

ORDER NO. 03-135

ENTERED FEB 21 2003

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BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UF 4195

In the Matter of)
)
 PACIFICORP)
)
 Supplemental Application for Pollution)
 Control Revenue Bond authority in Docket)
 Nos. UF 3915, UF 3992, UF 4004, UF 4046,)
 UF 4077 and UF 4128.)

ORDER

DISPOSITION: APPLICATION APPROVED WITH CONDITIONS

On January 21, 2003, Pacific Power & Light (PacifiCorp) filed an application with the Public Utility Commission (Commission) under ORS 757.415, seeking supplemental authority to approvals granted in prior Commission dockets, to wit: UF 3915, UF 3992, UF 4004, UF 4046, UF 4077 and UF 4128. The basis for the current request is detailed in Staff's recommendation memo, attached as Appendix A.

Based on a review of the application and the Commission's records, the Commission finds that this application satisfies applicable statutes and administrative rules. At its public meeting on February 18, 2003, the Commission adopted Staff's recommendation and approved PacifiCorp's current request.

ORDER

IT IS ORDERED THAT the application of PacifiCorp for supplemental approval to amend prior financing authority is granted, subject to the following conditions:

1. PacifiCorp will file the usual Report of Securities Issued and Disposition of Net Proceeds promptly after each sale that will demonstrate reasonable issuance costs for each offering.

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2. The Commission reserves the right to review all financial aspects of this arrangement in any rate proceeding or alternative form of regulation.
3. For ratemaking purposes, the Commission reserves judgment on the reasonableness of PacifiCorp's capital costs, capital structure and any commissions or expenses that might be incurred for issuance(s). In any future rate proceedings, PacifiCorp will be required to show that its capital costs and structure are just and reasonable.
4. PacifiCorp shall demonstrate that exercising any call feature or early refunding of any security is cost-effective.

Made, entered and effective _____.

BY THE COMMISSION:

Becky L. Beier
Commission Secretary

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

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: February 18, 2003**

REGULAR _____ **CONSENT** X **EFFECTIVE DATE** _____

DATE: February 24, 2003

TO: John Savage through Marc Hellman and Bryan Conway

FROM: Thomas D. Morgan

SUBJECT: PACIFIC POWER & LIGHT: (Docket No. UF 4195) Application for Supplemental Approval to Amend Prior Financing Authority.

STAFF RECOMMENDATION:

I recommend that the Commission approve Pacific Power & Light's (PacifiCorp or Company) application subject to the following conditions:

1. The Company will file the usual Report of Securities Issued and Disposition of Net Proceeds promptly after each sale that will demonstrate reasonable issuance costs for each offering.
2. The Commission reserves the right to review all financial aspects of this arrangement in any rate proceeding or alternative form of regulation.
3. For ratemaking purposes, the Commission reserves judgment on the reasonableness of the Company's capital costs, capital structure and any commissions or expenses that might be incurred for issuance(s). In any future rate proceedings, the Company will be required to show that its capital costs and structure are just and reasonable.
4. The Company should demonstrate that exercising any call feature or early refunding of any security is cost-effective.

DISCUSSION:

On January 21, 2003, PacifiCorp filed an application seeking supplemental authority to approvals granted in prior Commission dockets, to wit: UF 3915, UF 3992, UF 4004, UF 4046, UF 4077

and UF 4128. The Company provided supplemental information to complete this filing under ORS 757.415 and indicated that uses would be consistent with prior approvals and with the

authority of ORS 757.415 (1) [a through e].¹ The financing authority requested is for Pollution Control Revenue Bonds (PCBs). The Company seeks authority to restate certain trust indentures, loan agreements and related documents to be generally consistent with the documentation authorized in a 1994 order (Order 94-448, Docket UF 4118). The Company is not seeking an increase to the aggregate principal available under the prior authority granted by the Commission, which totals just under \$151 million and involves nine separate loan agreements.

The Company seeks authority to amend the authority granted by the Orders approved prior to 1994 to be consistent with the adjustable/flexible interest rate mode approved in a 1994 order (Order 94-448, Docket UF 4118).

The Company asks for authorization to issue securities and supporting credit enhancements without further Commission approvals. PCBs are a particularly attractive source of financing due to the relatively low interest rate. Therefore, approving the application appears to be in the interest of the Company and ratepayers.

PROPOSED COMMISSION MOTION:

PacifiCorp's application, UF 4195, is approved subject to Staff's conditions.

APPENDIX A
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¹ Purposes allowed by law include the acquisition of utility property, the construction, extension or improvement of utility facilities, the improvement or maintenance of service, the discharge or lawful refunding of obligations that were incurred for utility purposes (such as higher cost debt or preferred stock) or the reimbursement of the Company's treasury for funds used for the foregoing purposes.