

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION
COMMISSION

In the Matter of the Application of)	DOCKET NO. UE-010594
)	
PACIFICORP)	ORDER APPROVING
)	CORPORATE REORGANIZATION
For an Order Approving Corporate)	TO CREATE HOLDING
Reorganization to Create a Holding)	COMPANY, WITH CONDITIONS
Company, PacifiCorp Holdings,)	
Inc.)	
.....)	

MEMORANDUM

1 On April 25, 2001, PacifiCorp (“Pacific” or “Company”) filed an application requesting that the Commission issue an order determining that it has no jurisdiction over the transaction to create a holding company, PacifiCorp Holdings, Inc. (“PHI”) through a corporate reorganization authority, pursuant to Chapter 80.12 RCW, or in the alternative to issue an order approving the transaction. The stated purpose of the holding company structure is to allow Pacific, and its parent ScottishPower to implement a corporate structure that will facilitate the separation of its regulated utility business from certain other non-regulated businesses included within Pacific’s corporate structure.

2 The proposed reorganization involves the formation of a holding company for Pacific and its subsidiaries. Pacific will become a subsidiary of PHI, which will own all the common stock of Pacific. NA General Partnership (NAGP), the current owner of Pacific’s common stock, also currently owns PHI, and will exchange all of its common stock in Pacific in exchange for common stock of PHI. NAGP is a wholly owned subsidiary of Scottish Power plc, as depicted in Exhibit 1-A to the petition.

3 Pacific’s application states that:

4 (1) The proposed exchange of shares between NAGP and PHI will facilitate the further separation of Pacific’s non-utility operations from its regulated utility operations.

5 (2) The separation will reduce exposure to the regulatory side of Pacific’s business to any adverse results in its non-utility operations.

6 (3) The restructuring will allow ScottishPower to infuse capital into and receive distribution from non-utility businesses without involving Pacific.

- 7 (4) The cost and rates for supplying service will not be increased by reason of the proposed transaction.
- 8 (5) Pacific and ScottishPower will continue to operate and maintain Pacific's utility system in the public service.
- 9 (6) Under the proposed reorganization Pacific will continue to own, operate, and manage all of its facilities used in the generation, transmission, and sale of electricity. The reorganization will not affect the Commission's ability to regulate Pacific, under Title 80 RCW.
- 10 Staff indicated a concern related to the divestiture of subsidiaries of Pacific to PHI. In general Staff's concern was not that Pacific intends to separate its utility activities from its non-utility activities, but rather, that some of the subsidiaries of Pacific either perform activities as part of or in conjunction with the utility, or utilize property or employees common to the utility operations. Staff proposed, and the company did not object, that the Company be required to notify the Commission prior to the transfer of a subsidiary or other business activity to PHI. Such notice should include the name of the subsidiary, the business conducted, transactions between the business entity and Pacific's utility activities, identification of common employees (officers included) among the business and Pacific's regulated activities, and identification of property jointly owned by the business entity and Pacific's regulated activities.

FINDINGS

- 11 (1) PacifiCorp is engaged in the business of furnishing electric and gas service within the state of Washington as a public service company, and is subject to the jurisdiction of this Commission.
- 12 (2) The proposed transaction is subject to jurisdiction of this Commission.
- 13 (3) On April 25, 2001, PacifiCorp filed an application requesting authority, pursuant to Chapter 80.12 RCW, to create a holding company, PacifiCorp Holdings, Inc. through a corporate reorganization.
- 14 (4) As to form, the application meets the requirements of chapter 80.12 RCW and the rules and regulations of the Commission pursuant thereto.
- 15 (5) The conditions proposed by Staff and identified in this order are reasonable.
- 16 (6) The proposed corporate reorganization to create a holding company, PacifiCorp Holdings, Inc., is consistent with the public interest and should be approved.
- 17 (7) Any costs of this transaction should not have any effect on the costs or rates of PacifiCorp to its Washington customers.

ORDER

THE COMMISSION ORDERS:

- 18 (1) The Commission approves the application herein, subject to the conditions
identified in this order.
- 19 (2) PacifiCorp shall not include any costs associated with this transaction in the costs,
rate determinations, or reports to this Commission with respect to the service to
customers in Washington.
- 20 (3) The company must notify the Commission prior to the transfer of a subsidiary or
other business activity to PHI. The notice shall include the name of the
subsidiary, the business conducted, transactions between the business entity and
Pacific's utility activities, identification of common employees (officers
included) between the business and Pacific's regulated activities, and
identification of property jointly owned by the business entity and Pacific's
regulated activities.
- 21 (4) This order shall in no way affect the authority of this Commission over rates,
services, accounts, evaluations, estimates, or determination of cost or any matters
whatsoever that may come before it, nor shall anything herein be construed as an
acquiescence in any estimate or determination of cost or any valuation of
property claimed or asserted.
- 22 (5) The Commission retains jurisdiction over the parties, the subject matter, and
PacifiCorp to effectuate the provisions of this order.

DATED at Olympia, Washington, and effective this 26th day of September, 2001.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

MARILYN SHOWALTER, Chairwoman

RICHARD HEMSTAD, Commissioner

PATRICK J. OSHIE, Commissioner