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UTAH PUBLIC  
SERVICE COMMISSION

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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IN THE MATTER OF THE APPLICATION )	
OF UTAH POWER & LIGHT COMPANY, )	
AND PC/UP&L MERGING CORP. (TO BE )	APPLICATION
RENAMED PACIFICORP) FOR AN ORDER )	AND EXHIBITS A
AUTHORIZING THE MERGER OF UTAH )	THROUGH I
POWER & LIGHT COMPANY AND )	
PACIFICORP INTO PC/UP&L MERGING )	Case No. 87-035-27
CORP. AND AUTHORIZING THE ISSUANCE )	
OF SECURITIES, ADOPTION OF TARIFFS, )	
AND TRANSFER OF CERTIFICATES OF )	
PUBLIC CONVENIENCE AND NECESSITY )	
AND AUTHORITIES IN CONNECTION )	
THEREWITH. )	

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Volume 1 of 2

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Utah Power & Light Company, a Utah corporation ("Utah Power"), and PC/UP&L Merging Corp., an Oregon corporation (to be renamed PacifiCorp upon completion of the merger) ("Merging Corp." or "PacifiCorp Oregon") (jointly, Applicants), hereby apply to the Utah Public Service Commission ("Commission"), pursuant to Sections 54-4-28 and 54-4-31, Utah Code Ann., for

an order granting all necessary permission and authority to complete the following transactions:

1. The merger of Utah Power and PacifiCorp, a Maine corporation ("PacifiCorp Maine"), into PacifiCorp Oregon, with PacifiCorp Oregon to be the surviving corporation, in accordance with an Agreement and Plan of Reorganization and Merger between PacifiCorp Maine, Utah Power, and Merging Corp., dated August 12, 1987 ("Merger Agreement"), attached as Exhibit "A;"

2. The transfer to PacifiCorp Oregon of all certificates of public convenience and necessity of Utah Power;

3. The issuance by PacifiCorp Oregon of shares of its common and preferred stocks upon conversion of the outstanding shares of common and preferred stock of PacifiCorp Maine and Utah Power in accordance with the terms of the Merger Agreement;

4. The assumption by PacifiCorp Oregon of all outstanding debt obligations of Utah Power and PacifiCorp Maine and the continuation or creation of liens in connection therewith; and

5. The adoption by PacifiCorp Oregon of all tariff schedules and service contracts of Utah Power on file with the Commission and in effect at the time of the merger for service within all territories served prior to the merger by Utah Power.

The Applicants respectfully represent that:

I.

THE APPLICANTS

Utah Power is a Utah corporation which is qualified to transact business and operates as an electric public utility in the States of Utah, Idaho and Wyoming. Utah Power is also subject to the jurisdiction of the Federal Energy Regulatory Commission ("FERC").

PacifiCorp Maine was incorporated in the State of Maine on June 16, 1910. It is qualified to transact business and operates as a public utility in the States of California, Idaho, Oregon, Montana, Washington and Wyoming. PacifiCorp Maine is also subject to the jurisdiction of FERC.

Merging Corp. was incorporated in the State of Oregon on August 11, 1987. The name of Merging Corp. will be changed to PacifiCorp on the effective date of the merger. It will be qualified to transact business and operate as a public utility in the States of California, Idaho, Montana, Oregon, Utah, Washington and Wyoming.

The names, titles, and addresses of the principal officers of Utah Power, PacifiCorp Maine, and PacifiCorp Oregon are set forth in Exhibit "B."

## II.

### DESCRIPTION OF BUSINESS AND PROPERTIES

#### (a) Utah Power.

Utah Power provides electric service to more than 510,000 retail customers in Utah, Idaho and Wyoming. Its electric service territory, aggregating approximately 90,000 square miles, includes southeastern Idaho, southwestern Wyoming, and major portions of the State of Utah. A map of the territories served is attached as Exhibit "C."

Utah Power's generating capability of 3,162 megawatts is comprised of thermal plants located in Wyoming and Utah and hydroelectric plants located in Idaho, Utah and Wyoming. Under average water conditions, approximately 3 percent of Utah Power's energy is produced by hydroelectric plants and 86 percent is produced by coal fired steam plants. The balance is obtained from geothermal resources, a gas turbine and purchases from other utilities and qualifying facilities.

#### (b) PacifiCorp Maine.

PacifiCorp Maine provides electric service to more than 670,000 retail customers in California, Idaho, Montana, Oregon, Washington and Wyoming. Its electric service territories total approximately 63,000 square miles. A map of the territories served is attached as Exhibit "D."

PacifiCorp Maine owns or has partial interests in generating plants with a rated capacity of 4,043 megawatts,

primarily comprised of thermal plants located in Wyoming, Montana and Washington and hydroelectric plants located in California, Montana, Oregon and Washington. Under average water conditions, approximately 66 percent of PacifiCorp Maine's energy requirements are supplied by thermal plants and 16 percent by hydroelectric plants. The balance of approximately 18 percent is obtained under long-term purchase contracts (principally from hydroelectric facilities), interchange contracts and other purchase arrangements.

(c) PacifiCorp Oregon.

PacifiCorp Oregon will be the surviving entity of the merger with Utah Power and PacifiCorp Maine. As a result of the merger, it will provide electric service to more than 1,180,000 retail customers throughout California, Idaho, Montana, Oregon, Utah, Washington and Wyoming. Its electric service territory will aggregate approximately 153,000 square miles.

III.

MERGER AGREEMENT

By the terms of the Merger Agreement, Utah Power and PacifiCorp Maine will merge into PacifiCorp Oregon. PacifiCorp Oregon will continue to do business in all territories previously served by Utah Power and will operate the business formerly conducted by Utah Power as a division of PacifiCorp Oregon under the assumed business name of Utah Power & Light

Company. PacifiCorp Oregon will continue to do business in all territories previously served by PacifiCorp Maine under the assumed business name of Pacific Power & Light Company.

The Utah Power & Light Company Division of PacifiCorp Oregon ("Utah Power Division") will maintain its headquarters in Salt Lake City, Utah. The directors and officers of Utah Power at the effective date of the merger will become directors and officers of the Utah Power Division.

The merger will become effective upon approval by the shareholders of Utah Power and PacifiCorp Maine, the receipt of all regulatory authorizations, the completion of necessary filings and waiting periods under the Hart-Scott-Rodino Anti-trust Improvements Act of 1976, and the receipt of all other necessary approvals for consummation of the merger, including registration and listing of securities. Under Maine law, approval of the merger will require the affirmative vote of the holders of a majority of the voting power of all shareholders of PacifiCorp Maine and holders of a majority of the total number of shares of outstanding preferred stock, each class voting separately. Under Utah law and Utah Power's Articles of Incorporation, approval of the merger will require the affirmative vote of the holders of at least a majority of the total number of shares of common stock of Utah Power, voting separately from the preferred stock as one class, and holders of at least a majority of the total number of shares of preferred stock, voting separately from the common stock as one class.

When the Merger Agreement becomes effective, the separate existence of Utah Power and PacifiCorp Maine will cease and PacifiCorp Oregon will succeed to all the rights and properties (including all operating public utility properties) and will assume all of the debts, liabilities and obligations of Utah Power and PacifiCorp Maine, including all notes and first mortgage bonds.

Among the rights and properties of Utah Power and PacifiCorp Maine to which PacifiCorp Oregon will succeed are all of Utah Power's and PacifiCorp Maine's franchises, their various operating permits, and their licenses issued by the FERC. Lists of all franchises owned, controlled or operated by Utah Power and PacifiCorp Maine are set forth in Exhibit "F." Utah Power's FERC Form 1 Annual Report is on file with this Commission and incorporated herein by this reference. A copy of PacifiCorp's FERC Form 1 Annual Report is attached hereto as Exhibit "G."

#### IV.

##### CONVERSION OF SECURITIES

The Merger Agreement provides for the following treatment of common and preferred stocks of PacifiCorp Maine and Utah Power:

(a) Each share of PacifiCorp Maine's common stock, \$3.25 par value, outstanding on the effective date of the



merger will be converted on such date into one share of PacifiCorp Oregon common stock, \$3.25 par value.

(b) Each share of PacifiCorp Maine's 5% Preferred Stock, \$100 par value, each share of PacifiCorp Maine's Serial Preferred Stock, \$100 par value, and each share of PacifiCorp Maine's No Par Serial Preferred Stock outstanding on the effective date will be converted on such date into one share of that class and series of PacifiCorp Oregon's preferred stock bearing the same name as the share of PacifiCorp Maine's preferred stock that is converted.

(c) Each share of Utah Power's common stock, \$6.40 par value, outstanding on the effective date of the merger will be converted on such date into shares of the common stock of PacifiCorp Oregon as determined by the following formula (based on the average closing price of PacifiCorp Maine's common stock as reported on the New York Stock Exchange Composite Tape for a specified period prior to the effective date):

(1) If the PacifiCorp Maine average closing price is more than \$41.804, each share of Utah Power common stock will be converted into that number of shares of PacifiCorp Oregon common stock as is determined by dividing \$38 by the PacifiCorp Maine average closing price.

(2) If the PacifiCorp Maine average closing price is more than \$35.475 but equal to or less than \$41.804,

each share of Utah Power common stock will be converted into 0.909 shares of PacifiCorp Oregon common stock.

(3) If the PacifiCorp Maine average closing price is equal to or less than \$35.475 but more than \$33.70, each share of Utah Power common stock will be converted into that number of shares of PacifiCorp Oregon common stock as is determined by dividing \$32.25 by the PacifiCorp Maine average closing price.

(4) If the PacifiCorp Maine average closing price is equal to or less than \$33.70, each share of Utah Power common stock will be converted into 0.957 shares of PacifiCorp Oregon common stock, subject to Utah Power's right to elect to terminate the Merger Agreement. If Utah Power elects to terminate the Merger Agreement, PacifiCorp Maine and PacifiCorp Oregon may prevent such termination by electing to convert each share of Utah Power common stock into that number of shares of PacifiCorp Oregon common stock determined by dividing \$32.25 by the PacifiCorp Maine average closing price.

(d) Each share of Utah Power's Cumulative Preferred Stock (Series A through E), \$25 par value, outstanding on the effective date (other than shares with respect to which the holder thereof has properly perfected dissenter's rights pursuant to Sections 16-10-75 and 16-10-76, Utah Code Ann.) will be converted on such date into one share of that class and series of PacifiCorp Oregon's preferred stock bearing the same

name (with only the omission of the word "Cumulative") as the share of Utah Power's preferred stock that is converted.

PacifiCorp Oregon will not issue any fractional shares as a result of the merger. Holders of fractional shares will be paid an amount of cash determined by multiplying (i) the PacifiCorp Maine average closing price by (ii) the fractional share of PacifiCorp Oregon common stock to which such shareholder would otherwise be entitled. A complete description of the securities proposed to be issued upon conversion of Utah Power and PacifiCorp Maine common and preferred stock is contained in Exhibit "H." All securities will be issued for the purpose of acquiring the public utility properties of PacifiCorp Maine and Utah Power.

For reasons set forth in this Application, the issuance of securities in connection with the merger: (1) is for lawful objects within the corporate purposes of PacifiCorp Oregon; (2) is compatible with the public interest; (3) is necessary, or appropriate for, or consistent with, the proper performance by PacifiCorp Oregon of service as a public utility; (4) will not impair its ability to perform that service; and (5) is reasonably necessary or appropriate for the purposes specified.

V.

PUBLIC INTEREST AND BENEFITS OF MERGER

The proposed merger will promote the public interest and benefit customers of Utah Power and PacifiCorp Maine by integrating the electric utility properties now separately owned and operated. This consolidation will result in better utilization of existing and potential power resources of the two companies. Further, because PacifiCorp Maine is a winter-peaking utility and Utah Power is a summer-peaking utility, the consolidation will, through system diversity, provide opportunities for more efficient use of power resources. The existing and anticipated combined transmission capabilities of these Applicants will enhance the efficiency and reliability of service to retail customers, increase the access to low cost power supplies, and enhance the prospects of wholesale power sales to the southwestern United States. Finally, the consolidation of generation and transmission resources will postpone the costly addition of resources for both companies.

The Applicants anticipate that the consolidation of resources and operations and the economies of scale derived from the merger will allow the elimination of overlapping functions and result in future operating savings. Future operating savings also are expected through the consolidation of inventories, increased flexibility in scheduling maintenance

of generation plants, and shared services between the operating divisions.

The surviving corporation will be both larger and financially stronger than either company operating separately. The merged company will be in a stronger position to finance the acquisition or construction of facilities and may be able to obtain financing on more advantageous terms.

For these reasons, the Applicants believe the merger will produce both immediate and long-term benefits to their customers and is in the public interest.

#### VI.

#### ASSUMPTION OF DEBT OBLIGATIONS

Upon the effective date of the merger, PacifiCorp Oregon will assume all outstanding debt obligations of PacifiCorp Maine and Utah Power and thereafter will continue or create liens in connection with such obligations. PacifiCorp Oregon will be required to execute appropriate supplemental indentures, or other agreements, to reflect these assumptions. Any existing liens on the properties of PacifiCorp Maine, or Utah Power, will continue as liens on the properties of PacifiCorp Oregon.

The series of debt obligations to be assumed by PacifiCorp Oregon are listed on Exhibit "E." These debt obligations will be assumed for the purpose of acquiring the public utility properties of PacifiCorp Maine and Utah Power.

For the reasons set forth in this Application, PacifiCorp Oregon's assumption of debt obligations is consistent with the five criteria described in Part IV of this Application.

VII.

TARIFF SCHEDULES

The merger will not result in any immediate change in tariff provisions, special service contracts or rates, rules or regulations for service to the customers of Utah Power or PacifiCorp Maine. Prior to the effective date of the merger, PacifiCorp Oregon will file with this Commission its adoption of Utah Power's then effective tariff schedules and service contracts as its own for service to customers theretofore served by Utah Power.

VIII.

CERTIFICATE OF PUBLIC

CONVENIENCE AND NECESSITY

Upon the effective date of the merger, PacifiCorp Oregon will succeed to all of the rights and obligations of Utah Power in its facilities and service territories in the State of Utah. Accordingly, it will be necessary for the Commission to approve the transfer to PacifiCorp Oregon of all certificates of public convenience and necessity granted to Utah Power and in effect as of the effective date.

(e) EXHIBIT M. Copies of the Form 10 K for PacifiCorp Maine and Utah Power;

(f) EXHIBIT N. Balance sheets, as of June 30, 1987 and pro forma, in conformity with the forms set forth in the annual reports for Utah Power and PacifiCorp Maine.

(g) EXHIBIT O. Comparative income statements for the twelve months ended June 30, 1987 and pro forma, in conformity with the forms set forth in the annual reports for Utah Power and PacifiCorp Maine.

(h) EXHIBIT P. A statement of retained earnings for the period covered by the income statements referred to in Exhibit O.

(i) EXHIBIT Q. A statement, as of July 31, 1987, showing for each class and series of capital stock: brief description; the amount authorized (face value and number of shares); the amount outstanding (exclusive of any amount held in the treasury); amount held as reacquired securities; amount pledged; amount owned by affiliated interests; and amount held in any fund.

(j) EXHIBIT R. A statement, as of July 31, 1987, showing for each class and series of long-term debt and notes: brief description (amount, interest rate and maturity); amount authorized; amount outstanding (exclusive of any amount held in the treasury); amount held as reacquired securities; amount

IX.

OTHER REGULATORY APPROVALS

Applications for the approval of the merger and transactions related thereto, including the issuance of securities, are being filed with the Federal Energy Regulatory Commission, the Public Utilities Commission of Oregon, the Idaho Public Utilities Commission, the Washington Utilities and Transportation Commission, the Public Service Commission of Wyoming, the California Public Utilities Commission, and the Montana Public Service Commission.

X.

OTHER EXHIBITS ACCOMPANYING APPLICATION

The following additional exhibits accompany this Application and are incorporated by reference:

- (a) EXHIBIT I. Copies of articles of incorporation with amendments to date for Utah Power, PacifiCorp Maine and PacifiCorp Oregon.
- (b) EXHIBIT J. Copies of by-laws with amendments to date for Utah Power, PacifiCorp Maine and PacifiCorp Oregon.
- (c) EXHIBIT K. Copies of all resolutions of directors authorizing the merger.
- (d) EXHIBIT L. A brief description of the mortgages, trust deeds, and indentures securing the obligations of Utah Power and PacifiCorp Maine.



pledged; amount held by affiliated interests; and amount in sinking and other funds.

(k) EXHIBIT S. A statement by primary account of the cost of the facilities and applicable depreciation reserves involved in the merger.

(l) EXHIBIT T. A copy of the proposed journal entries to be used to record the merger upon the books.

(m) EXHIBIT U. A copy of the registration statement, and financial exhibits made a part thereof, which will be filed with the Securities and Exchange Commission, will be provided when it is available.

(n) EXHIBIT V. A statement of the amount of interest paid during the year ended December 31, 1986 and the rates thereof.

(o) EXHIBIT W. The rates and amounts of dividends paid upon each class of stock during each of the five calendar years preceding this Application.

(p) EXHIBIT X. Form 10-Qs for Utah Power and PacifiCorp Maine.

(q) EXHIBIT Y. Form 8-Ks for Utah Power and PacifiCorp Maine.

WHEREFORE, Applicants respectfully request that the Commission issue its orders:

1. Authorizing the merger of Utah Power and PacifiCorp Maine into PacifiCorp Oregon;

2. Authorizing the transfer to PacifiCorp Oregon of all certificates of public convenience and necessity of Utah Power.

3. Authorizing the issuance by PacifiCorp Oregon of shares of its common and preferred stock upon the conversion of all outstanding shares of common and preferred stock of PacifiCorp Maine and Utah Power in accordance with the terms of the Merger Agreement;

4. Authorizing the assumption by PacifiCorp Oregon of all outstanding debt obligations of Utah Power and PacifiCorp Maine and the continuation or creation of liens in connection therewith;

5. Authorizing the adoption by PacifiCorp Oregon of all tariff schedules and service contracts of Utah Power on file with the Commission and in effect at the time of the merger for service within all territories served by Utah Power prior to the merger;

6. Directing that upon the merger PacifiCorp Oregon shall succeed to all of the rights and responsibilities of Utah Power under the public utility laws of the State of Utah and the orders of this Commission; and

7. Granting such other permission and authority as may appear proper.

DATED this 17th day of September, 1987.

Respectfully submitted.

UTAH POWER & LIGHT COMPANY, a Utah Corporation

BY [Signature]  
FRANK A. DAVIS

PC/UP&L MERGING CORP., an Oregon Corporation

BY [Signature]  
ROBERT F. LANZ

STATE OF UTAH )  
                  : SS.  
COUNTY OF SALT LAKE )

The undersigned, being duly sworn, deposes and says that he is the President and Chief Executive Officer of Utah Power & Light Company, that he has read the foregoing Application, knows the contents thereof, and that to the best of his knowledge, information and belief, the statements therein contained are true.

[Signature]  
FRANK N. DAVIS

Subscribed and sworn to before me this 17th day of September, 1987.

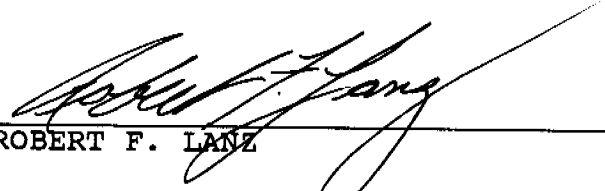
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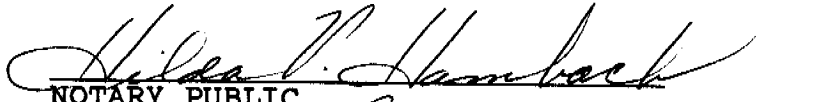
Carmen J Walsh  
NOTARY PUBLIC  
Residing at:  
Salt Lake County, Utah

STATE OF OREGON            )  
                                  ): ss.  
COUNTY OF MULTNOMAH )

The undersigned, being duly sworn, deposes and says that he is the Treasurer of PC/UP&L Merging Corp, that he has read the foregoing Application, knows the contents thereof, and that to the best of his knowledge, information and belief, the statements therein contained are true.

  
\_\_\_\_\_  
ROBERT F. LANZ

Subscribed and sworn to before me this 16th day of September, 1987.

  
\_\_\_\_\_  
NOTARY PUBLIC  
Residing at: Portland, Oregon

My Commission Expires:  
9-28-90

