

David F. Crabtree
Deseret Generation & Transmission Co-operative
5295 South 300 West, Suite 500
Murray, Utah 84107
Telephone: 801-892-6522
Attorney for Petitioners

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of)	
PacifiCorp and Scottish Power plc for an)	Docket No. 98-2035-04
Order Approving the Issuance of PacifiCorp)	
Common Stock)	PETITION TO INTERVENE AND INITIAL
)	ISSUE STATEMENT OF DESERET
)	GENERATION & TRANSMISSION CO-
)	OPERATIVE AND ITS MEMBERS
)	

Pursuant to Utah Code Ann. § 63-46b-9 and Rule R746-100-7, Petitioners Deseret Generation & Transmission Co-operative, Bridger Valley Electric Association, Inc., Dixie-Escalante Rural Electric Association, Inc., Flowell Electric Association, Inc., Garkane Power Association, Inc., Moon Lake Electric Association, Inc. and Mount Wheeler Power, Inc. hereby petition for leave to intervene in this proceeding. In support of this petition, Petitioners state as follows:

1. Petitioner Deseret Generation & Transmission Co-operative (“Deseret”) is a wholesale electric generation and transmission cooperative located in Salt Lake County, Utah, with interests in generation assets in Uintah and Emery Counties, and transmission facilities in various

other counties throughout Utah. Deseret's primary function is to generate and transmit power and energy for the benefit of its six members, Petitioners Bridger Valley Electric Association, Inc., Dixie-Escalante Rural Electric Association, Inc., Flowell Electric Association, Inc., Garkane Power Association, Inc., Moon Lake Electric Association, Inc., and Mt. Wheeler Power, Inc. (collectively, "Members"). Each of the Members is a rural electrical cooperative that provides retail electric services to its members/consumers in many rural portions of the State of Utah. Certain of Deseret's Members also provide retail electric services to their members in rural parts of the contiguous states of Wyoming, Arizona, Colorado and Nevada.

2. The legal rights and interests of Petitioners may be substantially affected by this proceeding. Petitioners are located and serve consumers exclusively within rural areas. Petitioners and their rural electric consumers may be impacted in many ways, both directly and indirectly, as a result of the proposed merger.

3. Some of the Petitioners and their consumers rely upon PacifiCorp for delivery of electric power and energy. Petitioners and their customers may be directly affected by the merger to the extent it has any impact on the reliability, quality or cost of services provided.

4. Petitioners and their customers may also be impacted by an inability or unwillingness of the merged company to develop and maintain an effective and reliable electric infrastructure throughout rural Utah. The economic health and growth of rural Utah is dependent upon the existence and maintenance of a healthy infrastructure, including available and reliable electric supplies. Utilities servicing rural Utah often serve within the same strategic and geographical areas, leading to interdependencies and wide-felt impacts. Rural electric consumers

served by all electric utilities--including PacifiCorp, the Petitioners and municipal utilities--will be impacted and disadvantaged if the merged company is unable or unwilling to develop, maintain and extend adequate and reliable electric facilities and services within its rural service territories. The announced intention of the merged company to dramatically slash non-generation costs and expenses appear to hold serious potential for disproportionate impacts in rural Utah. Because per-customer expenses often tend to be higher and per-customer returns very often lower in rural areas, such areas are natural targets for cost reduction strategies. While the pursuit of economic efficiency is certainly appropriate, proper conditions and safeguards must be put in place to prevent profit-driven tradeoffs between economic returns and the development and maintenance of reliable rural electric systems. Petitioners and their consumers, along with all rural electric consumers, face the potential of significant harm unless appropriate steps are taken to ensure continued investment at an appropriate level in development, expansion and maintenance of adequate electric facilities within all areas in Utah.

5. Because Deseret owns an interest in Hunter II, the merger may also potentially impact Petitioners to the extent the levels, assignments or allocations of coal, O&M or A&G costs relative to Hunter II are directly or indirectly affected by the merger.

6. Petitioners have not fully determined the specific positions they will take or the relief they will seek. In response to the Commission's Scheduling Order in this matter, Petitioners identify at least the following issues that they believe should be considered by the Commission in this proceeding:

a. ***Impacts on Rural Utah.*** How will the proposed merger impact electric consumers living within rural areas in the State of Utah? How can potential adverse impacts be avoided/mitigated? What requirements/conditions should be imposed on the merged company to ensure appropriate investment in developing, extending, improving and maintaining electric services and facilities necessary for the economic health and growth of rural Utah? What adjustments could be made to the certificated service areas in rural Utah that would otherwise be served by a merged company which adjustments could have the effect of improving service, lowering costs, increasing local involvement and oversight, and better serve the public interest in the rural areas of the State in light of a proposed merger?

b. ***Reliability Issues.*** What are the potential adverse impacts of the merger on reliability and quality of service, particularly in remote areas? How can potential adverse impacts be avoided/mitigated? What requirements/conditions should be imposed on the merged company to ensure appropriate levels of reliability and quality of service in rural Utah?

c. ***Anti-Competitive Issues.*** What are the potential anti-competitive effects of the merger vis-a-vis rural electric cooperatives and other public power entities? How can potential anti-competitive impacts be avoided/mitigated? What requirements/conditions should be imposed on the merged company to encourage and foster healthy competition in rural Utah?

d. ***Hunter II Costs***. How will the proposed merger affect the level, allocation or responsibility for coal, O&M or A&G costs relative to the Hunter II plant? How can fair and non-discriminatory allocation or assignment of costs be ensured? What requirements/conditions should be imposed on the merged company to ensure fair, non-discriminatory and appropriate levels and allocations of costs?

7. The interests of justice and the orderly and prompt conduct of this proceeding will not be materially impaired by allowing Petitioners to intervene. No other parties will adequately represent the interests of Petitioners.

8. Notices in this proceeding should be sent to the following:

David F. Crabtree
Deseret Generation & Transmission Co-operative
5295 South 300 West, Suite 500
Murray, Utah 84107
Telephone: 801-892-6522
Attorney for Petitioners

WHEREFORE, Petitioners request leave to intervene in this proceedings to protect their interests as they may appear.

DATED this _____ day of February, 1999.

David F. Crabtree,
Counsel for Petitioners

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was mailed, postage prepaid, this ____ day of February, 1999, to the following:

Edward Hunter
John Eriksson
STOEL RIVES
201 South Main Street, Suite 1100
Salt Lake City, UT 84111

Brian W. Burnett
CALLISTER NEBEKER MCCULLOUGH
10 East South Temple, #800
Salt Lake City, UT 84133

Michael Ginsberg
ASSISTANT ATTORNEY GENERAL
500 Heber M. Wells Building
160 East 300 South
Salt Lake City, UT 84111

Douglas C. Tingey
ASSISTANT ATTORNEY GENERAL
Committee of Consumer Services
160 East 300 South, 5th Floor
Salt Lake City, UT 84111

Daniel Moquin
ASSISTANT ATTORNEY GENERAL
1594 West North Temple, Suite 300
Salt Lake City, UT 84116

F. Robert Reeder
William J. Evans
PARSONS BEHLE & LATIMER
201 South Main Street, Suite 1800
P.O. Box 45898
Salt Lake City, UT 84145-0898

Stephen R. Randle
RANDLE, DEAMER, ZARR, ROMRELL
LEE
139 East South Temple, Suite 330
Salt Lake City, UT 84111

Peter J. Mattheis
Matthew J. Jones
BRICKFIELD BURCHETTE & RITTS
1025 Thomas Jefferson Street, N.W.
800 West Tower
Washington, D.C. 20007

Eric Blank
Land and water fund of the Rockies
2260 Baseline Rd., Suite 200
Boulder, CO 80302

Matthew F. Mc Nulty, III
VANCOTT BAGLEY CORNWALL
50 South Main Street, Suite 1600
P.O. Box 45340
Salt Lake City, UT 84145

Lee R. Brown
Magnesium Corporation of America
238 North 2200 West
Salt Lake City, UT 84116

Bill Thomas Peters
David W. Scofield
PARSONS DAVIES KINGHORN
185 South State Street, Suite 700
Salt Lake City, UT 84111

Dr. Charles E. Johnson
The Three Parties
1338 Foothill Blvd., Suite 134
Salt Lake City, UT 84108