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STATE OF OREGON
UTIL. AND TRANSP.
COMMISSION

UE-021259

(SF) N/A



September 26, 2002

Ms. Carole Washburn
Washington Utilities and Transportation Commission
P.O. Box 47250
1300 S. Evergreen Park Drive Southwest
Olympia, WA 98504-8002

Re: Docket No. UE 021259

In the Matter of the Application of PACIFICORP
for an order establishing compliance with
RCW 80.08.040 with respect to its proposal to
issue and sell up to 50,000,000 shares of its
Common Stock to its Parent.

Dear Commissioners:

PacifiCorp (Company) respectfully requests that the Commission enter its order, effective upon issuance, confirming that the Company has complied with the requirements of RCW 80.08.040 with respect to the Company's proposed sale and issuance, from time to time and for cash, of up to 50,000,000 shares of its Common Stock (Shares) to PacifiCorp Holdings, Inc., a Delaware corporation and the Company's immediate corporate parent (Parent).

The Company's application contains a description of the purposes for which the Shares will be issued certified by an authorizing officer, a description of the proposed issuance, including the terms of financing, and a statement as to why the proposed financing is in the public interest. Accordingly, the Company believes that it has complied with the requirements of RCW 80.08.040, as amended, and requests that the Commission confirm that the Company has complied with the requirements of RCW 80.08.040.

PacifiCorp respectfully requests that the Commission issue its order on or before October 31, 2002. PacifiCorp respectfully requests twenty certified copies of any order issued in this matter.

Your attention to this matter is appreciated.

Sincerely,

A handwritten signature in cursive script that reads "Bruce N. Williams".

Bruce N. Williams
Treasurer

Enclosures: Application (1 original and 3 copies)
 Proposed Form of Order (1 original and 3 copies)
 Diskette containing the proposed Form of Order

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION
DOCKET NO. UE- 024259

In the Matter of the Application of)
PACIFICORP for an order establishing)
compliance with RCW 80.08.040 with respect)
to its proposal to issue and sell up to 50,000,000)
shares of its Common Stock to its Parent.)

APPLICATION

STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

02 SEP 30 AM 9:31

RECEIVED
RECORDS MANAGEMENT

PacifiCorp (the "Company") applies for an order of the Washington Utilities and Transportation Commission (the "Commission") affirming that the Company has complied with the requirements of RCW 80.08.040 with respect to its proposal to issue and sell, from time to time and for cash, up to 50,000,000 shares of its Common Stock (the "Shares") to PacifiCorp Holdings, Inc., a Delaware corporation and the Company's direct corporate parent (the "Parent"). The application is filed pursuant to RCW Chapter 80 and WAC 480-146-080.

The Company respectfully represents that:

- (a) The Official Name of the Applicant and Address of Its Principal Business Office.

PacifiCorp
Suite 1900
825 N.E. Multnomah
Portland, OR 97232

- (b) The State and Date of Incorporation; Each State in Which It Operates as a Utility.

The Company was incorporated under Oregon law in August 1987 for the purpose of facilitating consummation of a merger with Utah Power & Light Company, a Utah corporation, and changing the state of incorporation of the Company from Maine to Oregon. The Company uses the assumed business names of Pacific Power & Light

Company and Utah Power & Light Company within their respective service territories located in the states of California, Idaho, Oregon, Utah, Washington and Wyoming.

(c) The Name, Address, and Telephone Number of Persons Authorized to Receive Notices and Communications.

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

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

John M. Schweitzer
Stoel Rives LLP
900 S.W. Fifth Ave., Suite 2600
Portland, OR 97204-1268
Telephone: (503) 294-9225

Electronic copies of Data Requests should be sent to datarequest@pacificorp.com. Informal inquires may be addressed to Jeff Payne – Manager, Regulation (503-813-6032).

(d) The Date by which Commission Action is Requested.

October 31, 2002.

(e) Background.

All of the Company's issued and outstanding Common Stock is held by the Parent. The Parent is indirectly owned by Scottish Power plc, a public limited company incorporated under the laws of Scotland ("ScottishPower"). On October 14, 1999, the Commission approved the merger of a wholly owned subsidiary of ScottishPower with and into the Company, with the result being that ScottishPower indirectly (through NA General Partnership, a general partnership organized under the laws of the state of Nevada,

“NAGP”) owned all of the issued and outstanding Common Stock of the Company.¹ On September 26, 2001, the Commission approved the transfer of all the issued and outstanding shares of Common Stock of the Company from NAGP to the Parent, which transfer was consummated on December 31, 2001.²

(f) Full Description of the Securities Proposed to be Issued.

1. Common Stock Description. The Company will issue the Shares pursuant to its Third Restated Articles of Incorporation, as amended (the “Articles”). The Articles authorize the Company to issue up to 750,000,000 shares of its Common Stock. 297,324,604 shares of Common Stock are issued and outstanding, and all of those shares are held by the Parent.
2. Description of the Transactions Proposed. The Company proposes to issue and sell the Shares, from time to time and for cash, pursuant to one or more subscription or other agreements between the Company and the Parent. Sales would be made at a purchase price not less than the book value of the Common Stock, determined as of the last day of the month prior to each issuance.
3. Justification for the Transactions. The proposed issuances, which are consistent with the ScottishPower Merger Commitments relating to, among other things, capital structure and dividends, will benefit the Company by strengthening its balance sheet and increasing its equity. The Company’s senior long-term secured debt is currently rated “A” by Standard & Poor’s and “A3” by Moody’s, in each

¹ Fifth Supplemental Order in Docket No. UE-981627. The commitments made by ScottishPower and the Company in connection with the referenced Order are referred to as the “ScottishPower Merger Commitments.”

² Order in Docket No. UE-010594.

case with a negative outlook on those current ratings. The Company believes that the issuances will assist it in maintaining its current investment grade credit ratings and may eliminate the negative outlooks noted by those rating agencies. Additionally, the proposed issuances are intended to result in a capital structure more consistent with that of other public utilities with similar credit ratings.

(g) Effect of the Transactions.

The issuances will enable the Company to improve its capitalization. Because the exact amount of the issuances will vary with book value, and because the time period over which any issuances may occur is uncertain, it is not possible to set forth precise capitalization ratios on a pro forma basis at future dates. The enclosed Exhibits D and E contain pro forma calculations of issuances of 30,000,000 shares for consideration approximately totaling \$300,000,000 and based on the Company's unaudited financial statements for the quarter ended June 30, 2002. These calculations also assume a per share price equal to \$9.84, the book value of common shares at June 30, 2002.

(h) The Purposes of the Financings.

The proceeds from the issuances and sales of the Shares will be used for one or more of the following purposes: (1) the acquisition of property, (2) the construction, completion, extension, or improvement of facilities, (3) the improvement of service, (4) the discharge or refunding of obligations, and (5) the reimbursement of the Company's treasury funds expended from income or from other treasury funds that were not derived from the issuance of securities.

(i) Statement that Applications for Authority to Finance are Required to be Filed with State Governments.

The Company will file applications for authority to issue and sell the Shares with the Washington Utilities and Transportation Commission, the Public Utility Commission of Oregon and the Idaho Public Utilities Commission. The California Public Utilities Commission, the Utah Public Service Commission and the Wyoming Public Service Commission have exempted the Company from their respective securities statutes. The Company will not be required to obtain authorization from the Securities and Exchange Commission under the Public Utility Holding Company Act of 1935.

(j) A Statement of the Facts Relied upon to Show That the Issuance Is Appropriate.

As a public utility, the Company is expected to acquire, construct, improve and maintain sufficient utility facilities to serve its customers adequately and reliably at reasonable cost. The proposed issuances are part of an overall strategy to finance the cost of the Company's facilities, taking into consideration prudent capital ratios, earnings coverage tests and market uncertainties as to the relative merits of the various types of securities the Company could sell.

Accordingly, as required by RCW 80.08.030, the proposed issuances (1) are for lawful objects within the corporate purposes of the Company, (2) are compatible with the public interest, (3) are necessary or appropriate for or consistent with the proper performance by the Company of its service as a public utility, (4) will not impair its ability to perform that service, and (5) are reasonably necessary or appropriate for these purposes.

(k) A Summary of Rate Changes that Occurred during or after or That Will Become Effective after the Period Described by the Income Statement enclosed as Exhibit E.

As more fully described in the Quarterly Report on Form 10-Q enclosed herewith as Exhibit F:

1. In May 2002, the Public Service Commission of Utah approved a stipulation agreement regarding recovery of \$147 million in certain deferred and non-deferred net power costs.
2. In June 2002, the Idaho Public Utilities Commission approved a stipulation permitting the recovery of \$25 million in certain deferred net power costs. The recovery is to be achieved through a \$22.7 million power cost surcharge over two years plus termination of future merger credits in the amount of \$2.3 million.
3. In June 2002, the California Public Utilities Commission approved an interim increase of \$0.01 per kilowatt hour for certain customers, or approximately \$4.7 million annually, or 8.8% overall.
4. In July 2002, the Public Utility Commission of Oregon (the "OPUC") issued an order approving a December 2001 stipulation that provides that the Company may recover 85.0% of the deferred net power costs in Oregon, or about \$136.5 million, including \$5.5 million of carrying charges. On August 6, 2002, the OPUC allowed the Company to increase the amortization level from 3.0% to 6.0%. The new rates are effective August 8, 2002.
5. In May 2002, the OPUC approved a one-year \$15.4 million overall increase effective June 1, 2002 for the Company's Oregon customers to cover increases in power costs.

(l) Exhibits.

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

<u>Exhibit</u>	<u>Description</u>
A	Third Restated Articles of Incorporation effective November 20, 1996, as amended effective November 29, 1999
B	Bylaws, as amended effective November 29, 1999

- C Resolutions of the Board of Directors authorizing the proposed issuances
- D Balance Sheet, actual and pro forma, dated June 30, 2002
- E Income Statement, actual and pro forma, for the 12 months ended June 30, 2002
- F Quarterly Report on Form 10-Q for the quarter ended June 30, 2002

PRAYER

PacifiCorp respectfully requests that the Commission enter its order in this matter affirming that PacifiCorp has complied with the requirements of RCW 80.08.040 with respect to its proposal to issue and sell, from time to time and for cash, up to 50,000,000 shares of its Common Stock to PacifiCorp Holdings, Inc.

Dated at Portland, Oregon on September 26, 2002.

PACIFICORP

By: Bruce N. Williams

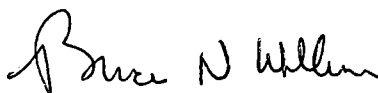
Bruce N. Williams
Treasurer

John M. Schweitzer

John M. Schweitzer for
Stigel Rives LLP
900 SW Fifth Avenue, Suite 2600
Portland, OR 97204-1268
Telephone: (503) 294-9225
Attorneys for PacifiCorp

VERIFICATION

I, Bruce N. Williams, declare, under penalty of perjury, that I am the duly appointed Treasurer of PacifiCorp and am authorized to make this verification. The application and the attached exhibits were prepared at my direction and were read by me. I know the contents of the application and the attached exhibits and they are true, correct, and complete of my own knowledge except those matters stated on information or belief which I believe to be true. WITNESS my hand and the seal of PacifiCorp on this 26th day of September, 2002.



Bruce N. Williams

(Seal)