

May 16, 2006

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-050556:

First Supplemental Application

In the Matter of the Application of PacifiCorp for an order establishing compliance with RCW 80.08.040 with respect to its proposal to: (1) issue and sell or exchange not more than \$1,000,000,000 of debt, (2) enter into credit support arrangements, (3) enter into currency swaps, and (4) contribute or sell additional debt to special purpose entities.

Dear Commissioners:

PacifiCorp (the "Company") transmits its First Supplemental Application in the named matter with this letter. An original and two copies are tendered.

Based on the Commission's "Interpretive Statement Regarding Filing Requirements Prior to Issuance of Securities," issued in Docket No. A-020334, the Company provided the Commission on April 11, 2005 with certain background information with respect to the Company's plan to (1) issue and sell or exchange, in one or more public offerings or private placements, fixed or floating rate debt (the "Debt") in the aggregate principal amount not to exceed \$1,000,000,000 or, if the Debt is issued at an original issue discount, such greater amount as shall result in an aggregate offering price of not more than \$1,000,000,000 (or its equivalent amount in, or based upon, foreign currencies determined at the time of issue), (2) enter into letter of credit arrangements with one or more banks or such other agreements or arrangements as may be necessary or appropriate, from time to time, to provide additional credit support for the payment of the principal of, interest on and premium (if any) on such Debt, (3) enter into one or more currency swaps, and (4) contribute or sell additional Debt to special purpose entities ("SPE") in an amount based upon the common securities of the SPE. The Company provided the Commission notice of its plan to issue up to \$400,000,000 of its First Mortgage Bonds by September 30, 2005 (the "2005 FMBs"). The Company refers to that April 11, 2005 filing in this Docket as the "2005 Statement."

Pursuant to Order No. 01 previously issued by the Commission in this Docket (the "2005 Order"), the Commission confirmed the Company's compliance with the requirements of

RCW 80.08.040 with respect to the 2005 FMBs. Subsequently, on June 13, 2005, the Company issued \$300,000,000 of its 5.25% Series of First Mortgage Bonds due June 15, 2035. While \$100,000,000 of First Mortgage Bond authority remains available under the 2005 Order, the Company does not anticipate utilizing that order for future issuances.

The Company is now requesting, in this First Supplemental Application, an order establishing compliance with RCW 80.08.040 with respect to the Company's proposal to issue not more than \$400,000,000 of the Company's First Mortgage Bonds during 2006 (the "2006 FMBs"). The 2006 FMBs would be offered and sold either (i) publicly pursuant to the Company's shelf registration statement on Form S-3, as filed with the Securities and Exchange Commission on September 6, 2005 (the "Shelf Registration Statement"), or (ii) privately in an offering exempt under the federal Securities Act of 1933, as amended, and subsequently exchanged for an equal aggregate principal amount of First Mortgage Bonds with substantially similar terms in a registered public exchange offer.

The Company believes that its issuance of the 2006 FMBs is in the public interest as their issuance will assist the Company in maintaining an overall cost-effective capital structure while avoiding the liquidity uncertainty that can result from an over-reliance on short-term debt. Specifically, the issuance of the 2006 FMBs is expected to accommodate the Company's future financing requirements, which include the refinancing of certain debt, including short-term debt incurred in connection with the January 15, 2006 maturity of the Company's \$100 million 6.12% Series G Medium Term Notes as well as the upcoming November 1, 2006 maturity of the Company's \$200 million 5.65% First Mortgage Bonds. In addition, the Company anticipates ongoing capital expenditure requirements, including those contemplated in the Commitments in the Commission's Order No. 08 issued in Docket No. UE-051090 (the "MEHC Sale Order").

The Company anticipates that the maturity of the 2006 FMBs will be between 10 and 30 years and that their interest rate will be fixed and reflect a spread over Treasury rates not greater than those set forth on Exhibit K to the 2005 Statement. The actual maturity of the 2006 FMBs (which may be offered in one or more series and in one or more separate transactions during calendar year 2006) will be determined based on market conditions prevailing when they are offered and sold. The offering price, interest rates, redemption provisions (if any), agent's commission and other terms of the 2006 FMBs will also be finally determined at such time. The Company acknowledges that the issuance of the 2006 FMBs would be subject to Commitment No. 37 in the MEHC Sale Order, which generally requires the Company to demonstrate certain long-term debt issuance cost savings in a rate case following any such issuance vis-à-vis the Company's similarly rated peers.

The enclosed proposed order requesting confirmation of the Company's compliance with RCW 80.08.040 with respect to the 2006 FMBs is generally consistent with Order No. 01 previously issued by the Commission in this Docket and with orders previously issued by the Idaho Public Utility Commission, the Oregon Public Utility Commission and the Utah Public Service Commission.

The Company intends to file one or more supplemental applications in the future in this Docket with respect to the remaining \$300,000,000 of Debt securities to be offered and sold pursuant to the supplemental applications incorporating the 2005 Statement. As contemplated by the 2005

Statement, and consistent with the enclosed First Supplemental Application relating to the 2006 FMBs, the Company intends to incorporate the background information in the 2005 Statement by reference into those subsequent supplemental applications but will augment that information with reasonably detailed information about the Company's more specific financing plans as they are developed.

The Company respectfully requests that the Commission issue its order by June 2, 2006. The Company also requests twenty certified copies of any order issued in this matter.

Your attention to this matter is appreciated.

Sincerely,

Bruce N. Williams
Treasurer

Enclosures: First Supplemental Application (1 original and 2 copies)
Proposed form of Order (1 original and 2 copies)
CD Rom (containing transmittal letter, First Supplemental Application (including exhibits) and proposed form of Order)