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Scottish Power Inc

Alan Richardson
Chief Executive Officer

August 3, 1999

Mr. David Winder
Executive Director
Dept. of Community and
Economic Development
State of Utah
324 S. State Street, Suite 500
Salt Lake City, UT 84111

Mr. Rick Mayfield
Director
Division of Business and
Economic Development
State of Utah
324 S. State Street, Suite 500
Salt Lake City, UT 84111

Dear Mr. Winder and Mr. Mayfield

I am writing to you following several discussions we have had since Mr. Winder's testimony was filed on 18 June. I have always found these discussions useful and constructive and believe it would be helpful if I set down ScottishPower's intended approach on several matters following approval of the proposed merger with PacifiCorp.

Utah Presence

1. I believe you well understand ScottishPower's commitment to all its customers and communities. We have always intended to provide strong leadership in Utah, particularly given the very significant customer base and broad range of assets in the State. In recognition of this, ScottishPower will relocate a senior executive from the Group to take up residence in Utah. The executive will report directly to the CEO of PacifiCorp. As a member of the executive team, this person will have broad influence over PacifiCorp's operations in Utah including, but not limited to, authority to approve corporate involvement in economic development and corporate citizenship activities. The executive will be able to assure the best decisions in the interests of Utah.
2. This executive will provide a strong ScottishPower presence in Utah, setting a high standard and representing Utah Power and Light in all communities across the state. For the medium-to-long term, the executive will need to groom a successor so that there is a good guarantee of successful representation well into the future.
3. The corporate offices of PacifiCorp will not be moved outside the states of PacifiCorp's service area and the Utah Power & Light Division headquarters will be located in Utah. ScottishPower will strengthen the Utah presence of PacifiCorp and in this regard, will

work towards having a fair proportionality compared to other PacifiCorp service areas, insofar as is commercially reasonable. We confirm that we view Utah as a location from which to base new opportunities for the future.

4. ScottishPower plc will endeavor to maintain on its Board of Directors a non-executive director from the Utah Power service area.

Economic Development

5. ScottishPower's instincts and track record are to support economic development in some depth. I understand very well from my discussions with you, Mr. Winder, your Board, and others that this is a major consideration. At this time, I am not able to be specific on just how we will deliver support in this important area. However, I am very clear in my mind that this will be a significant task for the senior executive mentioned above, and that economic development staff in Utah will report directly to that executive. We will make a strong commitment to economic and community development the details of which will be completed by a transition team after the completion of the merger. We will work closely with your Department to ensure success in this area.
6. I would intend that there will be increased support of Utah businesses and that, where commercially reasonable, and to the extent permitted under the procurement policy of PacifiCorp which has been approved by the Commission, those businesses will be considered favorably to supply goods and services to PacifiCorp.

PacifiCorp Foundation

7. I well understand your comments that the allocation of grants from the Foundation should be equitable. At present, ScottishPower is twice removed from the Foundation, because it is independent of PacifiCorp, who are themselves still not yet part of ScottishPower. Following completion of the merger, I intend to work with the Foundation to agree on rules that assure equitable treatment across the service territories of PacifiCorp and provide for open reporting of the allocation of funds from the Foundation. I do have a concern that the Foundation Board is not constrained in its ability to make good decisions by a slavish adherence to strict allocation rules but it should target an equitable allocation over the period of a few years.

General

8. ScottishPower and PacifiCorp will work with the aim of ensuring that resources and attentions given to Utah in the following areas shall be just and proportional when compared to any other area or jurisdiction in which PacifiCorp operates:
 - Foundation gifts
 - Training
 - Representation on boards and committees
 - Economic development

I understand that this letter adequately addresses the concerns raised by DCED and the DBED Board in their direct testimony filed with the Public Service Commission and that based on the foregoing commitments and the Stipulation with the Division of Public Utilities and the Committee of Consumer Services, DCED and the DBED Board will recommend approval of the proposed merger transaction as it relates to issues raised by DCED and the DBED Board. We do, however acknowledge that you have raised the issue of special contracts and that your concerns are not yet resolved on that issue, and that this letter does not prevent any party from expressing its views on this and any other issue raised by another party.

I assure you that ScottishPower's intentions for Utah are of the highest order. We want to set a standard of which we can all be proud. I hope this letter allows you to better understand our commitment and to be able to support and encourage us to achieve those high standards in practice.

Yours sincerely,

/s/ Alan Richardson

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We acknowledge receipt of this letter and agree with its content and terms.

/s/ Rick Mayfield
For and on behalf of
Division of Business and
Economic Development, Utah

/s/ David B. Winder
For and on behalf of
Department of Community and
Economic Development, Utah