Service Date: February 7, 1986

DEPARTMENT OF PUBLIC SERVICE REGULATION

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MONTANA

In the Matter of the Application of PACIFICORP dba PACIFIC POWER & LIGHT COMPANY for an Order authorizing (1) it to issue its Promissory Notes to and borrow from commercial banks for; (a) not more than $300,000,000 under a Revolving Credit Agreement, (b) not more than $25,000,000 under general lines of credit, and (c) not more than $325,000,000 under other borrowing arrangements; and (2) it to issue and sell its Commercial Paper in aggregate principal amounts outstanding not to exceed $325,000,000 at any one time.	UTILITY DIVISION DOCKET NO. 86.1.3 DEFAULT ORDER NO. 5185

On January 22, 1986, PacifiCorp dba Pacific Power & Light Company (Pacific), a corporation organized and existing under and by virtue of the laws of the State of Maine and qualified to transact business in Montana, filed with the Montana Public Service Commission its verified application, pursuant to Sections 69-3-501 through 69-3-507, MCA, requesting an order authorizing Pacific to (1) issue, from time-to-time, its unsecured short-term promissory notes (Promissory Notes) to and borrow from U.S. or foreign commercial banks (or their affiliates) under the following facilities:

(a) Not more than $300,000,000 in aggregate principal amount outstanding at any one time under a Revolving Credit Agreement (Agreement);

(b) Not more than $25,000,000 in aggregate principal amount outstanding at any one time under renewable lines of credit (Lines);

(c) Not more than $325,000,000 in aggregate principal amount outstanding at any one time under other borrowing arrangements (Other Arrangements);

and (2) issue and sell its commercial paper (Paper) in the U.S. or overseas, from time-to-time, in aggregate principal amounts outstanding not to exceed $325,000,000 at any one time; provided that the aggregate principal amounts outstanding under the Agreement, Lines, Other Arrangements, and Paper shall not exceed $325,000,000 at any one time.

The application is supported by exhibits and data in accordance with the rules and regulations of the Commission governing the authorization of the issuance of securities by electric and gas utility companies operating within Montana.

For detailed information with respect to the general character of Pacific's business and the territories served by it, reference is made to its annual reports on file with the Commission.

The application sets forth Counsel who will pass upon the legality of the proposed issuance, the other regulatory authorizations required, and the propriety of the proposed issue.

At a regular open session of the Montana Public Service Commission held in its offices at 2701 Prospect Avenue, Helena, Montana, on February 7, 1986, there came before the Commission for final action the matters and things in Docket No. 86.1.3 , and the Commission, having fully considered the application and all the data and records pertaining to it on file with the Commission and being fully advised in the premises, makes the following:

FINDINGS

1. Pacific is a corporation organized and existing under and by virtue of the laws of the State of Maine and is qualified to transact business in the State of Montana.

2. Pacific is operating as a public utility as defined in Section 69-3-101, MCA, and is engaged in furnishing electric and water service in Montana.

3. The Commission has jurisdiction over the subject matter of the application under Section 69-3-102, MCA.

4. Notice of the application was published as a part of the Commission's regular weekly agenda.

5. Pacific proposes to enter into an Agreement pursuant to which it could issue, from time-to-time, its unsecured promissory notes to certain U.S. and foreign commercial banks (or their affiliates) in amounts not exceeding $300,000,000 aggregate principal amount at any one time outstanding. A commercial bank will be selected by Pacific to act as agent for the banks under the Agreement.

6. Under the Agreement, Pacific expects that it will be able to borrow and reborrow from the banks through March 31, 1989.

7. Under the Agreement, Pacific expects to have a variety of interest rate options. Pacific may borrow at the Prime Rate announced by the Agent, which rate may vary daily, or Pacific may borrow at a fixed rate, which rate is based on the average certificate of deposit or LIBOR rates for certain Reference Banks named in the Agreement, plus a margin of not more than 0.375 percent per annum. The average rate will be adjusted to reflect any necessary reserve requirements or insurance assessments. Pacific will pay a commitment

fee of not more than 0.25 percent per annum, payable quarterly on the unused portion of the commitment.

8. Pacific proposes to issue from time-to-time, not more than $25,000,000 in aggregate principal amount of its unsecured, short-term promissory notes pursuant to the Lines with various U.S. and foreign commercial banks (or their affiliates) as evidenced by letters from each bank.

9. The letters evidencing the Lines are expected to be for one or two year periods. However, Pacific requests authority to issue its unsecured promissory notes under the Lines until March 31, 1989, provided that notes may mature up to one year after that date.

10. Borrowings under the Lines will be set by the market for borrowers with a credit rating similar to Pacific. A commitment fee of not more than 0.25 percent of the unused portion of the Lines will be payable quarterly. Pacific will have the right to prepay, without penalty, the whole or any party of the notes outstanding under the Lines.

11. Pacific also proposes to enter into Other Arrangements from time-to-time with various domestic or foreign commercial banks (or their affiliates) pursuant to which it would issue its unsecured, short-term notes for loans on an "as available" basis from a lender.

12. Pacific requests that it be authorized to issue its promissory notes under the Other Arrangements until March 31, 1989, provided that notes may mature up to one year after that date.

13. Since there is no commitment to lend, there are no fees associated with maintaining the Other Arrangements. Borrowings under the Other Arrangements would be on terms similar to the terms listed for the Agreement or for the Lines. The ability to enter into Other Arrangements will give Pacific the flexibility to take advantage of loan offers from various banks if borrowing

funds on an uncommitted basis is less expensive. The Other Arrangements will not affect the fees paid under the Agreement.

14. Pacific proposes to issue its commercial paper to one or more commercial paper dealers (Dealers) who may be investment or commercial bankers. Prior to its expected issuance date, Pacific will notify one or more Dealers of the date and the required amounts.

15. The Paper may or may not be interest bearing, but will be discounted from its face value to yield a market interest rate. The Dealers will resell the Paper at a higher price to afford them a commission which is expected not to exceed 0.25 percent of the principal amount of the Paper.

16. The Paper has a maturity of not more than 270 days if issued in the U.S. and not more than one year if issued overseas. Pacific requests that it be authorized to issue its Paper from time-to-time, provided that the Paper shall not mature after March 31, 1989.

17. Pacific estimates that the expenses associated with establishing the Agreement, Lines, Other Arrangements and Paper will be approximately $125,000. Costs of this magnitude are not greater than customary for similar services and are reasonable given the cost of rendering the service.

18. The net proceeds of the issuance will be used to reimburse Pacific's treasury for funds expended from income and from other treasury funds that were not derived from the issuance of securities. The funds to be reimbursed were used in furtherance of one or more of the utility purposes authorized by Section 69-3-501 MCA. To the extent that the funds to be reimbursed were used for the discharge or refunding of obligations, those obligations or their precedents were originally incurred in furtherance of a utility purpose.

19. Pacific's reimbursable expenditures on November 30, 1985 do not exceed $325,000,000, the maximum borrowing available under the Agreement,

the Lines, the Other Arrangements, and the Paper. Pacific shall not borrow under the Agreement, the Lines, the Other Arrangements and the Paper, an amount which exceeds the reimbursable expenditures then available at the time of borrowing.

20. Pacific states that the purpose of the proposed authority is to:

(a) Secure sources of committed funds available to Pacific to finance its short-term capital requirements (Agreement and Lines) and to serve as back-up for the issuance of its Paper.

(b) Have the option to borrow under multiple facilities from a variety of competing sources to provide lower cost alternatives under differing market conditions.

(c) Replace existing agreements and arrangements that are due to expire and to consolidate all of Pacific's short-term Borrowing Options into a single docket in each jurisdiction.

21. The issuance of an order authorizing the proposed financing does not constitute agency determination/approval of any issuance-related ratemaking issues which issues are expressly reserved until the appropriate proceeding.

CONCLUSIONS

The proposed issuance of promissory notes under the Agreement, Lines and Other Arrangements and the issuance of its Paper will be for lawful objects within the corporate purposes of Pacific. The method of financing is proper.

The application should be approved.

ORDER

IT IS THEREFORE ORDERED by the Commission that:

1. The application of PacifiCorp dba Pacific Power & Light Company, filed on January 22, 1986, for authority to:

(a) issue, from time-to-time, its unsecured short-term promissory notes (Promissory Notes) to and borrow from U.S. or foreign commercial banks (or their affiliates) under the following facilities:

(i) Not more than $300,000,000 in aggregate principal amount outstanding at any one time under a Revolving Credit Agreement (Agreement);

(ii) Not more than $25,000,000 in aggregate principal amount outstanding at any one time under renewable lines of credit (Lines);

(iii) Not more than $325,000,000 in aggregate principal amount outstanding at any one time under other borrowing arrangements (Other Arrangements); and

(b) issue and sell its commercial paper (Paper) in the U.S. or overseas, from time-to-time, in aggregate principal amounts outstanding not to exceed $325,000,000 at any one time pursuant to Sections 69-3-501 through 69-3-507, MCA, and to use the proceeds for normal utility purposes, is approved.

2. The aggregate principal amounts outstanding under the Agreement, Lines, Other Arrangements, and Paper shall not exceed $325,000,000 at any one time.

3. The authority granted in Docket No. 83.5.42 relating to the Revolving Credit Agreement and Optional Term Loan will be superseded upon the effective date of the new Revolving Credit Agreement.

4. The authority granted in Docket No. 83.5.42 relating to the Renewable General Lines of Credit and other borrowing arrangements is superseded by the issuance of this order, provided that the foregoing shall not affect the

validity of any currently outstanding notes issued under such Renewable General Lines of Credit or other borrowing arrangements.

5. The authority granted in Docket No. 83.5.41 relating to Pacific's commercial paper is superseded by the issuance of this order, provided that the foregoing shall not affect the validity of any currently outstanding commercial paper issued pursuant to such prior authority.

6. PacifiCorp dba Pacific Power & Light Company shall file the following as they become available:

   a. The "Report of Securities Issued" required by 18 CFR 34.10.

   b. A true copy of the Revolving Credit Agreement.

   c. For each year of the Revolving Credit Agreement, a verified statement showing in reasonable detail the disposition of the proceeds.

7. Issuance of this order does not constitute acceptance of PacifiCorp dba Pacific Power & Light Company's exhibits or other material accompanying the application for any purpose other than the issuance of this order.

8. Approval of the transaction authorized shall not be construed as precedent to prejudice any future action of this Commission.

9. Section 69-3-507, MCA, provides that neither the issuance of securities by PacifiCorp dba Pacific Power & Light Company pursuant to the provisions of this order, nor any other act or deed done or performed in connection with the issuance, shall be construed to obligate the State of Montana to pay or guarantee in any manner whatsoever any security authorized, issued, assumed, or guaranteed.

10. This order shall be effective upon execution.

DONE IN OPEN SESSION at Helena, Montana, this 7th day of February, 1986, by a 4 - 0 vote.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION.

Clyde Jarvis, Chairman

Howard L. Ellis, Commissioner

Tom Monahan, Commissioner

Danny Oberg, Commissioner

ATTEST:

Trenna Scoffield
Commission Secretary

(SEAL)

NOTE: Any interested party may request the Commission to reconsider this decision. A motion to reconsider must filed within ten (10) days. See ARM 38.2.4806.