

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION
 CAUSE NO. FR-83-133
 CAUSE NO. FR-86-152
 DOCKET 87-1668-AS
 DOCKET UE-901405
 DOCKET UE-920860
 DOCKET UE-950490

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| In the Matter of the Supplemental Application) of PACIFICORP for an order establishing) compliance with RCW 80.08.040 with respect) to its proposal for Pollution Control Revenue) Bond Authority in Cause Nos. FR-83-133 and) FR-86-152 and Dockets 87-1668-AS,) UE-901405, UE-920860 and UE-950490) | SUPPLEMENTAL APPLICATION |
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The Washington Utilities and Transportation Commission (Commission) has entered certain orders (Orders) with respect to proposals set forth in applications (Applications) submitted by PacifiCorp (Company) to borrow the proceeds of not more than \$745,000,000 aggregate principal amount of Pollution Control Revenue Bonds (Bonds) to be issued by certain counties or municipalities (Issuers) and enter into various agreements with the Issuers and unrelated third parties to effect the borrowings and provide credit enhancement for the Bonds.¹

¹ The Commission's Order in Cause No. FR-83-133 entered on July 20, 1983 (1983 Order), as supplemented by Orders entered on December 8, 1983 and December 7, 1984, authorized the Company to borrow the proceeds of not more than \$195,000,000 of Bonds to be issued by Sweetwater County, Wyoming.

The Commission's Order in Cause No. FR-86-152 entered on December 24, 1986 (1986 Order), authorized the Company to borrow the proceeds of not more than \$20,000,000 of Bonds to be issued by the City of Forsyth, Montana.

The Commission's Order in Docket 87-1668-AS entered on January 8, 1988 (1988 Order), authorized the Company to borrow the proceeds of not more than \$165,000,000 of Bonds to be issued by Sweetwater and Converse Counties, Wyoming and the Cities of Forsyth, Montana and Gillette, Wyoming.

The Commission's Order in Docket UE-901405 entered on December 28, 1990 (1990 Order), authorized the Company to borrow the proceeds of not more than \$90,000,000 of Bonds to be issued by Emery County, Utah, and Lincoln County, Wyoming.

Of the Bonds, \$150,925,000 aggregate principal amount (Applicable Bonds) were issued in nine series pursuant to nine separate trust indentures (Trust Indentures) between the respective Issuers and trustees, and the proceeds of the issuances were borrowed by the Company pursuant to nine separate loan agreements (Loan Agreements) between the respective Issuers and the Company.² As set forth in greater detail in the Applications, the borrowings were made to finance, or refinance, the cost of pollution control, solid waste disposal and sewage facilities (Facilities) at certain of the Company's electric generating plants.

Pursuant to the Commission's Order in Docket UE-940247 entered March 9, 1994 (1994 Order), the Commission authorized the Company to (1) borrow the proceeds of certain series of Pollution Control Revenue Refunding Bonds (1994 Refunding Bonds) to be issued by various

The Commission's Order in Docket UE-920860 entered on August 19, 1992 (1992 Order), authorized the Company to borrow the proceeds of not more than \$150,000,000 of Bonds to be issued by Emery County, Utah; Lincoln, Sweetwater and Converse Counties, Wyoming; and Moffat County, Colorado.

The Commission's Order in Docket UE-950490 entered on May 24, 1995 (1995 Order) found that the Company had complied with the requirements of RCW 80.08.040 with respect to its proposal to borrow the proceeds of not more than \$125,000,000 of Bonds to be issued by Emery and Carbon Counties, Utah; Lincoln, Sweetwater, Converse and Campbell Counties, Wyoming; Moffat and Routt Counties, Colorado; and Lewis County, Washington.

² The nine series of Applicable Bonds and the aggregate principal amount of each series are as follows: (i) \$15,000,000 Pollution Control Revenue Bonds (Series 1984) issued by Sweetwater County, Wyoming; (ii) \$8,500,000 Flexible Rate Demand Pollution Control Revenue Bonds (Series 1986) issued by the City of Forsyth, Montana; (iii) \$17,000,000 Customized Purchase Pollution Control Revenue Refunding Bonds (Series 1988) issued by Converse County, Wyoming; (iv) \$45,000,000 Pollution Control Revenue Refunding Bonds (Series 1991) issued by Lincoln County, Wyoming; (v) \$9,335,000 Pollution Control Revenue Refunding Bonds (Series 1992A) issued by Sweetwater County, Wyoming; (vi) \$6,305,000 Pollution Control Revenue Refunding Bonds (Series 1992B) issued by Sweetwater County, Wyoming; (vii) \$22,485,000 Pollution Control Revenue Refunding Bonds (Series 1992) issued by Converse County, Wyoming; (viii) \$5,300,000 Environmental Improvement Revenue Bonds (Series 1995) issued by Converse County, Wyoming; and (ix) \$22,000,000 Environmental Improvement Revenue Bonds (Series 1995) issued by Lincoln County, Wyoming.

counties (1994 Issuers),³ (2) enter into such agreements or arrangements as may be reasonably necessary to effect the borrowings and to provide credit enhancement for the 1994 Refunding Bonds, including the issuance of the Company's First Mortgage Bonds (First Mortgage Bonds), and (3) replace or modify from time to time the credit enhancement arrangements supporting the 1994 Refunding Bonds. The 1994 Refunding Bonds were issued pursuant to separate trust indentures (1994 Trust Indentures) between the respective 1994 Issuers and the trustee, and the proceeds of the Refunding Bonds were loaned to the Company pursuant to separate loan agreements (1994 Loan Agreements) between the respective 1994 Issuers and the Company. (See Exhibits F and G.)

With this application, the Company hereby applies for an order from the Commission affirming that the Company has complied with the requirements of RCW 80.08.040 with respect to its proposal to (1) amend and restate the Trust Indentures, Loan Agreements and related documents pertaining to the Applicable Bonds to make them generally consistent with those entered into pursuant to the 1994 Order, (2) enter into such other agreements or arrangements with other entities as may reasonably be necessary to effect the borrowings and to provide credit enhancement for the Applicable Bonds, including the issuance of First Mortgage Bonds as collateral for the Applicable Bonds, and (3) replace or modify from time to time the credit enhancement arrangements supporting the Applicable Bonds.

The Company believes that these changes are necessary in order for the Company to achieve more cost-effective financing terms for the Applicable Bonds. The Company is not

³ The 1994 Order authorized the Company to borrow the proceeds of not more than \$225,000,000 of 1994 Refunding Bonds to be issued by Emery and Carbon Counties, Utah; Lincoln, Sweetwater and Converse Counties, Wyoming; and Moffat County, Colorado.

seeking authorization to increase the \$150,925,000 aggregate principal amount of the Applicable Bonds or to change the basic terms of the financings set forth in the Orders.

This 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 2000
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@pacificcorp.com. Informal inquiries may be addressed to Jeff Payne – Manager, Regulation (503-813-6032).

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

February 28, 2003.

(e) Background.

Pursuant to the Orders, the Applicable Bonds were issued in \$150,925,000 aggregate principal amount in nine series and the proceeds were loaned to the Company. The relevant terms and conditions relating to these borrowings by the Company are set forth in the Applications. However, the Trust Indentures, Loan Agreements and related documents used in 1983, 1986, 1988, 1990, 1992 and 1995 contain a different mechanism for changing interest rate modes from the mechanism for changing interest rate modes contained in the 1994 Trust Indentures, 1994 Loan Agreements and related documents and do not permit the Company to provide security for the Applicable Bonds in the form of First Mortgage Bonds. Therefore, the Company proposes to amend and restate the Trust Indentures, Loan Agreements and related documents pertaining to the Applicable Bonds to make them generally consistent with those entered into pursuant to the 1994 Order. The Company may also enter into agreements with third parties to provide credit enhancement for the Applicable Bonds, including the issuance of up to \$150,925,000 aggregate principal amount of First Mortgage Bonds. As previously disclosed to the Commission, various credit enhancement arrangements have been used by the Company in connection with the issuance of other series of pollution control revenue bonds. At this time, none of the Applicable Bonds are credit enhanced.

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

The Applicable Bonds are consistent with the description contained in the Company's application in Docket No. UE-940247, which is incorporated herein by reference. The

Applicable Bonds would not exceed the \$150,925,000 aggregate principal amount authorized in the Orders. Thus, the Company is not proposing to incur additional debt. Only technical changes to the Trust Indentures, Loan Agreements and related documents will be made. The First Mortgage Bonds issued as security for the Applicable Bonds would not exceed the principal amount of Applicable Bonds issued. Maturity of the Applicable Bonds is determined based upon an engineer's certificate verifying the economic life of the Facilities. The Company contemplates extending the maturities of three of the nine series of Applicable Bonds consistent with the economic lives of the Facilities.

(g) Effect of the Transactions.

The proposed transactions will enable the Company to update the Trust Indentures, Loan Agreements and related documents for the Applicable Bonds and to enter into credit enhancement agreements with unrelated third parties, including the issuance of First Mortgage Bonds as security for repayment of the Applicable Bonds.

(h) The Purposes of the Financings.

The purposes of the financings are to permit the Company to finance, or refinance, the Facilities on a cost-effective basis.

(i) Statement That Applications for Authority to Finance Are Required to Be Filed with State Governments.

The Company will file applications 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 and encumbrance approval 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 or other financing it could arrange.

The proposed arrangements will provide the Company access to funds in the municipal, tax-exempt bond market which are believed to be less costly than other means of financing the Facilities. Given the current capital structure and the condition of the securities' markets, the Company believes that the proposed financing arrangements constitute the financing of choice to finance the Facilities.

Accordingly, the proposed financing (1) is for lawful objects within the corporate purposes of the Company, (2) is compatible with the public interest, (3) is 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) is 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.

Information concerning rate changes is set forth in Item 5, Part II of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2002, a copy of which is attached.

(l) Exhibits.

The following exhibits are made a part of this application:

Incorporated by reference to:

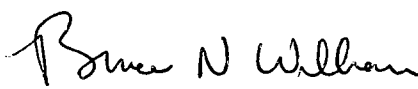
| <u>Exhibit</u> | <u>Docket</u> | <u>Exhibit</u> | <u>Description</u> |
|----------------|---------------|----------------|---|
| A | UE-021259 | A | Third Restated Articles of Incorporation effective November 20, 1996, as amended effective November 29, 1999 |
| B | UE-021259 | B | Bylaws, as amended effective November 29, 1999 |
| C | | | Resolutions of Board of Directors authorizing the proposed issuances |
| D | | | 1994 Application |
| E | | | 1994 Order |
| F | | | Trust Indenture between Carbon County, Utah and the First National Bank of Chicago dated as of November 1, 1994 |
| G | | | Loan Agreement between Carbon County, Utah and PacifiCorp dated as of November 1, 1994 |
| H | | | Balance Sheet, actual and pro forma, dated September 30, 2002 (Pro forma amounts are not included because debt is not increased) |
| I | | | Income Statement, actual and pro forma, dated September 30, 2002 (Pro forma amounts are not incurred because debt is not increased) |

PRAYER

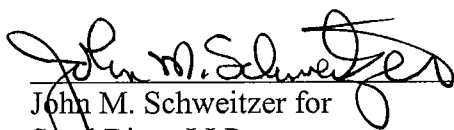
PacifiCorp respectfully requests that the Commission enter its order in this matter affirming that PacifiCorp has complied with the requirements of RCW 80.08.040 with respect to its proposal to (1) amend and restate the Trust Indentures, Loan Agreements and related documents pertaining to the Applicable Bonds to make them generally consistent with those entered into under the 1994 Order, (2) enter into such other agreements or arrangements with the Issuers and with other entities as may be reasonably necessary to effect the borrowings and to provide credit enhancement for the Applicable Bonds, including the issuance of its First Mortgage Bonds as collateral for the Applicable Bonds, and (3) replace or modify from time to time the credit enhancement arrangements supporting the Applicable Bonds.

Dated at Portland, Oregon on January 17, 2003.

PACIFICORP

By: 

Bruce N. Williams
Treasurer




John M. Schweitzer for
Stoel Rives LLP
900 S.W. Fifth Ave., 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 17th day of January, 2003.



Bruce N. Williams

(Seal)