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SERVICE DATE

MAR - 9 1994

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Application of PACIFICORP for authority to (1) Borrow the Proceeds of not more than $225,000,000 of Pollution Control Revenue Refunding Bonds to be issued by various Counties, (2) Enter into such Agreements or Arrangements with the Counties and with other Entities as may be Reasonably Necessary to Effect the Borrowings and to Provide Credit Enhancement for the Refunding Bonds, including the issuance of First Mortgage and Collateral Trust Bonds, and (3) Replace or Modify from time to time the Credit Enhancement Arrangements supporting the Refunding Bonds.	DOCKET UE-940247 ORDER GRANTING APPLICATION

On February 22, 1994, PacifiCorp (Company) filed an application under the provisions of chapter 80.08 RCW for authority to (1) borrow the proceeds of not more than $225,000,000 of Pollution Control Revenue Refunding Bonds (Refunding Bonds) to be issued by the Counties of Emery, Utah, Carbon, Utah, Lincoln, Wyoming, Sweetwater, Wyoming, Converse, Wyoming, and Moffat, Colorado (Counties), (2) enter into such agreements or arrangements with the Counties and with other entities as may be reasonably necessary to effect the borrowings and to provide credit enhancement for the Refunding Bonds, including the issuance of its First Mortgage and Collateral Trust Bonds as collateral for the Refunding Bonds, and (3) replace or modify from time to time the credit enhancement arrangements supporting the Refunding Bonds.

Background

The proposed borrowings will be made in connection with the refunding of up to nine series of outstanding pollution control revenue bonds (Prior Bonds) which were issued by the Counties to finance, or refinance, the cost of certain pollution control, solid waste disposal and sewage facilities (Facilities) at the Jim Bridger, Carbon, Dave Johnston, Huntington, Hunter, Naughton and Craig electric generating plants. The Prior Bonds, which bear interest at tax-exempt fixed rates ranging from 5.90 percent to 10.70 percent, are more fully described in Exhibit L to the application.

Prior Bonds issued by Moffat County, Colorado, because of credit quality considerations, required that a debt reserve fund (Reserve Fund) be created as payment security for the bonds. The Reserve Fund contains an amount equal to one year's debt service on the bonds and acts as a liquidity device. The amount currently in the Reserve Fund is $8,202,656. At maturity, the balance in the Reserve Fund must be used to pay principal, thereby reducing the Company's cash requirements at that time. In the event of redemption, the funds held in the Reserve Fund must be used to redeem the bonds being refunded.

Method of Financing

The Refunding Bonds will be sold on a negotiated basis by the Counties to underwriters that will also serve as remarketing agents for any floating rate bonds. Under agreements between the Counties and the Company, the proceeds from the sale of the Refunding Bonds, other than refundable accrued interest, will be loaned to the Company to refund the Prior Bonds, thereby refinancing the

Facilities. The Company will be obligated to pay absolutely and unconditionally, to the extent sufficient funds are not already in possession of the bond trustee, the principal of, the interest on, and the premium (if any) on the Refunding Bonds as well as certain fees and expenses of the Counties. Under no circumstances will the Refunding Bonds and their related costs become an obligation of the Counties.

To achieve a lower cost of money, the Company may enter into reimbursement agreements, guarantees, pledges or other security agreements or arrangements to assure timely payment of amounts due in respect to the Refunding Bonds. If a letter of credit is used to support the Refunding Bonds, the Company would enter into a reimbursement agreement under which a bank would issue a letter of credit to support payments in respect of the Refunding Bonds. The Company would be required to reimburse each bank for any drawings under its letter of credit. Amounts advanced by a bank under a letter of credit are expected to bear interest based upon various short-term rates. The Company anticipates that any letter of credit bank will have a long-term credit rating not less than AA and a short-term rating of A-1/P1. In the event a letter of credit is obtained, it is expected to have an initial term of three years unless extended by mutual consent of the bank and the Company or replaced by the Company with another letter of credit or an alternative credit enhancement arrangement.

Over the life of the Refunding Bonds, it may be necessary or desirable to replace one or more letters of credit or alternative credit enhancement arrangements from time to time.

The Company is therefore requesting authority to substitute, as necessary or desirable from time to time, letters of credit or other credit enhancement arrangements for letters of credit or other credit enhancement arrangements then in effect with respect to the Refunding Bonds.

Expected Terms for the Refunding Bonds

The Refunding Bonds will be issued with floating or fixed rates in one or more series with an aggregate principal amount not to exceed $225,000,000.

While floating rate Refunding Bonds have a nominal long-term maturity, the obligation will have a "put" feature which enables the holder to tender the bonds at par within a short notice period. The floating rate Refunding Bonds will be marketed with one or more put frequencies, including, but not limited to, daily, weekly and monthly puts.

Due to the put feature, the Company will enter into an agreement with a remarketing agent who will agree in advance to seek new purchasers for the floating rate Refunding Bonds on a best-efforts basis if and when the bonds are put. To satisfy the investment criteria of potential purchasers, the Company expects to arrange for a letter of credit or insurance contract as a source of credit support and liquidity.

The structure of the Refunding Bonds may include the selection of one of several tax-exempt market rate pricing modes including pricing modes as short as daily and as long as annually. The Refunding Bonds may also include an option to convert to a fixed rate mode.

Selection of the pricing mode will depend upon a number of factors, including expectations as to which mode offers the lowest relative rates at the time of issuance. During the time the Refunding Bonds carry a floating rate, the bonds would be prepayable at par plus accrued interest at the end of any interest rate period.

Because of historically low interest rates, the Company may decide to issue the Refunding Bonds with fixed interest rates. The fixed rate Refunding Bonds may include call provisions at fixed prices at future dates. The Company may choose to purchase credit enhancement from insurance companies to achieve lower borrowing costs because the bonds would carry a Aaa/AAA rating. Insurance companies may require the Company to collateralize the Refunding Bonds with the Company's First Mortgage and Collateral Trust Bonds. If the anticipated interest savings are not sufficient or the terms relating to the bond insurance are considered to be unduly restrictive, the Company may choose not to obtain insurance and may collateralize the Refunding Bonds with the Company's First Mortgage and Collateral Trust Bonds in an aggregate amount not exceeding the principal amount of the Refunding Bonds, thereby providing the Refunding Bonds with a credit rating equal to its senior debt (A3/A).

As in its previous issuances, the Company would expect to issue first mortgage bonds under the Pacific Power & Light Company Mortgage and the Utah Power & Light Company Mortgage as the basis for the issuance of its First Mortgage and Collateral Trust Bonds. Bonds issued under the Pacific Power & Light Company and Utah Power & Light Company Mortgages will not count toward the maximum amount of bond authority granted in this docket.

Fees and Expenses

Fees and expenses associated with the proposed financing include an underwriting fee not expected to exceed 1.25 percent of the principal amount of the Refunding Bonds (based upon a fixed rate offering) and an annual remarketing fee not expected to exceed 0.125 percent of the principal amount of the Refunding Bonds. Estimated other fees and expenses in connection with the issuance and sale of the Refunding Bonds are as follows:

Purpose	Amount
Regulatory Agency Fees	$ 1,500
Issuer Fees	2,500,000
Trustee Fees	50,000
Company Counsel Fees	150,000
Underwriters' Counsel Fees	200,000
Bond Counsel Fees	200,000
Accountants' Fees	50,000
Credit Enhancement Fees	2,000,000
Rating Agency Fees	100,000
Printing Fees	100,000
Miscellaneous	148,500
Total Other Expenses	$5,500,000

The Company expects that the Refunding Bonds will be issued from time to time not later than December 31, 1995. In Exhibit V of the application, the Company calculates anticipated annual interest rate savings of the proposed Refunding Bonds of $1,700,000. The calculation is based upon the assumptions that the Refunding Bonds would bear interest at fixed rates and be priced on the basis of the Company's credit rating. If floating rate and/or credit enhanced structures are used, interest savings would be expected to be greater.

FINDINGS

THE COMMISSION FINDS:

1. PacifiCorp, an Oregon corporation, is a public service company subject to the jurisdiction of this Commission under the provisions of chapter 80.08 RCW.

2. As to form, the application herein meets the requirements of chapter 80.08 RCW and the rule and regulations of the Commission adopted pursuant thereto.

3. It will not be contrary to the public interest to authorize the Company to (a) assume obligation as guarantor pursuant to which the Company will borrow and repay the proceeds of the Refunding Bonds as herein proposed, (b) enter into such agreements or arrangements with the Counties or other entities as necessary to effect the borrowings and to provide credit enhancement to the Refunding Bonds, including the issuance of First Mortgage and Collateral Trust Bonds, and (c) replace or modify from time to time the credit enhancement arrangements supporting the Refunding Bonds.

4. The proceeds of the Refunding Bonds will be used for a legal and proper purpose.

O R D E R

THE COMMISSION ORDERS:

1. After the effective date of this order and subject to the conditions hereof, PacifiCorp is hereby authorized to (a) assume obligations as guarantor for, and borrow the proceeds of, not to exceed $225,000,000 of Pollution Control Revenue Refunding Bonds to be issued by the Counties of Emery, Utah, Carbon, Utah, Lincoln, Wyoming, Sweetwater, Wyoming, Converse, Wyoming, and Moffat, Colorado, (b) enter into such agreements or arrangements with the said Counties and with other entities necessary to effect the borrowings and to provide credit enhancement for the bonds, including the issuance of $225,000,000 of First Mortgage and Collateral Trust Bonds, and (c) replace or modify from time to time the credit enhancement arrangements supporting the bonds.

2. In connection with the authorization granted in ordering paragraph no. 1 of this order, First Mortgage Bonds issued under the Pacific Power & Light Company and Utah Power & Light Company mortgages to secure the PacifiCorp First Mortgage and Collateral Trust Bonds will not count toward the maximum amount of borrowing authority granted in this proceeding.

3. PacifiCorp shall use the proceeds of the borrowings authorized hereunder to apply toward the refunding, in advance of stated maturity, of not to exceed $225,000,000 of Pollution Control Revenue Bonds issued by the Counties named in ordering paragraph no. 1 of this order.

4. The authority granted by ordering paragraph no. 1 of this order shall be exercised in accordance with the terms and conditions of the application herein and the exhibits made a part thereof, and may be exercised without further filing with, or order of, the Commission.

5. PacifiCorp shall file a statement with the Commission, under oath, on or before January 31, 1995 for the period ending December 31, 1994, and within 31 days after the expiration of each six-month period following said date as long as the Pollution Control Revenue Refunding Bonds authorized hereunder are outstanding, setting forth the following information: (a) the principal amount

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of bonds outstanding and any changes thereof and (b) a calculation, month by month, of the average interest rates thereon.

6. PacifiCorp shall file a statement with the Commission, under oath, on or before January 31, 1995, for the period ending December 31, 1994, and within 31 days after the expiration of each six-month period following said date until a full accounting has been made, containing the following information regarding the Pollution Control Revenue Refunding Bonds authorized hereunder: (a) the aggregate principal amount and gross proceeds received from the issuance and sale of said bonds (exclusive of accrued interest) and (b) the fees and expenses actually and necessarily incurred in connection with issuing and selling the bonds in direct comparison, insofar as possible, with the estimates thereof, set forth in Exhibit G of the application, except that every expenditure of $1,000 or more to a single payee shall be itemized separately.

7. Within 30 days after execution and delivery, PacifiCorp shall file with the Commission certified true copies of the closing documents for the Pollution Control Revenue Refunding Bonds authorized hereunder.

8. This order shall in no way affect the authority of this Commission over rates, service, accounts, valuations, estimates or determination of costs, or any matters whatsoever that may come before it, nor shall anything herein be construed as an acquiescence in any estimate or determination of costs, or any valuation of property claimed or asserted.

DATED at Olympia, Washington and effective this 9th day of March 1994.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

Steve McLellan
Secretary