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BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UF 4167

In the Matter of the Application of)
PACIFICORP Requesting an Amendment) SUPPLEMENTAL ORDER
to Order No. 99-786.)

DISPOSITION: ORDER NO. 99-786 AMENDED

On October 23, 2001, PacifiCorp filed a supplemental application requesting the Commission amend Order No. 99-786. The basis for the current request is detailed in Staff's recommendation memo, attached as Appendix A.

Based on a review of the supplemental application and the Commission's records, the Commission finds that the application satisfies applicable statutes and administrative rules. At its public meeting on November 6, 2001, the Commission adopted Staff's recommendation to approve PacifiCorp's current request.

ORDER

IT IS ORDERED THAT the supplemental application of PacifiCorp to amend Order No. 99-786 is granted, as specified in Appendix A. All other conditions, reporting requests, and other provisions of Order No. 99-786, shall, to the extent not modified by this order, remain in full force and effect.

Made, entered, and effective _____.

BY THE COMMISSION:

Thomas G. Barkin
Chief, Administrative Law Judge

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: NOVEMBER 6, 2001**

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

DATE: October 30, 2001

TO: Phil Nyegaard, Marc Hellman and Bryan Conway

FROM: Thomas D. Morgan

SUBJECT: UF 4167—PacifiCorp's Application to Amend Order No. 99-786.

STAFF RECOMMENDATION:

I recommend that the Commission approve PacifiCorp's application. Order No. 99-786 should be amended to include the new table of spreads, attached herein. All other terms and conditions of Order No. 99-786 should remain in effect.

DISCUSSION:

On October 23, 2001, PacifiCorp filed an application to amend Order No. 99-786, dated December 23, 1999. That order granted PacifiCorp authority to issue and sell up to \$1,600,000,000 of various types of debt subject to various conditions and reporting requirements. One of the conditions limited the fixed interest rate spreads (the difference between a bond's or debt's all-in cost and a U.S. Treasury security yield) to a defined table of spreads.

PacifiCorp represents that the authorized fixed interest rate spreads in that prior order have become too limiting in recent capital market conditions. Even though the U.S. Treasury yields have reduced, the company believes that its authorized spreads must be increased by 65 to 70 basis points¹ to allow it sufficient access to the appropriate capital markets.

PacifiCorp proposes a new table of spreads attached as Revised Table 1. PacifiCorp's amendment request is reasonable due to recent unexpected changes in the capital markets.

PROPOSED COMMISSION MOTION:

PacifiCorp's application, UF 4167, should be approved. Order No. 99-786 should be amended to include the new tables of spreads, attached herein. All other terms and conditions of Order No. 99-786 remain in effect.

Attachment**REVISED TABLE 1 – FIXED RATE SPREADS**

The interest rate on the Debt will be determined at the time of issuance based on then current market conditions. The proposed maximum Spread over 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.

<u>Maturity</u>		
<u>Equal to or Greater Than</u>	<u>Less Than</u>	<u>Maximum Spread Over Benchmark Treasury Yieldⁱⁱ</u>
9 months	2 years	+205 basis points
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
11 years	15 years	+285 basis points
15 years	20 years	+290 basis points
20 years	30 years	+300 basis points
30 years		+310 basis points

ⁱ Basis point is defined as one-one-hundredth of a percentage point; i.e., 100 basis points equals 1.00 percent.

ⁱⁱ 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 medium-term note, the Benchmark Treasury Yield shall be determined as of the time the commitment to purchase such note is received by the Company and the agents.