for the foregoing purposes.  
25  
26

1 The Company keeps its accounts in a manner which enables the Commission to ascertain  
2 the amount of money expended and the purposes for which the expenditures were made.  
3 If the funds to be reimbursed were used for the discharge or refunding of obligations,  
4 those obligations or their precedents were originally incurred in furtherance of the utility  
5 purposes listed above.  
6

7 To the extent that the funds to be reimbursed were used for the discharge or refunding of  
8 obligations, those obligations or their precedents were originally incurred in furtherance  
9 of utility purposes (1), (2) and (3) supra.  
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1 The results of the offerings are estimated to be:

2 ESTIMATED RESULTS OF THE OFFERING <sup>(1)</sup>

	<u>Total</u>	<u>Percent of Total</u>
Gross Proceeds	\$ 1,000,000,000	100.000%
Less: Agents/Underwriters Compensation <sup>(1)</sup>	<u>8,750,000</u>	<u>0.875%</u>
Proceeds Payable to Company	\$ 991,250,000	99.125%
Less: Other Issuance Expenses	<u>1,250,000</u>	<u>0.125%</u>
Net Proceeds	<u>\$ 990,000,000</u>	<u>99.000%</u>

10 (1) Assumes the issuance of first mortgage bonds.

11 Other Issuance Expenses

Regulatory agency fees	\$ 1,000
SEC fees	157,775
Company counsel fees	375,000
Accounting fees	150,000
Printing and engraving fees	125,000
Rating agency fees	300,000
Trustee/Indenture fees	125,000
Miscellaneous expenses	<u>16,225</u>
TOTAL	<u>\$ 1,250,000</u>

22  
23 (i) Statement that applications for authority to finance are required to be filed with state  
24 governments.

25 In addition to this Application, the Company is filing applications with the Idaho Public  
26 Utilities Commission and the Washington Utilities and Transportation Commission. The

1 California Public Utilities Commission, the Utah Public Service Commission and the  
2 Wyoming Public Service Commission have exempted the Company from their respective  
3 securities statutes. The Company will not be required to obtain authorization from the  
4 Securities and Exchange Commission under the Public Utility Holding Company Act of  
5 1935.  
6

7 (j) A statement of the facts relied upon to show that the issuance is appropriate:

8 As a public utility, the Company is expected to acquire, construct, improve, and maintain  
9 sufficient utility facilities to serve its customers adequately and reliably at reasonable  
10 cost. Issuances of the Debt are part of a program to finance the Company's facilities  
11 taking into consideration prudent capital ratios, earnings coverage tests and market  
12 uncertainties as to the relative merits of the various types of securities the Company could  
13 sell.  
14

15 Accordingly, the proposed issuances (1) are for lawful objects within the corporate  
16 purposes of the Company, (2) are compatible with the public interest, (3) are necessary or  
17 appropriate for or consistent with the proper performance by the Company of its service  
18 as a public utility, (4) will not impair its ability to perform that service, and (5) are  
19 reasonably necessary or appropriate for these purposes.

20 (k) A statement of the bond indenture or other limitations on interest and dividend coverage,  
21 and the effects of these limitations on this issuance:

22 *See Exhibit J.*  
23  
24  
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1 (l) A summary of rate changes which occurred during or after or which will become  
2 effective after the period described by the income statement included as Exhibit E:

3 Please see the disclosures beginning on page 23 and page 38 of the Company's Quarterly  
4 Report on Form 10-Q, enclosed herewith as Exhibit N.

5 (m) Exhibits.

6 The following exhibits are made a part of this application:

7 Incorporated by  
8 reference to:

9	<u>Exhibit</u>	<u>Docket</u>	<u>Exhibit</u>	<u>Description</u>
10	A-1	UF 4193	A	Third Restated Articles of Incorporation effective
11				November 20, 1996, as amended effective November 29, 1999
12	A-2	UF 4193	B	Bylaws, as amended effective November 29, 1999
13	B			Resolutions of the Board of Directors authorizing the 14 proposed issuances
15	C			A statement (1) explaining the measure of control or 16 ownership exercised over the applicant by a utility, bank, trust company, banking association, underwriter, or 17 electrical equipment supplier, and (2) explaining that the applicant is a member of any holding company system
18	D			Balance Sheet, actual and pro forma, dated December 31, 19 2004
20	E			Income Statement, actual and pro forma, for the 21 12 months ended December 31, 2004
22	F-1			SEC Registration Statement on Form S-3, as filed with the SEC on November 22, 1999 <a href="http://www.sec.gov/Archives/edgar/data/75594/0000912057-99-007048-index.html">http://www.sec.gov/Archives/edgar/data/75594/00009120 23 57-99-007048-index.html</a>
24	F-2*			SEC Registration Statement on Form S-3



1	G	Public invitation for proposal to purchase or underwrite the proposed issuance ( <u>Not applicable</u> )
2		
3	H	Copies of each proposal received for a negotiated placement of the offering, a summary tabulation, a list of prospective underwriters from whom no proposal was received, and a justification of the accepted underwriting proposal ( <u>Not applicable</u> )
4		
5		
6	I	Source and Uses of Treasury Funds, actual and pro forma, dated December 31, 2004
7		
8	J	A statement of the bond indenture or other limitations on interest and dividend coverage, and the effects of those limitations on this issuance
9		
10	K*	Prospectus
11	L*	Underwriting Agreement or Agency Agreement
12	M	Maximum All-in Spread over the Benchmark Treasury Yield
13		
14	N	Quarterly Report on Form 10-Q for the quarter ended December 31, 2004
15		<a href="http://www.sec.gov/Archives/edgar/data/75594/000007559405000002/0000075594-05-000002-index.htm">http://www.sec.gov/Archives/edgar/data/75594/000007559405000002/0000075594-05-000002-index.htm</a>
16		

\*Exhibit or supplement to the Exhibit is to be filed as soon as available.

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1 **PRAYER**

2 PacifiCorp respectfully requests that the Commission enter its order in this matter, effective upon  
3 issuance, authorizing PacifiCorp to (1) issue and sell or exchange, in one or more public  
4 offerings or private placements, fixed or floating rate Debt in the aggregate principal amount of  
5 not more than \$1,000,000,000 or, if the Debt is issued at an original issue discount, such greater  
6 amount as shall result in an aggregate offering price of not more than \$1,000,000,000 (or its  
7 equivalent amount in, or based upon, foreign currencies determined at the time of issue),  
8 (2) enter into letter of credit arrangements with one or more banks or such other agreements or  
9 arrangements as may be necessary or appropriate, from time to time, to provide additional credit  
10 support for the payment of the principal of, the interest on, and the premium (if any) on the Debt,  
11 (3) enter into one or more currency swaps, provided that, with respect to the Debt contemplated  
12 in clauses (1), (2) and (3), such Debt is issued with a cost to maturity not exceeding the spreads  
13 over treasury yields as set forth in Exhibit M or is issued with a cost to maturity not exceeding  
14 9.0 percent per annum, and (4) contribute or sell additional Debt to one or more SPEs in an  
15 amount based upon the common securities of the SPE and Commission approval of the proposed  
16 guarantee and expense payment agreements relating to the preferred securities of the SPE, in  
17 each case substantially as described herein. The Company requests that such authority remain in  
18 effect so long as the Company's senior secured debt has investment grade ratings from at least  
19 two nationally recognized ratings agencies.  
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1 Dated at Portland, Oregon on April 8, 2005.

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PACIFICORP

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By: \_\_\_\_\_

5

Bruce N. Williams  
Treasurer

6

7

\_\_\_\_\_  
John M. Schweitzer for  
Stoel Rives LLP  
900 S.W. Fifth Avenue, Suite 2600  
Portland, OR 97204-1268  
Telephone: (503) 294-9225  
Attorneys for PacifiCorp

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1 **VERIFICATION**

2  
3 I, Bruce N. Williams, declare, under penalty of perjury, that I am the duly appointed Treasurer of  
4 PacifiCorp and am authorized to make this verification. The application and the attached  
5 exhibits were prepared at my direction and were read by me. I know the contents of the  
6 application and the attached exhibits, and they are true, correct, and complete of my own  
7 knowledge except those matters stated on information or belief which I believe to be true.

8  
9 WITNESS my hand and the seal of PacifiCorp on this 8<sup>th</sup>... day of April, 2005.

10  
11 \_\_\_\_\_  
12 Bruce N. Williams

13 (Seal)  
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## **Exhibit B**

### First Mortgage, Collateral Trust Bonds and Other Debt Securities

WHEREAS, the Board of Directors of PacifiCorp (the “Company”), by resolutions adopted August 6, 2001 (the “Prior Resolutions”) authorized the issuance and sale or exchange by the Company from time to time of not to exceed \$1,600,000,000 (or the equivalent thereof at the time of issuance in foreign currencies) in aggregate principal amount of one or more new series of its First Mortgage and Collateral Trust Bonds, in the form of secured medium-term notes or otherwise, to be issued under and secured by the Company’s Mortgage and Deed of Trust dated as of January 9, 1989 to Morgan Guaranty Trust Company of New York (JPMorgan Chase Bank (“JPMC”), successor), as Trustee, as heretofore amended and supplemented and as it may be further amended and supplemented (the “PacifiCorp Mortgage”), all of which has been issued as of the date hereof; and

WHEREAS, it is now desirable to provide for the issuance of additional bonds; now, therefore, be it

RESOLVED, that the Board of Directors of the Company hereby authorizes the issuance and sale or exchange by the Company, from time to time, of not to exceed \$1,000,000,000 (or the equivalent thereof at the time of issuance in foreign currencies) in aggregate principal amount of one or more new series of its First Mortgage and Collateral Trust Bonds (the “Bonds”), in the form of secured medium-term notes or otherwise, to be issued under and secured by the PacifiCorp Mortgage; and further

RESOLVED, that the Bonds may be sold, or may be exchanged for other outstanding securities of the Company, publicly or in private transactions, in such amounts, at such times, at such prices, may bear interest at such variable, floating, or fixed rates, may be redeemable at such redemption prices, mature at such date or dates and have such other terms and characteristics as shall be fixed by an Authorizing Officer (as defined below); provided, however, that the issuance and sale or exchange by the Company of the Bonds shall be subject to (1) the Company’s first having obtained all necessary authorizations therefor from the federal and state regulatory authorities having jurisdiction over such issuance and sale or exchange and (2) the Company’s compliance with the registration requirements of all applicable federal and state securities laws in connection with such issuance and sale or exchange; and further

RESOLVED, that in accordance with Section 2.03 of the PacifiCorp Mortgage, each of the President and Chief Executive Officer, the Chief Financial Officer, acting together with any other Senior or Executive Vice President of the Company (each, an “Authorizing Officer”) is hereby authorized and empowered, in the Company’s name and on its behalf, to establish one or more series of Bonds, to

approve one or more Supplemental Indentures, and an Authorizing Officer, acting alone, is authorized to execute (by manual or facsimile signature) and deliver Bonds in such form and containing such terms, not inconsistent with Section 2.03 of the PacifiCorp Mortgage (including, without limitation, the amounts thereof, the rate or rates of interest, which may be floating or fixed, the maturity, sinking fund and redemption or repurchase provisions, if any, and the currency denomination of any such series), as an Authorizing Officer shall approve, such approval to be conclusively evidenced by a certificate of an Authorizing Officer or by transmittal of the terms of such series by any person designated in a certificate of an Authorizing Officer as having the authority to transmit such approval to the Trustee under the PacifiCorp Mortgage by telegraphic, computer or other electronic means; provided that each such series of Bonds shall be in registered form only, shall have maturities at the time of issuance of not less than nine months and not more than 30 years; provided further that an Authorizing Officer shall not be authorized to approve the issuance of any series of Bonds with fixed interest rates or initial floating interest rates exceeding 10 percent per annum unless specifically authorized by the Board of Directors; and further

RESOLVED, that the officer executing any said series of Bonds is hereby authorized and directed to deliver said Bonds to JPMC for authentication; and that JPMC, as Trustee under the PacifiCorp Mortgage, is hereby requested to authenticate not to exceed \$1,000,000,000 in aggregate principal amount of said Bonds (or the equivalent thereof at the time of issuance in foreign currencies), or, if issued at an original issue discount, such greater amount as shall result in an aggregate offering price of not to exceed \$1,000,000,000, and to deliver the same upon the written order or orders of the President, any Senior or Executive Vice President or the Treasurer of the Company or upon instructions given under an automated issuance system as described more fully in the PacifiCorp Mortgage; and further

RESOLVED, that the officers of the Company are hereby authorized and directed to take or cause to be taken, in the Company's name and on its behalf, any and all such further action as in their judgment may be desirable or appropriate to cause the execution, authentication and delivery of said Bonds as specified in the immediately preceding resolution; and further

RESOLVED, that JPMC be and it hereby is appointed:

- (a) as agent of the Company upon whom notices, presentations and demands to or upon the Company in respect of First Mortgage and Collateral Trust Bonds of each such series of Bonds, or in respect of the PacifiCorp Mortgage, may be given or made;
- (b) as agent of the Company in respect of the payment of the principal of, and the interest and any premium on, the Bonds of said series; and
- (c) as agent of the Company in respect of the registration, transfer and exchange of said Bonds; and further

RESOLVED, that, in connection with the issuance and sale of any series of Bonds denominated in foreign currencies, the Company shall enter into a currency exchange, on such terms and conditions as shall be approved by any Authorizing Officer, in order to fix the obligation of the Company to repay the amount of said series and interest thereon in United States dollars; and further

RESOLVED, that, each of the Authorizing Officers and the Treasurer is hereby authorized and empowered, in the Company's name and on its behalf, (i) to select one or more underwriters or agents for the placement of the Bonds and (ii) to negotiate, execute and deliver one or more underwriting or sales agency agreements or amendments, in one or more counterparts, including within such agreements such terms and conditions (including terms concerning discounts or fees) as the officer or officers executing such agreements shall approve, his, her or their execution thereof to be conclusive evidence of such approval; and further

RESOLVED, that the Company is hereby authorized to enter into such credit support or enhancement agreements or arrangements in connection with the issuance and sale or exchange of the Bonds as an Authorizing Officer or the Treasurer shall approve after first determining that such agreements or arrangements are necessary or appropriate in the circumstances.

#### Other Debt Securities

WHEREAS, pursuant to the Prior Resolutions, the Board of Directors of the Company authorized the issuance of \$1,600,000,000 of other debt securities in addition to, or in lieu of, Bonds, provided that the aggregate principal amount of such other debt securities and Bonds not exceed \$1,600,000,000, none of which other debt securities has been issued as of the date hereof; and

WHEREAS, it is now desirable to reduce and restate the unused authority under the Prior Resolutions; now, therefore, be it

RESOLVED, that, in addition to, or in lieu of, the issuance of Bonds as authorized above, the Company is hereby authorized to issue, from time to time through one or more offerings, not to exceed \$1,000,000,000 (or the equivalent thereof at the time of issuance in foreign currencies or currency units) in aggregate principal amount of other debt securities (the "Debt Securities"); provided, however, that the aggregate principal amount of Debt Securities issued hereunder and Bonds issued pursuant to the foregoing resolutions shall not exceed \$1,000,000,000 (or the equivalent); and further

RESOLVED, that the Debt Securities may be sold, or may be exchanged for other outstanding securities of the Company, publicly or in private transactions, domestically or in any foreign market, in such amounts, denominated in or based upon United States or foreign currencies, at such times, at such prices, may bear interest at such variable, floating or fixed rates, may be redeemable at such redemption prices, mature at such date or dates, and have such subordination and

other terms, conditions and characteristics as shall be fixed by an Authorizing Officer or the Treasurer, subject to the limitations set forth below; provided, however, that the issuance and sale or exchange by the Company of the Debt Securities shall also be subject to (1) the Company's first having obtained all necessary authorizations therefor from federal and state regulatory authorities having jurisdiction over such issuance and sale or exchange, and (2) the Company's compliance with the registration requirements of all applicable state and federal securities laws in connection with such issuance and sale or exchange; and further

RESOLVED, that the Company is hereby authorized to enter into such credit support or enhancement agreements or arrangements in connection with the issuance and sale or exchange of said Debt Securities as an Authorizing Officer or the Treasurer shall approve after first determining that such agreements or arrangements are necessary or appropriate in the circumstances; and further

RESOLVED, that each Authorizing Officer and the Treasurer is hereby authorized and empowered, in the Company's name and on its behalf, (i) to fix, or establish the procedure for fixing, the terms of any of the Debt Securities, to approve an indenture or indentures, including supplements thereto, and forms of notes or bonds related thereto, and to take all such other action or actions as it may deem necessary or appropriate to facilitate the issuance and sale or exchange of the Debt Securities (including, without limitation, approval of any credit support or enhancement agreements or arrangements relating to payments in respect of the Debt Securities), provided that the interest rate on the Debt Securities, if fixed, shall not exceed 10 percent and, if variable, shall at the time of issuance of such Debt Securities not be greater than 10 percent, and (ii) to approve the listing of any or all such Debt Securities on any United States or foreign securities exchanges (including, without limitation, approval of the amount of such Debt Securities to be so listed).

#### General

RESOLVED, that the officers of the Company are hereby authorized, in the Company's name and on its behalf, to prepare and file with the California Public Utilities Commission, the Idaho Public Utilities Commission, the Public Utility Commission of Oregon, the Public Service Commission of Utah, the Washington Utilities and Transportation Commission and the Wyoming Public Service Commission, as may be appropriate or necessary, applications for orders of said regulatory authorities authorizing or exempting the issuance and sale or exchange by the Company of the Bonds and/or the Debt Securities (collectively, the "New Securities"), together with any and all amendments to such applications and with any and all exhibits and other documents pertaining to such applications or any amendments thereto, as in the judgment of such officers may appear desirable or appropriate; and further



RESOLVED, that the acts of the officers in filing applications (and amendments and supplements to such applications) with the regulatory authorities named in the immediately preceding resolution, together with the various exhibits to such applications (and such amendments and supplements), for orders authorizing or exempting the issuance and sale or exchange of the New Securities are hereby approved, ratified and confirmed; and further

RESOLVED, that the officers of the Company are hereby authorized and directed, in the Company's name and on its behalf, to make any and all such further filings with, and to take any and all such further action in the proceedings before, federal and state regulatory authorities as in the judgment of the officer or officers taking such action may appear desirable or appropriate for the purpose of obtaining any and all such further regulatory approvals, authorizations or consents as may be required to be obtained by the Company in connection with the consummation of the issuance and sale or exchange by it of the New Securities; and further

RESOLVED, that each of the President and Chief Executive Officer, the Chief Financial Officer, any Senior or Executive Vice President, and Treasurer of the Company is hereby authorized, in the Company's name and on its behalf, to prepare and execute, and to file or cause to be filed, with the Securities and Exchange Commission, an appropriate Registration Statement or Statements, each including a Prospectus, for the registration of the New Securities under the Securities Act of 1933 and the rules and regulations promulgated thereunder, in such form as they or any of them shall approve, together with any and all such amendments to each such Registration Statement, and with any and all such exhibits, statements or other documents pertaining to the subject matter thereof as in the judgment of such officers may appear desirable or appropriate; and further

RESOLVED, that each of Judith A. Johansen, Richard D. Peach and Andrew P. Haller is hereby appointed as the true and lawful attorney of the Company with full power to act with or without the other and with full power of substitution, to sign each such Registration Statement for the registration of the New Securities under the Securities Act of 1933 for and on behalf of the Company, that each director of the Company, and each officer of the Company who may be required to sign any such Registration Statement and any amendments thereto, is hereby authorized to appoint said Judith A. Johansen, Richard D. Peach and Andrew P. Haller, and each of them severally, as the true and lawful attorney or attorneys of each such director or officer of the Company, with full power to act with or without the other and with full power of substitution, to sign each such Registration Statement and any amendments thereto for or on behalf of each such director or officer in his or her capacity or capacities as such, and that the President, any Vice President and each director of the Company and each officer of the Company who may be required to sign any such Registration Statement and any amendments thereto, is hereby authorized and empowered to execute an appropriate power of attorney to evidence such appointments as aforesaid; and further

RESOLVED, that Andrew P. Haller be and hereby is appointed as the agent for service named in each such Registration Statement with all the powers incident to that appointment; and further

RESOLVED, that it is desirable and in the best interests of the Company that its securities be qualified or registered for sale in various jurisdictions, that the President, any Vice President or the Treasurer and the Secretary or any Assistant Secretary hereby are authorized to determine the states in which appropriate action shall be taken to qualify or register or maintain the qualification or registration for sale of all or such part of the securities of the Company as said officers may deem advisable, that said officers are hereby authorized to perform on behalf of the Company any and all such acts as they may deem necessary or advisable in order to comply with the applicable laws of any such jurisdiction, and in connection therewith to execute and file all requisite papers and documents, including, but not limited to, applications, reports, surety bonds, irrevocable consents, and appointments of attorneys for service of process and the execution by such officers of any such paper or document or the doing by them of any act in connection with the foregoing matters shall conclusively establish their authority therefor from the Company and the approval and ratification by the Company of the papers and documents so executed and the action so taken; and further

RESOLVED, that each of the Authorizing Officers and the Treasurer of the Company is hereby authorized, in the Company's name and on its behalf, to negotiate with agents, underwriters or other purchasers with respect of the terms of the issuance and sale or exchange of each offering of the New Securities, and to execute and deliver, in the Company's name and on its behalf, an agreement or agreements with such agents, underwriters or purchasers providing for such issuance and sale or exchange and containing such other terms and provisions (including, without limitation, provisions for compensation and indemnification of such parties) as shall be approved by the officer or officers executing such agreement or agreements, his, her or their execution thereof to be conclusive evidence of such approval.

#### Effect on Prior Resolutions

RESOLVED, that the foregoing resolutions shall supersede the Prior Resolutions with respect to the Bonds and Debt Securities, but the foregoing resolutions shall not affect the validity of any actions taken in reliance on such previously adopted resolutions.

## **Exhibit C**

### **Statement of Control, Ownership and Holding Company Status**

1. All of PacifiCorp's issued and outstanding common stock is indirectly owned by Scottish Power plc. PacifiCorp does not directly or indirectly own, control or hold power to vote, 5 percent or more of the outstanding voting securities of any public utility as defined in the Public Utility Holding Company Act of 1935 or of any company that is a holding company by virtue of such act, and no determination has been made by the Securities and Exchange Commission that PacifiCorp exercises a controlling influence over any person.
2. PacifiCorp is an indirect subsidiary of Scottish Power plc, which is a holding company by virtue of the Public Utility Holding Company Act of 1935.

**EXHIBIT D**  
**PACIFICORP**  
**UNCONSOLIDATED BALANCE SHEET**  
**DECEMBER 31, 2004**

ASSETS AND OTHER DEBITS	TOTAL CORPORATION	PROPOSED FINANCING	TOTAL PROFORMA
<b>UTILITY PLANT</b>			
ELECTRIC PLANT IN SERVICE (101)	13,667,763,284.31		13,667,763,284.31
PROPERTY UNDER CAPITAL LEASES (101.1)	24,296,280.61		24,296,280.61
ELECTRIC PLANT PURCHASED OR SOLD (102)	213,554.12		213,554.12
EXPERIMENTAL ELECTRIC PLANT - UNCLASSIFIED (103)	0.00		0.00
ELECTRIC PLANT HELD FOR FUTURE USE (105)	1,346,101.22		1,346,101.22
COMPLETED CONSTRUCTION NOT CLASSIFIED (106)	20,421,076.60		20,421,076.60
CONSTRUCTION WORK IN PROGRESS - ELECTRIC (107)	439,891,116.92		439,891,116.92
ELECTRIC PLANT ACQUISITION ADJUSTMENTS (114)	157,193,779.75		157,193,779.75
OTHER UTILITY PLANT (118)	0.00		0.00
NUCLEAR FUEL (120.1-120.4)	0.00		0.00
<b>TOTAL UTILITY PLANT</b>	<b>14,311,125,193.53</b>	<b>0.00</b>	<b>14,311,125,193.53</b>
ACCUM PROV FOR DEPR OF ELECT PLANT IN SERVICE (108) CR	5,463,468,995.31		5,463,468,995.31
ACCUM PROV FOR AMORT OF ELECT PLANT IN SERVICE (111) CR	327,939,832.45		327,939,832.45
ACCUM PROV FOR ASSET ACQUISITION ADJUSTMENT (115) CR	68,930,108.29		68,930,108.29
ACCUM PROV FOR DEPR OF OTHER UTILITY PLANT (119) CR	0.00		0.00
ACCUM PROV FOR AMORT OF NUCLEAR FUEL ASSEMB (120.5) CR	0.00		0.00
<b>UTILITY PLANT - NET</b>	<b>8,450,786,257.48</b>	<b>0.00</b>	<b>8,450,786,257.48</b>
<b>NONUTILITY PROPERTY AND INVESTMENTS</b>			
NONUTILITY PROPERTY (121)	9,217,225.92		9,217,225.92
ACCUM PROV FOR DEPR/AMORT OF NONUTILITY PROP (122) CR	1,491,696.29		1,491,696.29
INVESTMENT IN ACCOCIATED COMPANIES (123)	15,111,723.99		15,111,723.99
INVESTMENT IN SUBSIDIARY COMPANIES (123.1)	69,298,918.19		69,298,918.19
OTHER INVESTMENTS (124)	85,964,599.60		85,964,599.60
OTHER SPECIAL FUNDS (128)	10,833,025.50		10,833,025.50
<b>TOTAL NONUTILITY PROPERTY &amp; INVESTMENTS</b>	<b>188,933,796.91</b>	<b>0.00</b>	<b>188,933,796.91</b>
<b>CURRENT AND ACCRUED ASSETS</b>			
CASH (131)	9,336,089.03	0.00	9,336,089.03
SPECIAL DEPOSITS (132-134)	15,584,319.32		15,584,319.32
WORKING FUNDS (135)	(82,097.55)		(82,097.55)
TEMPORARY CASH INVESTMENTS (136)	9,854,734.26	1,216,412,500.00	1,226,267,234.26
NOTES RECEIVABLE (141)	425,229.35		425,229.35
CUSTOMER ACCOUNTS RECEIVABLE (142)	290,118,181.20		290,118,181.20
OTHER ACCOUNTS RECEIVABLE (143)	10,751,889.12		10,751,889.12
ACCUMULATED PROV FOR UNCOLLECTIBLE ACCOUNTS (144) CR	(18,937,480.40)		(18,937,480.40)
NOTES RECEIVABLE FROM ASSOCIATED COMPANIES (145)	0.00		0.00
ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES (146)	5,514,160.31		5,514,160.31
FUEL STOCK (151-152)	48,450,942.10		48,450,942.10
MATERIALS AND SUPPLIES (154-163)	105,246,617.63		105,246,617.63
PREPAYMENTS (165)	60,836,559.96		60,836,559.96
INTEREST AND DIVIDENDS RECEIVABLE (171)	58,069.78		58,069.78
RENTS RECEIVABLE (172)	6,441,926.71		6,441,926.71
ACCRUED UTILITY REVENUES (173)	158,191,000.00		158,191,000.00
MISCELLANEOUS CURRENT AND ACCRUED ASSETS (174)	(282,312.54)		(282,312.54)
DERIVATIVE INSTRUMENT ASSETS (175)	367,444,527.03		367,444,527.03
<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	<b>1,068,952,355.31</b>	<b>1,216,412,500.00</b>	<b>2,285,364,855.31</b>
<b>DEFERRED DEBITS</b>			
UNAMORTIZED DEBT EXPENSE (181)	24,306,626.76	9,500,000.00	33,806,626.76
EXTRAORDINARY PROPERTY LOSSES (182.1)	0.00		0.00
UNRECOVERED PLANT AND REGULATORY STUDY COSTS (182.2)	16,818,879.10		16,818,879.10
OTHER REGULATORY ASSETS (182.3)	1,191,062,739.67		1,191,062,739.67
PRELIMINARY SURVEY & INVESTIGATION CHARGES (183)	2,501,866.93		2,501,866.93
CLEARING ACCOUNTS (184)	10,468.83		10,468.83
TEMPORARY FACILITIES (185)	59,110.88		59,110.88
MISCELLANEOUS DEFERRED DEBITS (186)	78,628,533.13		78,628,533.13
RESEARCH DEVELOPMENT DEMONSTRATION EXPENDITURES (188)	0.00		0.00
UNAMORTIZED LOSS ON REACQUIRED DEBT (189)	36,402,629.56		36,402,629.56
ACCUMULATED DEFERRED INCOME TAXES (190)	767,958,463.60		767,958,463.60
<b>TOTAL DEFERRED DEBITS</b>	<b>2,117,749,318.46</b>	<b>9,500,000.00</b>	<b>2,127,249,318.46</b>
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>11,826,421,728.16</b>	<b>1,225,912,500.00</b>	<b>13,052,334,228.16</b>

**EXHIBIT D**  
**PACIFICORP**  
**UNCONSOLIDATED BALANCE SHEET**  
**DECEMBER 31, 2004**

LIABILITIES AND OTHER CREDITS	TOTAL	PROPOSED	TOTAL
CAPITALIZATION			
COMMON EQUITY			
COMMON STOCK ISSUED (201)	2,933,226,675.24	534,500,000.00	3,467,726,675.24
COMMON STOCK LIABILITY FOR CONVERSION (203)	0.00		0.00
PREMIUM ON CAPITAL STOCK (207)	0.00		0.00
OTHER PAID-IN CAPITAL (208-211)	59,808.00		59,808.00
INSTALLMENTS RECEIVED ON CAPITAL STOCK (212)	0.00		0.00
CAPITAL STOCK EXPENSE (214) DR	41,281,083.88		41,281,083.88
RETAINED EARNINGS (215.1, 216)	407,601,363.65	(14,614,815.00)	392,986,548.65
REACQUIRED CAPITAL STOCK (217)	0.00		0.00
ACCUMULATED OTHER COMPREHENSIVE INCOME (219)	7,989,643.01		7,989,643.01
TOTAL COMMON EQUITY	3,291,617,120.00	519,885,185.00	3,811,502,305.00
PREFERRED STOCK ISSUED (204)	41,463,300.00		41,463,300.00
LONG-TERM DEBT			
BONDS (221)	3,882,658,000.00	1,000,000,000.00	4,882,658,000.00
POLLUTION CONTROL FUNDS ON DEPOSIT WITH TRUSTEE (221.4, 5)	(2,086,351.27)		(2,086,351.27)
ADVANCES FROM ASSOCIATED COMPANIES (223)	0.00		0.00
OTHER LONG-TERM DEBT (224)	52,500,000.00		52,500,000.00
UNAMORTIZED PREMIUM ON LONG-TERM DEBT (225)	49,153.75		49,153.75
UNAMORTIZED DISCOUNT ON LONG-TERM DEBT (226) DR	4,989,337.71		4,989,337.71
TOTAL LONG-TERM DEBT	3,928,131,464.77	1,000,000,000.00	4,928,131,464.77
TOTAL CAPITALIZATION	7,261,211,884.77	1,519,885,185.00	8,781,097,069.77
OTHER NONCURRENT LIABILITIES			
OBLIGATIONS UNDER CAPITAL LEASES (227)	26,452,853.34		26,452,853.34
ACCUMULATED PROVISION FOR PROPERTY INSURANCE (228.1)	268,270.72		268,270.72
ACCUMULATED PROVISION FOR INJURIES & DAMAGES (228.2)	9,919,934.47		9,919,934.47
ACCUMULATED PROVISION FOR PENSIONS & BENEFITS (228.3)	382,512,887.85		382,512,887.85
ACCUMULATED MISCELLANEOUS OPERATING PROVISIONS (228.4)	28,585,026.96		28,585,026.96
ACCUMULATED PROVISION FOR RATE REFUNDS (229)	779.43		779.43
ASSET RETIREMENT OBLIGATION (230)	66,683,967.25		66,683,967.25
TOTAL OTHER NONCURRENT LIABILITIES	514,423,720.02	0.00	514,423,720.02
CURRENT AND ACCRUED LIABILITIES			
NOTES PAYABLE (231)	285,000,000.00	(285,000,000.00)	0.00
ACCOUNTS PAYABLE (232)	297,246,334.07		297,246,334.07
NOTES PAYABLE TO ASSOCIATED COMPANIES (233)	20,570,775.89		20,570,775.89
ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES (234)	16,726,512.13		16,726,512.13
CUSTOMER DEPOSITS (235)	21,581,709.07		21,581,709.07
TAXES ACCRUED (236)	20,487,909.49	(8,972,685.00)	11,515,224.49
INTEREST ACCRUED (237)	54,552,955.83		54,552,955.83
DIVIDENDS DECLARED (238)	520,947.43		520,947.43
MATURED LONG-TERM DEBT (239)	0.00		0.00
MATURED INTEREST (240)	0.00		0.00
TAX COLLECTIONS PAYABLE (241)	10,775,848.90		10,775,848.90
MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (242)	73,274,692.73		73,274,692.73
OBLIGATIONS UNDER CAPITAL LEASES (243)	160,550.39		160,550.39
DERIVATIVE INSTRUMENT LIABILITIES (244)	638,689,025.35		638,689,025.35
TOTAL CURRENT AND ACCRUED LIABILITIES	1,439,587,261.28	(293,972,685.00)	1,145,614,576.28
DEFERRED CREDITS			
CUSTOMER ADVANCES FOR CONSTRUCTION (252)	6,181,457.06		6,181,457.06
OTHER DEFERRED CREDITS (253)	58,618,827.53		58,618,827.53
OTHER REGULATORY LIABILITIES (254)	128,575,966.02		128,575,966.02
ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (255)	77,528,180.00		77,528,180.00
UNAMORTIZED GAIN ON REACQUIRED DEBT (257)	225,690.41		225,690.41
ACCUM DEFERRED INCOME TAXES - ACCEL AMORTIZTN (281)	968,777.00		968,777.00
ACCUM DEFERRED INCOME TAXES-LIBRLZ DEPRECIATION (282)	1,978,791,291.54		1,978,791,291.54
ACCUMULATED DEFERRED INCOME TAXES-OTHER (283)	360,308,672.53		360,308,672.53
TOTAL DEFERRED CREDITS	2,611,198,862.09	0.00	2,611,198,862.09
TOTAL LIABILITIES AND OTHER CREDITS	11,826,421,728.16	1,225,912,500.00	13,052,334,228.1

EXHIBIT D  
PAGE 2 OF 2

**EXHIBIT E**  
**PACIFICORP**  
**UNCONSOLIDATED STATEMENT OF INCOME**  
**12 MONTHS ENDED DECEMBER 31, 2004**

	TOTAL	PROPOSED	TOTAL
UTILITY OPERATING INCOME			
OPERATING REVENUES	2,989,584,939.07		2,989,584,939.07
OPERATION AND MAINTENANCE EXPENSE			
OPERATION	1,580,818,239.61		1,580,818,239.61
MAINTENANCE	314,659,283.40		314,659,283.40
TOTAL OPERATION AND MAINTENANCE EXPENSE	1,895,477,523.01	0.00	1,895,477,523.01
DEPRECIATION	360,452,077.30		360,452,077.30
DEPRECIATION EXPENSE FOR ASSET RETIREMENT COSTS	0.01		0.01
AMORTIZATION	64,969,244.31		64,969,244.31
TAXES OTHER THAN INCOME TAXES	92,915,793.16		92,915,793.16
INCOME TAXES -- FEDERAL	45,160,095.46	(8,255,625.00)	36,904,470.46
-- STATE	(12,313,741.73)	(717,060.00)	(13,030,801.73)
PROVISION FOR DEFERRED INCOME TAXES	90,595,061.39		90,595,061.39
INVESTMENT TAX CREDIT ADJUSTMENTS -- NET	(5,854,860.00)		(5,854,860.00)
GAINS FROM DISPOSITION OF UTILITY PLANT	0.00		0.00
LOSSES FROM DISPOSITION OF UTILITY PLANT	0.00		0.00
ACCRETION EXPENSE	0.00		0.00
GAINS FROM DISPOSITION OF ALLOWANCES	908,181.30		908,181.30
OTHER UTILITY OPERATING INCOME - STEAM HTG	0.00		0.00
UTILITY OPERATING INCOME	459,091,927.46	8,972,685.00	468,064,612.46
OTHER INCOME AND DEDUCTIONS			
OTHER INCOME			
INCOME FROM MERCHANDISING	1,257,134.38		1,257,134.38
INCOME FROM NONUTILITY OPERATIONS	602,858.57		602,858.57
NONOPERATING RENTAL INCOME	56,009.46		56,009.46
EQUITY IN EARNINGS OF ELECTRIC SUBSIDIARIES	1,813,948.41		1,813,948.41
EQUITY IN EARNINGS OF NONELECTRIC SUBSIDIARIES	0.00		0.00
INTEREST AND DIVIDEND INCOME	5,853,795.71	38,112,500.00	43,966,295.71
ALLOW FOR FUNDS USED DURING CONSTRUCTION	5,163,409.26		5,163,409.26
MISCELLANEOUS NONOPERATING INCOME	88,025,571.17		88,025,571.17
GAIN ON DISPOSITION OF PROPERTY	2,929,668.59		2,929,668.59
TOTAL OTHER INCOME	105,702,395.55	38,112,500.00	143,814,895.55
OTHER INCOME DEDUCTIONS			
LOSS ON DISPOSITION OF PROPERTY	744,690.96		744,690.96
MISCELLANEOUS AMORTIZATION	339,255.82		339,255.82
MISCELLANEOUS INCOME DEDUCTIONS	72,659,251.23		72,659,251.23
TOTAL OTHER INCOME DEDUCTIONS	73,743,198.01	0.00	73,743,198.01
TAXES APPLIC TO OTHER INCOME & DEDUCTIONS			
TAXES OTHER THAN INCOME TAXES	193,371.00		193,371.00
INCOME TAXES	7,218,644.27		7,218,644.27
INVESTMENT TAX CREDITS	(2,065,260.00)		(2,065,260.00)
TOTAL TAXES APPLIC TO OTHER INC & DED	5,346,755.27	0.00	5,346,755.27
NET OTHER INCOME AND DEDUCTIONS	26,612,442.27	38,112,500.00	64,724,942.27
INCOME BEFORE INTEREST CHARGES	485,704,369.73	47,085,185.00	532,789,554.73
INTEREST CHARGES			
INTEREST ON BONDS	229,563,697.94	61,200,000.00	290,763,697.94
AMORTIZATION OF DEBT DISCOUNT AND EXPENSE	4,404,846.56	500,000.00	4,904,846.56
AMORTIZATION OF LOSS ON REACQUIRED DEBT	7,291,371.34		7,291,371.34
AMORTIZATION OF PREMIUM ON DEBT	(2,718.18)		(2,718.18)
AMORTIZATION OF GAIN ON REACQUIRED DEBT	(85,451.12)		(85,451.12)
INTEREST ON DEBT TO ASSOCIATED COMPANIES	426,708.04		426,708.04
OTHER INTEREST EXPENSE	20,945,009.92		20,945,009.92
ALLOW FOR BRD FUNDS USED DURING CONSTR	(6,767,217.40)		(6,767,217.40)
NET INTEREST CHARGES	255,776,247.10	61,700,000.00	317,476,247.10
INCOME BEFORE EXTRAORD. ITEMS	229,928,122.63	(14,614,815.00)	215,313,307.63
EXTRAORDINARY ITEMS -- NET OF INCOME TAX			
INCOME TAX ON CUM. EFFECT OF CHANGE IN ACCT. PRINC	0.00		0.00
CUMULATIVE EFFECT OF CHANGE IN ACCT. PRINCIPLE	0.00		0.00
NET INCOME	229,928,122.63	(14,614,815.00)	215,313,307.63
PREFERRED DIVIDEND REQUIREMENTS	2,083,789.72		2,083,789.72
EARNINGS AVAILABLE FOR COMMON STOCK	227,844,332.91	(14,614,815.00)	213,229,517.91

EXHIBIT E  
PAGE 1 OF 1

**PacifiCorp**  
**Pro Forma Issuance of 50,000,000 shares of Common Stock**  
**Proposed Journal Entries for the 12 Months Ended December 31, 2004**

Cash	131	\$534,500,000	
Common Shares Issued	201		\$534,500,000
Temporary Cash Investment	136	534,500,000	
Cash	131		534,500,000
Temporary Cash Investment	136	13,362,500	
Interest Income	419 / 216		13,362,500
Notes Payable - Commercial Paper	231	285,000,000	
Temporary Cash Investment	136		285,000,000
Income Taxes - Federal (35%)	409 / 216	4,676,875	
Income Taxes - State (3.04%)	409 / 216	406,220	
Taxes Accrued	236		5,083,095

Notes: Assumes 50,000,000 shares of common stock issued at a per share price equal to book value at November 30, 2004 of \$10.69 with no stock issuance cost. Excess cash is invested at a rate of 2.5%.

**PacifiCorp**  
**Pro Forma Issuance of \$1,000,000,000 of Long-Term Debt**  
**Proposed Journal Entries for the 12 Months Ended December 31, 2004**

Cash	131	990,000,000	
Unamortized Debt Expense	181	10,000,000	
Bonds	221		1,000,000,000
Temporary Cash Investment	136	990,000,000	
Cash	131		990,000,000
Temporary Cash Investment	136	24,750,000	
Interest Income	419 / 216		24,750,000
Interest on Bonds	427 / 216	61,200,000	
Temporary Cash Investment	136		61,200,000
Amort of Debt Discount & Expense	428 / 216	500,000	
Unamortized Debt Expense	181		500,000
Taxes Accrued	236	14,055,780	
Income Taxes - Federal (35%)	409 / 216		12,932,500
Income Taxes - State (3.04%)	409 / 216		1,123,280

Notes: Assumes \$1,000,000,000 issuance of Long-Term debt with a coupon rate of 6.12%, 20 year term and issuance cost of 1%. Excess cash is invested at a rate of 2.5%.

**EXHIBIT I**  
**PACIFICORP**  
**SOURCES AND USES OF TREASURY FUNDS**  
**DECEMBER 31, 2004**

TREASURY FUND USES:	TOTAL CORPORATION	PROPOSED FINANCING	TOTAL PROFORMA
UTILITY PLANT	14,311,125,193.53		14,311,125,193.53
ACCUMULATED PROVISION FOR DEPREC. AND AMORTIZATION	5,860,338,936.05		5,860,338,936.05
CR			
UTILITY PLANT - NET	8,450,786,257.48	0.00	8,450,786,257.48
INVESTMENT IN DEFERRED OR TERMINATED PROJECTS	552,481,000.00		552,481,000.00
TOTAL FUND USES	9,003,267,257.48	0.00	9,003,267,257.48
<b>TREASURY FUND SOURCES:</b>			
PERMANENT FINANCING ISSUANCES			
LONG TERM DEBT	3,686,761,558.52	1,000,000,000.00	4,686,761,558.52
PREFERRED STOCK	93,963,300.00		93,963,300.00
COMMON STOCK	2,891,945,591.36	534,500,000.00	3,426,445,591.36
OBLIGATIONS UNDER CAPITAL LEASES	26,452,853.34		26,452,853.34
TOTAL	6,699,123,303.22	1,534,500,000.00	8,233,623,303.22
TEMPORARY FINANCING ISSUANCES			
SHORT TERM DEBT (NET)	275,145,265.74	(1,501,412,500.00)	(1,226,267,234.26)
CURRENT PORTION OF LONG TERM DEBT	188,869,906.25		188,869,906.25
CURRENT PORTION OF CAPITAL LEASES	160,550.39		160,550.39
ADVANCES FROM SUBSIDIARIES (NET)	20,473,206.66		20,473,206.66
TOTAL	484,648,929.04	(1,501,412,500.00)	(1,016,763,570.96)
TOTAL FUND SOURCES	7,183,772,232.26	33,087,500.00	7,216,859,732.26
BALANCE OF FUNDS OBTAINED FROM INCOME AND FROM SOURCES OTHER THAN SECURITIES ISSUED AND OTHER OBLIGATIONS INCURRED	1,819,495,025.22	(33,087,500.00)	1,786,407,525.22



## **Exhibit J**

### **Limitations on Issuance of First Mortgage Bonds and Preferred Stock December 31, 2004**

#### Mortgage

Bonds may be issued under the Company's Mortgage on the basis of: (1) Class "A" Bonds delivered to the Trustee under the Mortgage; (2) 70% of qualified Property Additions after adjustments to offset retirements; (3) retirement of Bonds or certain prior lien bonds; and/or (4) deposits of cash. With certain exceptions in the case of (1) and (3) above, the issuance of Bonds under the Mortgage is subject to adjusted net earnings of the Company for twelve out of the preceding fifteen months, before income taxes, being at least twice the annual interest requirements on all Bonds at the time outstanding, including any new issue, all outstanding Class "A" Bonds held other than by the Trustee or by the Company, and any other indebtedness secured by a lien prior to the Lien of the Mortgage.

Under above mortgage coverage tests, the Company estimates that it could have issued an additional \$3.2 billion principal amount of Bonds under the Mortgage as of December 31, 2004.

#### Preferred Stock

Not applicable to proposed issuance.

**Exhibit M**  
**Fixed-Rate Spreads**

As provided in the Company's Application, the following maximum all-in spreads over treasury yields represent alternate limitations from the 9.0 percent per annum cost to maturity limitation.

**Interest rate on First Mortgage Bonds:**

The interest rate on Bonds will be determined at the time of issuance. The proposed maximum Spread over the applicable treasury security for various maturities is listed below. The Bonds may have a feature that allows redemption prior to maturity at specified prices.

<b>Greater Than or Equal To</b>	<b>Less Than</b>	<b>Maximum Spread Over Benchmark Treasury Yield<sup>1</sup></b>
9 months	2 years	+ 185 basis points <sup>2</sup>
2 years	3 years	+ 195 basis points
3 years	4 years	+ 210 basis points
4 years	6 years	+ 220 basis points
6 years	9 years	+ 230 basis points
9 years	10 years	+ 250 basis points
10 years	11 years	+ 260 basis points
15 years	20 years	+ 270 basis points
20 years	30 years	+ 280 basis points
30 years or more		+ 290 basis points

**Interest rate on Other Debt:**

The interest rate on the other Debt will be determined at the time of issuance based upon then current market conditions. The proposed maximum Spread over the applicable treasury security for various maturities is listed below. The Debt may have a feature that allows it to be redeemed prior to maturity at specified prices.

<b>Greater Than or Equal To</b>	<b>Less Than</b>	<b>Maximum Spread Over Benchmark Treasury Yield<sup>1</sup></b>
9 months	2 years	+ 205 basis points <sup>2</sup>
2 years	3 years	+ 215 basis points
3 years	4 years	+ 230 basis points
4 years	6 years	+ 240 basis points
6 years	9 years	+ 250 basis points
9 years	10 years	+ 270 basis points
10 years	11 years	+280 basis points
15 years	20 years	+ 290 basis points
20 years	30 years	+ 300 basis points
30 years or more		+ 310 basis points

1 The Benchmark Treasury Yield, with respect to any maturity range, means the yield to maturity of that issue of direct obligations of the United States which, out of all actively traded issues of such obligations with a remaining term to maturity within such maturity range, is generally considered by dealers in such obligations to be the standard for such obligations whether Federal, state or corporate, with approximately the same remaining terms to maturity. With respect to the issuance of any MTN, the Benchmark Treasury Yield shall be determined as of the time the commitment to purchase such MTN is received by the Company and the Agents.

2 Basis point is defined as one-hundredth of a percentage point; i.e. 100 basis points equals 1 percent.

ORDER NO. \_\_\_\_\_

ENTERED \_\_\_\_\_

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UF 4215**

In the Matter of the Application of )  
PACIFICORP for authority to (1) issue )  
and sell or exchange not more than )  
\$1,000,000,000 of debt, (2) enter into )  
credit support arrangements, (3) enter )  
into currency swaps, and (4) contribute )  
or sell additional debt to special purpose )  
entities.

**ORDER**

**DISPOSITION: APPLICATION APPROVED WITH REPORTING REQUIREMENTS**

On April \_\_\_\_, 2005, the Commission received an application from PacifiCorp (Company). filed pursuant to ORS 757.415, 757.580, and OAR 860-027-0030, requesting authority to engage in certain financial transactions.

Based on a review of the application and the Commission’s records, the Commission finds that the application satisfies applicable statutes and administrative rules. At its Public Meeting on \_\_\_\_\_, 2005, the Commission adopted its Staff’s recommendation to approve the Company’s application subject to reporting requirements. Staff’s recommendation is attached as Appendix A and is incorporated by reference.

**OPINION**

**Jurisdiction**

ORS 757.005 defines a “public utility” as anyone providing heat, light, water, or power service to the public in Oregon. The Company is a public utility subject to the Commission’s jurisdiction.

## Applicable Law

ORS 757.415(1) provides that:

A public utility may issue [stocks and bonds, notes, and other evidences of indebtedness] for the following purposes and no others . . . :

- (a) The acquisition of property, or the construction, completion, extension or improvement of its facilities.
- (b) The improvement or maintenance of its service.
- (c) The discharge or lawful refunding of its obligations.
- (d) The reimbursement of money actually expended from income or from any other money in the treasury of the public utility not secured by or obtained from the issue of stocks or bonds, notes or other evidences of indebtedness, or securities of such public utility, for any of the purposes listed in paragraphs (a) to (c) of this subsection . . .
- (e) \* \* \* \* \*

When an application involves refunding of obligations, the applicant must show that the original borrowings were made for a permissible purpose. *Avion Water Company, Inc.*, UF 3903, Order No. 83-244 at 3; *Pacific Power & Light Co.*, UF 3749, Order No. 81-745 at 5.

ORS 757.415(2) provides that:

“Before issuing such securities a public utility . . . shall secure from the commission . . . an order . . . stating:

- (a) The amount of the issue and the purposes to which the issue or the proceeds thereof are to be applied; and
- (b) In the opinion of the commission, the [proceeds] . . . [are] reasonably required for the purposes specified in the order and compatible with the public interest, which is necessary or appropriate for or consistent with the proper performance by the applicant of service as a public utility, and will not impair its ability to perform that service; and

- (c) Except as otherwise permitted in the order in the case of bonds, notes, or other evidences of indebtedness, such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.”

The Commission believes that the proposed transactions are reasonably required for the purposes stated, are compatible with the public interest, and are consistent with the proper performance of the Company’s public utility service. The proposed transactions will not impair the Company’s ability to perform that service. The purposes of the proposed transactions are not, in whole or part, reasonably chargeable to operating expenses or to income.

For ratemaking purposes, the Commission reserves judgment on the reasonableness of the Company’s capital costs and capital structure. In its next rate proceeding, the Company will be required to show that its capital costs and structure are just and reasonable. *See* ORS 757.210.

### **CONCLUSIONS**

1. The Company is a public utility subject to the Commission’s jurisdiction.
2. The Company’s application meets the requirements of ORS 757.430.
3. The application should be granted.

### **ORDER**

IT IS ORDERED that the application of PacifiCorp for authority to issue and sell not more than \$1,000,000,000 of debt securities, enter into credit support agreements, enter into currency swaps, and contribute or sell additional debt to special purpose entities is granted, subject to the conditions stated in Appendix A.

Made, entered, and effective \_\_\_\_\_, 2005.

BY THE COMMISSION:

\_\_\_\_\_  
[Name]  
[Title]

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A party may appeal this order pursuant to ORS 756.580.

ORDER NO. \_\_\_\_\_

ENTERED \_\_\_\_\_

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UF \_\_\_\_\_

In the Matter of the Application of )  
PACIFICORP for authority to (1) issue )  
and sell or exchange not more than )  
\$1,000,000,000 of debt, (2) enter into )  
credit support arrangements, (3) enter )  
into currency swaps, and (4) contribute )  
or sell additional debt to special purpose )  
entities.

**ORDER**

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On April \_\_\_, 2005, the Commission received an application from PacifiCorp (Company). filed pursuant to ORS 757.415, 757.580, and OAR 860-027-0030, requesting authority to engage in certain financial transactions.

Based on a review of the application and the Commission’s records, the Commission finds that the application satisfies applicable statutes and administrative rules. At its Public Meeting on \_\_\_\_\_, 2005, the Commission adopted its Staff’s recommendation to approve the Company’s application subject to reporting requirements. Staff’s recommendation is attached as Appendix A and is incorporated by reference.

**OPINION**

**Jurisdiction**

ORS 757.005 defines a “public utility” as anyone providing heat, light, water, or power service to the public in Oregon. The Company is a public utility subject to the Commission’s jurisdiction.

## Applicable Law

ORS 757.415(1) provides that:

A public utility may issue [stocks and bonds, notes, and other evidences of indebtedness] for the following purposes and no others . . . :

- (a) The acquisition of property, or the construction, completion, extension or improvement of its facilities.
- (b) The improvement or maintenance of its service.
- (c) The discharge or lawful refunding of its obligations.
- (d) The reimbursement of money actually expended from income or from any other money in the treasury of the public utility not secured by or obtained from the issue of stocks or bonds, notes or other evidences of indebtedness, or securities of such public utility, for any of the purposes listed in paragraphs (a) to (c) of this subsection . . .
- (e) \* \* \* \* \*

When an application involves refunding of obligations, the applicant must show that the original borrowings were made for a permissible purpose. *Avion Water Company, Inc.*, UF 3903, Order No. 83-244 at 3; *Pacific Power & Light Co.*, UF 3749, Order No. 81-745 at 5.

ORS 757.415(2) provides that:

“Before issuing such securities a public utility . . . shall secure from the commission . . . an order . . . stating:

- (a) The amount of the issue and the purposes to which the issue or the proceeds thereof are to be applied; and
- (b) In the opinion of the commission, the [proceeds] . . . [are] reasonably required for the purposes specified in the order and compatible with the public interest, which is necessary or appropriate for or consistent with the proper performance by the applicant of service as a public utility, and will not impair its ability to perform that service; and



- (c) Except as otherwise permitted in the order in the case of bonds, notes, or other evidences of indebtedness, such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.”

The Commission believes that the proposed transactions are reasonably required for the purposes stated, are compatible with the public interest, and are consistent with the proper performance of the Company’s public utility service. The proposed transactions will not impair the Company’s ability to perform that service. The purposes of the proposed transactions are not, in whole or part, reasonably chargeable to operating expenses or to income.

For ratemaking purposes, the Commission reserves judgment on the reasonableness of the Company’s capital costs and capital structure. In its next rate proceeding, the Company will be required to show that its capital costs and structure are just and reasonable. *See* ORS 757.210.

### **CONCLUSIONS**

1. The Company is a public utility subject to the Commission’s jurisdiction.
2. The Company’s application meets the requirements of ORS 757.430.
3. The application should be granted.

### **ORDER**

IT IS ORDERED that the application of PacifiCorp for authority to issue and sell not more than \$1,000,000,000 of debt securities, enter into credit support agreements, enter into currency swaps, and contribute or sell additional debt to special purpose entities is granted, subject to the conditions stated in Appendix A.

Made, entered, and effective \_\_\_\_\_, 2005.

BY THE COMMISSION:

\_\_\_\_\_  
[Name]  
[Title]

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A party may appeal this order pursuant to ORS 756.580.