

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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In the Matter of the Application) DESERET GENERATION & TRANS-
of UTAH POWER & LIGHT COMPANY and) MISSION CO-OPERATIVE'S
PC/UP&L MERGING CORP. (to be re) MOTION TO INTERVENE
named PACIFICORP) for an Order)
Authorizing the Merger of UTAH)
POWER & LIGHT COMPANY and)
PACIFICORP into PC/UP&L MERGING) Case No. 87-035-27
CORP. Authorizing the Issuance)
of Securities, Adoption of)
Tariffs and Transfer of Certifi-)
cates of Public Convenience and)
Necessity and Authorities in)
Connection Therewith.)

Pursuant to Rule 6 of the Commission's Rules of Practice and Procedure, Deseret Generation & Transmission Co-operative (DG&T) hereby petitions the Commission for leave to intervene in the above-titled case on the grounds set forth herein:

I. Nature of DG&T and Its Members

1. DG&T is an electric generation and transmission cooperative providing wholesale electric power to its six members (the "Members"), Bridger Valley Electric Association, Dixie-Escalante Rural Electric Association, Flowell Electric Association, Garkane Power Association, Inc., Moon Lake Electric Association, Inc. and Mt. Wheeler Power, Inc.. The Members are rural electric distribution cooperatives that sell electricity at retail to their approximately 30,000 member-customers in Utah, eastern Nevada, northern Arizona, northwestern Colorado and southwestern Wyoming.

2. DG&T began operations in 1980 when it acquired an undivided interest in Hunter Unit No. II, a 400 mw coal-fired generating unit operated by Utah Power & Light Company (UP&L).

DG&T's current undivided interest in the Hunter Unit is 25.11% (representing approximately 100 mw). In late 1985, DG&T completed Bonanza Unit No. 1 (the Bonanze Unit), a coal-fired generating unit located 35 miles southeast of Vernal, Utah, having a nameplate rating of 360 mw.

3. To assure a supply of coal for the Bonanza Unit, DG&T has entered into a long term coal supply agreement with Western Fuels-Utah, Inc., pursuant to which all of the coal requirements for the Bonanza Unit is supplied from the Western Fuels Deserado Mine.

4. In December, 1985, DG&T entered into two sale-lease-back transactions with Shell Leasing Corp (Shell) with National Rural Electric Cooperative Finance Corporation (CFC) and General Electric Credit Corp (GECC) acting in varying degrees as guarantors, whereby substantially all of the personal property comprising the Bonanza Unit and having a value of \$665,000,000.00 was sold to Shell and leased back to DG&T.

5. DG&T supplies its Members under Wholesale Power Contracts that terminate on December 21, 2019. The Wholesale Power Contracts with the Members require DG&T to set rates to the Members to produce revenues sufficient, when combined with DG&T's other revenues, to meet all of DG&T's costs and expenses, and DG&T's mortgage with the Rural Electrification Administration (REA) required DG&T to design rates to provide DG&T with a Times Interest Earned Ratio (TIER) and Debt Service Coverage Ratio (DSC) that meet the REA requirements.

6. DG&T's power system consists of 485.4 mw (net) of capacity from its owned or leased facilities. The Members have firm commitments to purchase 129 mw of Colorado River Storage Project (CRSP) capacity. The Members own hydro-power stations with 5.1 mw of capacity and have take-or-pay contracts for

approximately 107 mw (net) of capacity from Units 1 and 2 of the Intermountain Power Project (IPP). At current estimates, DG&T and the Members have an aggregate of 726.3 mw of capacity. However, all of the Members' IPP power (107 mw) has been laid off under long-term firm contracts to certain California municipalities.

7. DG&T owns 138kV transmission lines from the Bonanza Station to the Rangely Substation (26 miles), to Western Area Power Administration's (WAPA) Vernal Substation (25 miles) and the Upalco Substation (53 miles). DG&T also owns a 171-mile 345kV line to UP&L's Mona Substation.

8. DG&T transmits power from the Bonanza Unit to Moon Lake over DG&T's own transmission system. WAPA wheels Bonanza power to the City of Kanab and to parts of Garkane and Bridger Valley's systems. UP&L transmits all of DG&T's Hunter Unit No. II power to the Members. In addition, Pacific Power & Light wheels power for DG&T to part of Bridger Valley's service area. UP&L and Sierra Pacific transmit a portion of Mt. Wheeler's power requirements from DG&T and the balance will be wheeled over the IPP system. UP&L wheels Bonanza power to the rest of the Members' systems.

9. DG&T interconnects with UP&L's transmission system at the Upalco, Mona and Vernal Substations. DG&T has the right to use the Mona Substation to deliver power into the UP&L or IPP system, up to the capacity in the Bonanza-Mona 345kV line. The Mona Substation also includes an interconnection with the IPP system, which consists of two 345kV lines from Mona to the IPP station. The IPP system also includes a 230kV line from the IPP system to Mt. Wheeler's Gonder Substation in Nevada and a 500kV DC line to Adelanto, California.

10. DG&T also interconnects with WAPA's transmission system at Vernal and Rangely. DG&T and other utilities that

interconnect with WAPA may transmit power over WAPA's system to the extent WAPA has capacity available, but such capacity is limited. Through the WAPA System, DG&T has access to major utilities in Nevada, Montana, Wyoming, Colorado, New Mexico and Arizona, but WAPA has limited capacity available to some or all of these utilities. DG&T also has the right to transmit across Moon Lake's lines from the Rangely Substation to Colorado-Ute Electric Association, Inc.

11. The Members own approximately 1,100 miles of transmission line and 7,100 miles of distribution (7.2kV to 35kV) lines. They own 75 transmission and distribution substations with a total capacity of 555,000 kva.

II. DG&T'S Interest in These Proceedings

12. Many systems in the Rocky Mountain Area, including UP&L, and in the Western United States, including PP&L, have excess capacity from large coal-fired plants which were constructed in the last decade to meet demand that has not materialized. These systems compete with DG&T for sales of capacity and non-firm energy sales to other utilities in the Western United States. Completion for these sales is based principally on price, reliability and availability of transmission facilities. Prices for non-firm energy sales are based principally on the variable costs of production, which are principally a function of fuel costs and operation and maintenance costs. Sales of capacity are based both on variable costs and the allocation of some or all of the fixed costs, which consist principally of construction and financing costs.

13. DG&T's sales to utilities not directly interconnected to its transmission system are limited by the availability of transmission capacity on other utilities' systems, including those involved in the proposed merger. Although all major

utilities in the Western United States are interconnected directly or indirectly, available transmission capacity from Utah to areas that require additional power is limited.

14. Past dealing between DG&T and UP&L in matters of transmission and interconnection into UP&L's system have been difficult and restrictive.

15. The merger proposed in this proceeding would result in an integrated transmission system that will allow access by the surviving company to inexpensive capacity and energy sources and to lucrative markets for the sale of such capacity and energy.

16. In large part, such integrated transmission systems will become the only viable transmission path whereby other utilities can access such markets in competition with the surviving company.

17. DG&T's interest in these proceedings is to evaluate the effect of the proposed merger on its operations and more particularly its effect on DG&T's ability to access electrical power markets through the use of essential transmission systems over which the surviving company under the proposed merger will have control.

18. DG&T maintains that such interest is direct and substantial as it affects the continuing viability of DG&T as a competitor in the electrical power industry.

19. Since DG&T is essentially the only true generating and transmitting utility entering an appearance in this proceeding to date, other than the applicants, DG&T submits that its interest is unique and cannot and will not be represented by any other party to this proceeding.

20. This proceeding by its nature is intended to cover a broad spectrum of issues, including those of concern to DG&T.

Consequently, DG&T's participation in this proceeding will not broaden the issues presently before the commission.

WHEREFORE, DG&T respectfully requests leave of this Commission to intervene as a full party in these proceedings.

DATED this 13th day of October, 1987.

DESERET GENERATION & TRANS-
MISSION CO-OPERATIVE

By 

Lynn W. Mitton
General Counsel

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing DESERET GENERATION & TRANSMISSION CO-OPERATIVE'S MOTION TO INTERVENE was mailed this 7th day of October, 1987 to the following:

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