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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

Pursuant to the Commission’s Scheduling Order in this matter, the Large Customer Group (“LCG”) submits an initial list of issues that the LCG believes the Commission should consider in determining whether to approve the issuance of securities as requested by the Applicants. At this point, the LCG has identified the following issues that it believes should be addressed by this Commission in the course of its investigation into whether the relief requested by the Applicants should be granted:

1. **Reliability/Quality of Service.** The merged company's proposed cost-cutting measures could impact reliability and quality of service in an unreasonable and unacceptable manner. If the merger is approved, appropriate and effective quality/reliability standards should be explored, adopted and enforced. Moreover, appropriate incentives and requirements should be adopted to ensure appropriate levels of investment in electric facilities and services.

2. **Rates/Terms of Service.** PacifiCorp's electric rates and terms of service could be negatively impacted by the merger. The merger will add complexities in the area of cost allocation. Moreover, the merger puts ratepayers at risk if it proves to be an unwise or inefficient move. The company should be prepared to make specific and measurable commitments to ensure that its customers are benefitted and to avoid the risk of any adverse impact of the merger on ratepayers.

3. **Industry Restructuring.** The merger may impact Utah's readiness for and response to industry restructuring. The merged company has not clearly articulated its position on or its intended response to federal and state restructuring efforts, unbundling of rates, transmission reform, existing and prospective competition, development of and participation in a Regional Grid Management Organization, and customer choice. Steps should be taken to ensure that the merged company is adequately prepared for and will not adversely impact ongoing discussions and decisions regarding, or preparations for, industry restructuring.

4. **Other.** The LCG reserves the right to take positions and submit testimony on any other issues identified by any other participants to this proceeding. The LCG also reserves the right to submit additional issues that it or its consultants may hereafter determine to be relevant.

DATED this _____ day of February, 1999.

PARR WADDOUPS BROWN GEE & LOVELESS

Gary A. Dodge

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:

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