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UTAH PUBLIC
SERVICE COMMISSION

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- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

* * * * *

In the Matter of the Applica-)	
tion of UTAH POWER & LIGHT)	
COMPANY and PC/UP&L MERGING)	
CORP. (to be renamed PACIFICORP))	
for an Order Authorizing the)	<u>CASE NO. 87-035-27</u>
Merger of UTAH POWER & LIGHT)	
COMPANY and PACIFICORP into)	
PC/UP&L MERGING CORP. Autho-)	
rizing the Issuance of Securi-)	
ties, Adoption of Tariffs and)	STATEMENT OF
Transfer of Certificates of)	GENERAL POSITION
Public Convenience and Necessity)	
and Authorities in Connection)	
Therewith.)	
)	

* * * * *

Kennecott Corporation, Union Carbide Corporation,
National Semiconductor Corporation, Sorensen Research, Inc.,
Ideal Basic Industries, Amoco Oil Company, Western Electric
(Western Zirconium Division), Kimberly-Clark Corporation, and
Chemstar, Inc., pursuant to the Pre-Hearing Conference Order of

October 6, 1987, make the following general statement on the case and major issues, and their position on those issues.

The ultimate issue to be decided by the Commission, and the conclusion the Commission must reach as a result of the hearings in this matter, is that the proposed stock acquisition and the proposed merger are in the public interest.

Position on the Ultimate Issue: Inadequate evidence has been provided by the applicants in their application and in their pre-filed testimony to demonstrate that the proposed stock acquisition and merger will benefit the Utah ratepayers. The parties cannot, therefore, take a position on whether or not the proposed merger is in the public interest.

In determining whether or not the proposed merger will benefit the public interest, the Commission will need to make findings in at least the following general areas:

(a) Will the structure and organization of the combination resulting from the merger result in any shift of jurisdiction from state to federal of the approval of capital expenditures and expenses by the utility?

Position on the Issue: Inadequate information has been provided by the applicants at this point to allow these intervenors to determine whether or not a jurisdictional shift will occur as a result of the stock acquisition and merger, or if a shift were to occur, whether it would increase the rate base or expenses allocated to Utah. Issues other than the size of the

rate base and level of expenses and who determines them may also arise in evaluating the applicants' proposed structure and organization after the stock acquisition upon which no position can now be set forth.

(b) Will the combined entity be at least as financially sound as Utah Power & Light standing alone with no increase in the cost of capital, arising from the combination?

Position on the Issue: Inadequate information has been provided by the applicants to date to allow these intervenors to determine whether or not the present and future costs of capital will be increased as a result of the combination of the two entities, or what other issues may arise in evaluating the question.

(c) Will the operating costs of the combined entity decrease as a result of the combination or merger?

Position on the Issue: Inadequate information has been provided by the applicants to determine what the expected costs of operating the newly created entity will be after the merger. Substantial issues may arise from the consolidation of service functions and selections of fuels that are not foreseeable until cost saving steps are identified.

(d) Will the operating costs allocated to Utah ratepayers be less than costs ratepayers would face from UP&L alone?

Position on the Issue: Inadequate information has been provided by the applicants on the method that would be used to

allocate costs to Utah. Will Utah be allocated the cost and thus get the benefit of the apparently lower cost resources and fuel of the existing Pacific Power facilities? Will Utah face increasing capital costs because of system wide growth? These and other issues will arise when the applicants present their proforma statements of Utah jurisdictional operations. Without the necessary information, these intervenors cannot determine whether the proposed combination is in the public interest.

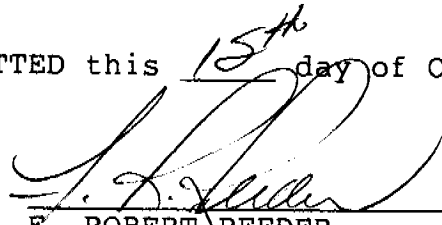
(e) Will the cost and expenses to be allocated among the customers be adversely affected in any way by the proposed combination?

Position on the Issue: Inadequate information has been presented by the applicants to allow the intervenors to assess the impact on cost allocations. Issues about the definition of demand costs and interclass demand allocations and other issues may arise when information is presented.

(f) Will the combined entity adversely affect the ability of Utah industries to grow and meet the demands of competition for their product?

Position on the Issue: Inadequate information has been provided by the applicants to allow these intervenors to determine whether or not the policies and practices of the surviving entity will foreclose Utah industries from access to lower cost energy sources.

RESPECTFULLY SUBMITTED this 15th day of October, 1987.



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of and for

PARSONS, BEHLE & LATIMER

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MAILING CERTIFICATE

I hereby certify that I caused to be mailed, postage prepaid, a true and correct copy of the foregoing Statement of General Position to the following on this 15th day of October, 1987:

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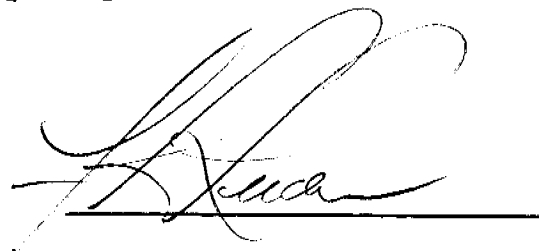
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A handwritten signature in cursive script, appearing to read "S. Randle", is written over a horizontal line.