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ECONOMIC REGULATION

D. DOUGLAS LARSON
Manager
Economic Regulation

February 4, 1991

Stephen C. Hewlett, Commission Secretary
PUBLIC SERVICE COMMISSION OF UTAH
160 East 300 South
P.O. Box 45802
Salt Lake City, Utah 84145-0802

Re: **MERGER REPORTING REQUIREMENTS**

Dear Mr. Hewlett:

In its Report and Order, Docket No. 87-035-27, the Public Service Commission of Utah approved the merger of Utah Power & Light Company and PacifiCorp. Within that order, the Commission required that the Company submit reports providing information regarding the merger.

In response to those reporting requirements, the Company provides the following information for the period July 1, 1989 through June 30, 1990.

(1) **Estimated Consolidated Merger Benefits Identified**

In its merger application, the Company outlined specific areas in which merger benefits were projected. Provided as Attachment A is a schedule showing, by merger benefit area, the merger benefit commitment included in the filing and the final identified consolidated Company merger benefits identified as of June 30, 1990. Also shown on that schedule are benefits in areas which the Company did not specifically identify in its merger application.

As can be seen on Attachment A, the Company has identified on-going merger savings with an associated revenue requirement of approximately \$67 million. That level of merger benefits is above the anticipated average of first and second-year merger benefits of \$59 million presented in the merger hearings.

The savings from the power supply area were approximately \$22.7 million, slightly greater than the average of the first and second-year merger estimates previously provided. In the insurance area, the Company was able to achieve significant savings (\$17.8 million) in insurance premiums through the consolidation of two large insurance programs.

Manpower efficiencies, measured as the net reduction in staff positions, exceeded \$12.1 million in annualized savings. Merger benefits in economic development, group welfare and computer systems also exceed the merger estimates by \$1.9 million, \$1.5 million and \$.6 million, respectively.

As can also be seen on Attachment A, the Company has not yet been able to quantify merger benefits in the following two merger benefit areas: (1) reduced construction and (2) legal expenses.

Attachment 1 provides detail for each of the merger benefit areas identified in Attachment A.

(2) **Preferred Stock/Debt Series**

Provided as Attachment 2 is a description of the Company's preferred stock and debt series at September 30, 1990.

(3) **Bond Ratings**

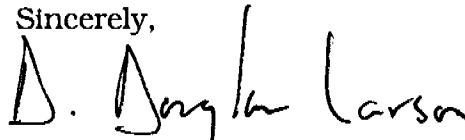
Provided as Attachment 3 are the Company's current bond ratings.

(4) **Major Production and Transmission Additions**

Provided as Attachment 4 is a listing of all major post-merger additions to generation and system transmission plant.

If you have any questions concerning the information provided, please contact me at your convenience.

Sincerely,



D. Douglas Larson

DDL/cw

2:2

cc: Orrin T. Colby Jr.
Steven L. Walton
Anne E. Eakin
Michael Ginsberg
Kent Walgren

PacifiCorp Electric Operations
Semiannual Estimated Merger Benefits (1)
For the 12 Months Ended June 30, 1990
(In Revenue Requirements)
(\$000)

Attachment A

Benefit Category	Average of First and Second Year Benefits As Per Merger Testimony	-- Estimated Savings --	
		One-time Savings	On-going Savings
Reduced Construction	\$2,000	\$0	\$0
Economic Development	1,500	0	3,400
Group Welfare Plan Benefits (2)	1,000	0	2,500
Computer Systems Benefits (2)	2,000	0	2,600
Legal Expense	1,000	0	0
Division Support (2)	3,000	100	300
Insurance (2)	9,500	0	17,800
Financial Services	1,000	0	1,100
Power Plant Maintenance (2)	2,000	0	3,900
Manpower Efficiencies	15,000	0	12,100
Power Supply	21,000	0	22,700
Utah Franchise Tax Savings	N/A	2,500	0
Pension Savings (2)	N/A	3,000	0
Other Savings (2)	N/A	1,100	800
Total	\$59,000	\$6,700	\$67,200

Caution: Many of the above benefits include actual savings as well as foregone cost increases. These amounts should not be used for projecting merger benefit revenue reductions from current revenue levels.

(1) This merger benefit summary reflects a general analysis of known major areas of combinations / savings. There may be several additional unknown or yet unquantifiable benefit areas in addition to those noted here.

(2) Includes both capital and operating merger benefits.

PacificCorp Electric Operations
Semiannual Estimated Merger Benefits
For the 12 Months Ended June 30, 1990
Summary
(\$000)

Line No.	Description	Reduced Construction (2)	Refer Page	Economic Development (3)	Refer Page	Group Welfare (4)	Refer Page	Computer Services (5)	Refer Page	Legal Expense (6)	Refer Page	Division Support (7)	Refer Page	Insurance (8)	Refer Page	
OPERATING REVENUES																
1	General Business Revenues	0		5,801	5	0		0		0		0		0		0
2	Interdepartmental	0		0		0		0		0		0		0		0
3	Special Sales	0		0		0		0		0		0		0		0
4	Other Operating Revenues	0		0		0		0		0		0		0		0
5	TOTAL OPERATING REVENUES	0		5,801		0		0		0		0		0		0
OPERATING REVENUE DEDUCTIONS																
6	Operating and Maintenance Expense	0		1,728	5	0		0		0		0		(6,325)	8	0
7	Production	0		0		0		0		0		0		0		0
8	Other Power Supply	0		0		0		0		0		0		0		0
9	Transmission	0		0		0		0		0		0		0		0
10	Distribution	0		0		0		0		0		0		0		0
11	Customer Accounting	0		0		0		0		0		0		0		0
12	Customer Service & Info.	0		0		0		0		0		0		0		0
13	Administrative & General	0		758	5	(2,397)	6	(2,455)	7	0		(301)	8	(11,061)	8	0
14	TOTAL O&M EXPENSES	0		2,484		(2,397)		(2,455)		0		(301)		(17,366)		0
15	Depreciation and Amortization	0		0		(5)	6	(37)	7	0		(3)	8	(22)	9	0
16	Taxes Other Than Income	0		0		0		0		0		0		0		0
17	State Income Tax	0		144	3	105	3	109	3	0		14	3	757	3	0
18	Federal Tax :	0		0		0		0		0		0		0		0
19	Federal Tax	0		1,083	3	792	3	818	3	0		102	3	5,708	3	0
20	Investment Tax Credit	0		0		0		0		0		0		0		0
21	Net Federal Tax	0		1,083		792		818		0		102		5,708		0
22	Deferred Income Taxes	0		0		(3)	3	(3)		0		(2)	3	(14)	3	0
23	Inc Taxes Deferred Prior Years	0		0		0		0		0		0		0		0
24	Investment Tax Credit Adjustment	0		0		0		0		0		0		0		0
25	TOTAL OPER. REVENUE DEDUCTIONS	0		3,711		(1,508)		(1,567)		0		(190)		(10,957)		0
26	NET OPERATING INCOME	0		2,090		1,508		1,957		0		190		10,957		0
RATE BASE																
27	Utility Plant in Service	0		0		(686)	6	(277)	7	0		(141)	8	(1,229)	9	0
28	Accum. Depreciation and Amort. Reserve	0		0		5	6	42	7	0		3	8	25	9	0
29	Plant Held for Future Use	0		0		0		0		0		0		0		0
30	Nuclear Fuel	0		0		0		0		0		0		0		0
31	Customer Advances for Construction	0		0		0		0		0		0		0		0
32	Materials and Supplies	0		0		0		0		0		0		0		0
33	Cash Working Capital	0		0		0		0		0		0		0		0
34	Miscellaneous Deferred Debits	0		0		0		0		0		0		0		0
35	Weatherization	0		0		0		0		0		0		0		0
36	Acquisition Adjustment	0		0		0		0		0		0		0		0
37	Accumulated Deferred Income Taxes	0		0		3	6	2	2	0		2	6	16	9	0
38	TOTAL RATE BASE	0		0		(686)		(233)		0		(136)		(1,168)		0

Note: Many of the above savings include both actual and foregone costs.

PacificCorp Electric Operations
Semiannual Estimated Merger Benefits
For the 12 Months Ended June 30, 1990
Summary
(\$000)

Line No.	Description (1)	Financial Services (8)	Refer Page	Power Plant Maintenance (10)	Refer Page	Manpower Efficiencies (11)	Refer Page	Power Supply (12)	Refer Page	Income Tax Deduction - Utah Franch. Taxes (1)	Refer Page	Pension (1) Savings (14)	Refer Page	Other Savings (15)	Refer Page	Estimated Merger Benefits (16)	
OPERATING REVENUES																	
1	General Business Revenues	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5,901
2	Interdepartmental	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3	Special Sales	0	0	0	0	0	0	11,001	13	0	0	0	0	0	0	0	11,001
4	Other Operating Revenues	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5	TOTAL OPERATING REVENUES	0	0	0	0	0	0	11,001	0	0	0	0	0	0	0	0	16,902
OPERATING REVENUE DEDUCTIONS																	
6	Operating and Maintenance Expense	0	0	0	0	0	0	5,953	13	0	0	0	0	0	0	0	1,354
7	Production	0	0	(2,661)	11	0	0	(14,270)	13	0	0	0	0	0	0	0	(16,931)
8	Other Power Supply	0	0	0	0	0	0	(3,037)	13	0	0	0	0	0	0	0	(3,037)
9	Transmission	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10	Distribution	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11	Customer Accounting	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12	Customer Service & Info.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13	Administrative & General	(1,096)	10	0	0	(11,956)	12	0	0	0	0	(2,783)	15	(1,848)	16	(33,139)	
14	TOTAL O&M EXPENSES	(1,096)	0	(2,661)	0	(11,956)	0	(11,354)	0	0	0	(2,783)	0	(1,848)	0	(51,755)	
15	Depreciation and Amortization	0	0	(85)	11	0	0	0	0	0	0	(26)	15	(3)	16	(181)	
16	Taxes Other Than Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
17	State Income Tax	47	4	136	4	518	4	968	4	0	0	125	4	81	4	3,004	
18	Federal Tax:																
19	Federal Tax	358	4	1,026	4	3,903	4	7,298	4	(1,527)	4	945	4	607	4	21,114	
20	Investment Tax Credit	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
21	Net Federal Tax	358	0	1,026	0	3,903	0	7,298	0	(1,527)	0	945	0	607	0	21,114	
22	Deferred Income Taxes	0	0	(56)	4	0	0	0	0	0	0	(16)	4	(2)	4	18	
23	Inc Taxes Deferred Prior Years	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
24	Investment Tax Credit Adjustment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
25	TOTAL OPER. REVENUE DEDUCTIONS	(691)	0	(1,526)	0	(7,535)	0	(3,088)	0	(1,527)	0	(1,755)	0	(1,165)	0	(27,797)	
26	NET OPERATING INCOME	691	0	1,526	0	7,535	0	14,089	0	1,527	0	1,755	0	1,165	0	44,599	
RATE BASE																	
27	Utility Plant in Service	0	0	(9,441)	11	0	0	0	0	0	0	(1,303)	15	(125)	16	(13,212)	
28	Accum. Depreciation and Amort. Reserve	0	0	90	11	0	0	0	0	0	0	29	15	3	16	197	
29	Plant Held for Future Use	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
30	Nuclear Fuel	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
31	Customer Advances for Construction	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
32	Materials and Supplies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
33	Cash Working Capital	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
34	Miscellaneous Deferred Debits	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
35	Weatherization	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
36	Acquisition Adjustment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
37	Accumulated Deferred Income Taxes	0	0	58	11	0	0	0	0	0	0	18	15	2	16	101	
38	TOTAL RATE BASE	0	0	(9,293)	0	0	0	0	0	0	0	(1,256)	0	(120)	0	(12,914)	

Note: Many of the above savings include both actual and foregone costs.

(1) Merger savings attributed to the Utah Franchise Taxes and the Pension Savings are a one-time benefit available only in 1989.

PacificCorp Electric Operations
Semiannual Estimated Merger Benefits
For the 12 Months Ended June 30, 1990
Income Tax Calculation
(\$000)

Line No.	Description (1)	Reduced Construction (2)	Refer Page	Economic Development (3)	Refer Page	Group Welfare (4)	Refer Page	Computer Services (5)	Refer Page	Legal Expense (6)	Refer Page	Division Support (7)	Refer Page	Insurance (8)	Refer Page	
1	Operating Revenues	0	0	5,801	1	0	0	0	0	0	0	0	0	0	0	
Deductions:																
2	Operating & Maintenance Expense	0	0	2,484	1	(2,387)	1	(2,455)	1	0	0	(301)	1	(17,366)	1	
3	Depr & Amiz Expense	0	0	0	(5)	0	(37)	0	0	0	0	0	0	(22)	1	
4	Taxes Other than Income Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
5	Interest Expense	0	0	0	(17)	(17)	8	(8)	7	0	0	(5)	8	(38)	9	
6	Total Deductions	0	0	2,484	(2,419)	(2,419)	8	(2,500)	7	0	0	(309)	8	(17,447)	9	
7	Net Income Before Income Tax Adj	0	0	3,317	2,419	2,419	0	2,500	0	0	0	309	0	17,447	0	
Tax Adjustments - State & Federal																
8	Book Depreciation	0	0	0	5	5	0	37	7	0	0	3	8	22	8	
9	Tax Depreciation	0	0	0	(13)	(13)	6	(46)	7	0	0	(8)	8	(60)	9	
10	Total Tax Adj. - State & Federal	0	0	0	(8)	(8)	0	(9)	0	0	0	(5)	0	(38)	0	
11	Taxable Income - State Inc Tax	0	0	3,317	2,427	2,427	0	2,509	0	0	0	314	0	17,485	0	
12	State Income Tax @ 4.33%	0	0	144	105	105	0	108	0	0	0	14	0	757	0	
13	Taxable Income - Federal Inc Tax	0	0	3,173	2,322	2,322	0	2,400	0	0	0	300	0	16,728	0	
14	Federal Income Tax @ 34%	0	0	1,079	789	789	0	816	0	0	0	102	0	5,688	0	
15	Investment Tax Credit	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
16	Superfund Tax @ .12%	0	0	4	3	3	0	3	0	0	0	0	0	20	0	
17	Total Current Federal Taxes	0	0	1,083	792	792	0	819	0	0	0	102	0	5,708	0	
18	Deferred Income Taxes (1)	0	0	0	(3)	(3)	0	(3)	0	0	0	(2)	0	(14)	0	

(1) Deferred Tax Calculation:
Tax Depr (Line 9)
Less: Book Depr (Line 8)

Mult by: Eff Tax Rate @36.86%

PacifiCorp Electric Operations
Semiannual Estimated Merger Benefits
For the 12 Months Ended June 30, 1990
Income Tax Calculation
(\$000)

Line No.	Description	Financial Services (9)	Refer Page	Power Plant Maintenance (10)	Refer Page	Manpower Efficiencies (11)	Refer Page	Power Supply (12)	Refer Page	Income Tax Deduction - Utah Franch. Taxes (13)	Refer Page	Pension (1) Savings (14)	Refer Page	Other Savings (15)	Refer Page	Estimated Merger Benefits (15)
1	Operating Revenues	0		0		0		11,001	2	0		0		0		16,902
Deductions:																
2	Operating & Maintenance Expense	(1,096)	2	(2,861)	2	(11,956)	2	(11,354)	2	0		(2,763)	2	(1,848)	2	(51,753)
3	Depr & Amtz Expense	0		(85)	2	0		0		0		(26)	2	(3)	2	(181)
4	Taxes Other than Income Taxes	0		0		0		0		0		0		0		0
5	Interest Expense	0		(245)	11	0		0		0		(43)	15	(4)	16	(361)
6	Total Deductions	(1,096)		(2,951)		(11,956)		(11,354)		0		(2,852)		(1,855)		(52,284)
7	Net Income Before Income Tax Adj	1,096		2,991		11,956		22,355		0		2,852		1,855		69,098
Tax Adjustments - State & Federal																
8	Book Depreciation	0		85	11	0		0		0		26	15	3	16	181
9	Tax Depreciation	0		(236)	11	0		0		0		(69)	15	(8)	16	(440)
10	Total Tax Adj - State & Federal	0		(151)		0		0		0		(43)		(5)		(260)
11	Taxable Income - State Inc Tax	1,096		3,142		11,956		22,355		0		2,895		1,860		69,356
12	State Income Tax @ 4.33%	47		136		518		968		0		125		81		3,004
13	Taxable Income - Federal Inc Tax	1,049		3,006		11,438		21,387		(4,478)	12	2,770		1,779		61,876
14	Federal Income Tax @ 34%	357		1,022		3,689		7,272		(1,522)		942		605		21,039
15	Investment Tax Credit	0		0		0		0		0		0		0		0
16	Superfund Tax @ 12%	1		4		14		26		(5)		3		2		75
17	Total Current Federal Taxes	358		1,026		3,903		7,298		(1,527)		945		607		21,114
18	Deferred Income Taxes (1)	0		(56)		0		0		0		(16)		(2)		(96)

(1) Deferred Tax Calculation:
Tax Depr (Line 9)
Less: Book Depr (Line 8)

Mult by: Eff Tax Rate @36.66%

PacifiCorp Electric Operations
Semiannual Estimated Merger Benefits
For the 12 Months Ended June 30, 1990
Economic Development
(\$000)

Line No.	Description (1)	Total MWH's (2)	Total Revenues (3)
1	Incremental Revenues and MWH's	<u>129,797</u>	\$5,801
2	Annual Incremental Cost of (1) Providing Service		1,726
3	Total Margin After Incremental Cost of Providing Service		<u>4,075</u>
4	Annual Additional Operating Exp (2)		758
5	Total Margin After Operating Expenses		<u>\$3,317</u>

- (1) Reflects Incr Fuel Cost @ 13.30 Mills/KWH
(2) Represents estimate of total annual operating expenses required to enhance UP&L's economic development efforts.

The merged Company has realized additional load in its Utah Division service territory due to economic development activities in the Utah Division. The Company has identified, as a merger benefit, economic development projects occurring in the Utah Division after the date of the merger agreement. This analysis reflects the revenues, net of incremental costs, of only the completed projects which are currently providing revenues to the Company. Additionally, this analysis includes the indirect impacts of the completed economic development projects such as the related commercial and residential revenues.

Detail by Company will be provided in the annual year end filings.

PacifiCorp Electric Operations
Semiannual Estimated Merger Benefits
For the 12 Months Ended June 30, 1990
Group Welfare
(\$000)

Line No.	Description (1)	Total Electric Operations (2)
	<u>Reduction in O&M</u>	
1	Group Legal Expense	(413)
2	Group Life Insurance	(150)
3	LTD Insurance	(280)
4	Medical Plan Design	(2,000)
5	Other Claims Management	(15)
6	Retirement Trust:	
7	Trustee Fees	(94)
8	PBGC Premium (1)	(113)
9	Pension Payroll Processing	(6)
10	Pension Consulting	(22)
11	Total	(3,093)
12	Less Savings Capitalized (2)	(696)
13	O&M Reduction	(2,397)
	<u>Group Welfare Savings Charged to Capital</u>	
14	Group Welfare Savings Capitalized During Current Period	(696)
15	Plant in Service	(696)
	<u>Depreciated Expense (3)</u>	
16	Depreciation Rate @ 2.70%	(5)
17	Interest Expense @ 4.93%	(17)
18	Tax Depreciation (4)	(13)
	<u>Rate Base</u>	
19	Plant-In-Service	(696)
20	Depreciation Reserve	5
21	Deferred Income Taxes	3
22	Net Plant	(688)
23	Average Net Plant	(344)

(1) PBGC Premium is a one-time savings resulting from the timing benefit of combining Utah's and Pacific's funding levels.

(2) Group Welfare Costs Capitalized:	Pacific	20.0%
	Utah	<u>25.0%</u>
	Average	22.5%

(3) Depreciation Rate	Depreciation	Gross Plant
	1988	@ 12/88
Totals	<u>\$194,175</u>	<u>\$7,189,682</u>

Depreciation Rate 2.70%

(4) Assumes tax basis is 98% of book basis. First year rate is 3.75%, second year rate is 7.22%.

PacifiCorp Electric Operations
Semiannual Estimated Merger Benefits
For the 12 Months Ended June 30, 1990
Computer Services
(\$000)

Line No.	Description (1)	Total (2)
<u>Reduction in Current Computer Expense</u>		
1	Total Expense	(2,640)
2	less Computer Expense Capitalized (1)	(185)
3	O&M Reduction	(2,455)
 <u>Reduction in Computer Costs Charged to Capital</u>		
4	Computer Expense Capitalized – Prior periods	(92)
5	Computer Expense Capitalized – Current period	(185)
6	Total Computer Expense Capitalized (1)	(277)
7	Plant-in-Service	(277)
	Amortization Expense (2)	
8	Amortization Rate @ 20.00%	(37)
9	Interest Expense @ 4.93%	(8)
 <u>Rate Base</u>		
10	Plant-in-Service	(277)
11	Amortization Reserve	42
12	Net Plant	(235)
13	Average Net Plant	(161)

(1) Historically Pacific Division capitalized 14% of computer operating costs while the Utah Division did not capitalize any. Therefore, 7% is used as the average capitalization rate.

(2) Capitalized computer costs are amortized at a rate of 20% per year.

The above savings are primarily a result of the consolidation of the Pacific and Utah computing centers into one center with the resulting software and hardware economies.

PacifiCorp Electric Operations
Semiannual Estimated Merger Benefits
For the 12 Months Ended June 30, 1990
Division Support
(\$000)

Line No.	Description (1)	One-Time	On-Going	Total (2)
<u>Reduction in O&M</u>				
1	Total O&M Savings	(65)	(236)	(301)
<u>Reduction in Capital</u>				
2	Division Support Capitalized -- Prior Periods			(61)
3	Division Support Capitalized -- Current Period			(80)
4	Total Division Support Capitalized			(141)
<u>Depreciation Expense (1)</u>				
5	Depreciation Rate	2.70%		(3)
6	Interest Expense @	4.93%		(5)
7	Tax Depreciation (2)			(8)
<u>Rate Base</u>				
8	Plant-in-Service			(141)
9	Depreciation Reserve			3
10	Deferred Inc Taxes			2
11	Net Plant			(136)
12	Average Net Plant			(98)

(1) Depreciation Rate		Depreciation 1988	Gross Plant @ 12/88
	Totals	\$194,175	\$7,189,682
	Depreciation Rate	2.70%	

(2) Assumes tax basis is 98% of book basis. First year rate is 3.75%, second year rate is 7.22%.

PacifiCorp Electric Operations
Semiannual Estimated Merger Benefits
For the 12 Months Ended June 30, 1990
Insurance
(\$000)

Line No.	Description (1)	Total Electric Operations (2)
	<u>Reduction in Current Insurance Expense</u>	
1	Coal Mine Insurance	(6,325)
	Accounts 924 & 925:	
2	D & O Liability	(2,575)
3	Excess Liability	(3,562)
4	Risk Property	(3,168)
5	Joint Ventures	(1,104)
6	Other (including workers' comp.)	(652)
7	Total of Accounts 924 & 925	<u>(11,061)</u>
	Total O&M	(17,386)
	<u>Reduction in Insurance Charged to Construction</u>	
8	Insurance Costs Capitalized – Prior Periods	(411)
9	Insurance Costs Capitalized – Current Period	(818)
10	Total Insurance Costs Capitalized	<u>(1,229)</u>
11	Depreciation Expense (1) Depreciation Rate 2.70%	(22)
12	Interest Expense @ 4.93%	(39)
13	Tax Depreciation (2)	(60)
	<u>Rate Base</u>	
14	Plant-in-Service	(1,229)
15	Depreciation Reserve	25
16	Deferred Inc Taxes	16
17	Net Plant	<u>(1,188)</u>
18	Average Net Plant	(797)

(1) Depreciation Rate		Depreciation 1988	Gross Plant @ 12/88
	Totals	<u>\$194,175</u>	<u>\$7,189,682</u>
	Depreciation Rate	2.70%	

(2) Assumes tax basis is 98% of book basis. First year rate is 3.75%, second year rate is 7.22%.

PacifiCorp Electric Operations
Semiannual Estimated Merger Benefits
For the 12 Months Ended June 30, 1990
Financial Services
(\$000)

Line No.	Description (1)	Total (2)
	Annual Report:	
1	Preparation	(363)
2	Advertising	0
3	Total Annual Report	<u>(363)</u>
4	Quarterly Reports (sent with Dividend Payment)	(58)
5	Transfer Agent Fees	(135)
6	Proxy Statements	(1)
7	Stock Exchange Listing Fee	(45)
8	Rating Agency Fees	(86)
9	Credit Line Fees	(128)
10	Form 10-k	(33)
11	EEI - Reduction in Dues	(122)
12	Audit Fees	(80)
13	Miscellaneous	(45)
14	TOTAL FINANCIAL SERVICES	<u><u>(1,096)</u></u>

PacifiCorp Electric Operations
Semiannual Estimated Merger Benefits
For the 12 Months Ended June 30, 1990
Power Plant Maintenance
(\$000)

Line No.	Description (1)	Total (2)
<u>Reduction in O&M</u>		
1	Total O&M Savings	(2,661)
 <u>Reduction in Capital</u>		
2	Power Plant Costs Capitalized – Prior Periods	(645)
3	Power Plant Costs Capitalized – Current Period (3)	(8,796)
4	Total Power Plant Costs Capitalized	(9,441)
 <u>Depreciation Expense (1)</u>		
5	Depreciation Rate 2.70%	(85)
6	Interest Expense @ 4.93%	(245)
7	Tax Depreciation (2)	(236)
 <u>Rate Base</u>		
8	Plant-in-Service	(9,441)
9	Depreciation Reserve	90
10	Deferred Inc Taxes	58
11	Net Plant	(9,293)
12	Average Net Plant	(4,965)

(1) Depreciation Rate

	Depreciation 1988	Gross Plant @ 12/88
Total Depreciation Rate	2.70% \$194,175	\$7,189,692

(2) Assumes tax basis is 98% of book basis. First year rate is 3.75%, second year rate is 7.22%.

(3) \$7 million of the current capitalized savings result from the conversion of the north half of the Jim Bridger evaporation pond to an FGD pond. This postpones the new FGD pond construction for at least 10 years. This was accomplished due to the synergy of the two division's engineers working together on the project. If this were excluded, the amount of power plant maintenance costs capitalized in the current period would be reduced to \$1,740,000.

The merger has allowed the company to combine technological and personnel expertise to implement company-wide application of material standards, freight routing, quality assurance, and engineering procedures as well as physical resources to bring about Power Supply operation and maintenance savings. Savings have resulted through a reduced need for contracting outside consultants and services. Other savings have come about through the exchange of equipment between the Utah and Pacific Division plants. In addition, the utilization of combined technical experience within the company has resulted in construction savings which otherwise would not have occurred.

PacifiCorp Electric Operations
Semiannual Estimated Merger Benefits
For the 12 Months Ended June 30, 1990
Manpower Efficiencies
(\$000)

Line No.	Description (1)	Pacific (2)	Utah (3)	Power Supply (4)	Total (5)
Actual Terminated Employees (1)					
1	1988	(106)	(55)		(161)
2	1989	(69)	(61)		(130)
3	1990 - 6 months	(36)	(37)	(4)	(77)
4	Total	(211)	(153)	(4)	(368)
Actual New Hire Employees (1)					
5	1988	16	3		19
6	1989	19	4		23
7	1990 - 6 months	7	4	1	12
8	Total	42	11	1	54
Net Employee (Decrease) Increase (1)					
9	1988	(90)	(52)	0	(142)
10	1989	(50)	(57)	0	(107)
11	1990 - 6 months	(29)	(33)	(3)	(65)
12	Total	(169)	(142)	(3)	(314)
13	Wages and Salaries (2) (88 & 89)	(6,115)	(4,734)		(10,849)
14	Wages and Salaries (2) (1990)	(425)	(633)	(49)	(1,058)
15	Total	(6,540)	(5,367)	(49)	(11,956)

(1) Includes only Full-time Staff Employees

(2) Wages and Salaries include 26% added for employee benefits.

PacifiCorp Electric Operations
Semiannual Estimated Merger Benefits
For the 12 Months Ended June 30, 1990
Power Supply
(\$000)

Attachment 1
Page 13 of 16

Line No.	Description (1)	Pacific Stand-alone (2)	Utah Stand-alone (3)	Total Stand-alone (4)	Merged (5)	Merger Benefit (col 5 - col 4) (6)
1	Sale for Resale	121,051	52,779	173,830	184,831	11,001
2	Fuel Expense	193,358	183,166	376,524	382,477	5,953
3	Wheeling & Use of Facilities Expense	30,612	1,134	31,746	29,713	(2,033)
4	Purchased Power & Net Interchange	154,568	30,808	185,376	171,106	(14,270)
5	Total Net Power Costs	257,487	162,329	419,816	398,465	(21,351)
6	Wheeling Revenues					(1,004)
7	Total					(22,355)

Several power supply merger benefits have been achieved to date:

1) Long-Term Firm Wholesale Power Sales

The Power Sale Agreement with Sierra Pacific continued through the period. The net benefit of this sale (revenue less cost) was about \$2.6 million in the twelve months ended June 1990.

2) South Idaho Exchange Between PacifiCorp and Bonneville Power Administration

This agreement began on March 1, 1989 and provides for PacifiCorp to serve Bonneville's net Goshen area load. In return Bonneville delivers an equivalent amount of power to the PacifiCorp's Western System at specified points of delivery. PacifiCorp also stores excess generation from Bonneville's generation capability located within the Utah Power Control area. The benefits from the exchange were about \$2.0 million during the twelve months ended June 1990. In addition, the Agreement has the effect of increasing the Company's East to West transfer capability by about 200 MW during the winter months.

3) Avoidance of Summer Power Purchases

By summer of 1990, on a stand-alone basis, the Utah Division was facing the need to purchase addition power during the summer months to meet its load requirements. Due to load diversity, the merged Company was able to avoid the additional summer purchase, thus saving about \$2 million during the twelve months ended June 1990.

4) Non-firm Wholesale Sales

The merged Company can provide a more reliable product than could either Company individually. Consequently, the average non-firm sales price for the merged Company is higher by about 1.5 mills.

5) Joint Unit Commitment and Dispatch

All system resources are being scheduled and dispatched on a single utility basis subject to existing transmission constraints. Maintenance schedules have been coordinated to provide for more efficient use of existing resources.

PacifiCorp Electric Operations
 Semiannual Estimated Merger Benefits
 For the 12 Months Ended June 30, 1990
 Utah Franchise Tax
 (\$000)

Line No.	Description (1)	Total (2)
1	One-half of 1989 Estimated Utah Franchise Tax	(4,476)
2	Federal Income Tax Rate Superfund Tax	<div style="display: flex; justify-content: flex-end; align-items: center;"> <div style="text-align: right; margin-right: 20px;"> 34.00% <u>0.12%</u> </div> <div style="text-align: right;"> <u>0</u> </div> </div>
3	Tax Savings	<div style="text-align: right;"> <u><u>(1,527)</u></u> </div>

NOTE: Prior to the merger, Utah franchise taxes (a business license tax) were deductible only in the year of related business activity, not in the year of accrual. After the merger, the company is able to deduct its current accrual of Utah franchise taxes. Therefore, in 1989, the company had a deduction for Utah franchise taxes of both the 1988 payment and the 1989 accrual. This will result in a one-time tax savings of the above amount.

PacifiCorp Electric Operations
Semiannual Estimated Merger Benefits
For the 12 Months Ended June 30, 1990
Pension Savings
(\$000)

Line No.	Description (1)	Total (2)
	<u>Reduction in O&M</u>	
1	Total Pension Savings (1)	(3,591)
2	less Pension Savings Capitalized (2)	(808)
3	O&M Reduction	(2,783)
	<u>Pension Savings Charged to Capital</u>	
4	Pension Savings Capitalized – Prior Periods	(495)
5	Pension Savings Capitalized – Current Period	(808)
6	Total Pension Savings Capitalized	(1,303)
	<u>Depreciation Expense (2)</u>	
7	Depreciation Rate 2.70%	(26)
8	Interest Expense @ 4.93%	(43)
9	Tax Depreciation (3)	(69)
	<u>Rate Base</u>	
10	Plant-in-Service	(1,303)
11	Depreciation Reserve	29
12	Deferred Inc Taxes	18
13	Net Plant	(1,256)
14	Average Net Plant	(873)

(1) Pension Costs Capitalized:

Pacific	20.0%
Utah	<u>25.0%</u>
Average	22.5%

(2) Depreciation Rate

	Depreciation	Gross Plant
	1988	@ 12/88
Totals	\$194,175	\$7,189,682
Depreciation Rate	2.70%	

(3) Assumes tax basis is 98% of book basis. First year rate is 3.75%, second year rate is 7.22%. ratemaking purposes; therefore, second year tax depreciation rate used in first year.

PacifiCorp Electric Operations
Semiannual Estimated Merger Benefits
For the 12 Months Ended June 30, 1990
Other Savings
(\$000)

Attachment 1
Page 16 of 16

Line No.	Description (1)	One-time (2)	On-going (3)	Total (4)
<u>Reduction in O&M</u>				
1	Pricing & Regulatory Affairs		(14)	(14)
2	Demand Side Resources	(188)	(322)	(510)
3	New Products and Services	(50)	(193)	(243)
4	Market Assessment Services		(175)	(175)
5	Market Development	(800)	(100)	(900)
6	Subtotal	<u>(1,038)</u>	<u>(804)</u>	<u>(1,842)</u>
7	Commercial Operations		(6)	(6)
8	O&M Reduction	<u>(1,038)</u>	<u>(810)</u>	<u>(1,848)</u>
<u>Other Savings Charged to Capital</u>				
9	Other Savings Capitalized – Prior Periods			(60)
10	Other Savings Capitalized – Current Period			(65)
11	Total Other Savings Capitalized			<u>(125)</u>
12	Depreciation Expense (1) Depreciation Rate	2.70%		(3)
13	Interest Expense @	4.93%		(4)
14	Tax Depreciation (2)			(8)
<u>Rate Base</u>				
15	Plant-in-Service			(125)
16	Depreciation Reserve			3
17	Deferred Inc Taxes			2
18	Net Plant			<u>(120)</u>
19	Average Net Plant			(90)

(1) Depreciation Rate	Depreciation 1988	Gross Plant @ 12/88
Totals	<u>\$194,175</u>	<u>\$7,189,682</u>
Depreciation Rate	2.70%	

(2) Assumes tax basis is 98% of book basis. First year rate is 3.75%, second year rate is 7.22%. ratemaking purposes; therefore, second year tax depreciation rate used in first year.

Merger savings have been identified in the Marketing and Pricing Department through consolidation of programs already in existence at one Division with those being developed at the other Division. This and other efficiencies have resulted in reduced costs for development, research, consulting, and legal fees.

Commercial Operations were able to realize merger benefits by combining the testing of rubber goods for both Divisions in one location rather than maintaining two separate facilities.

PACIFICORP ELECTRIC OPERATIONS

Semiannual Report of Merger Benefits
12 Months Ended June 30, 1990

Description of Debt and Preferred Stock

Attached are descriptions of the Company's long-term debt and preferred stock as of September 30, 1990.

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PACIFICORP ELECTRIC OPERATIONS
STATEMENT OF CAPITALIZATION
MONTH ENDED SEPTEMBER 1990

		OUTSTANDING SHARES	AMOUNT
COMMON EQUITY			
Common Stock			
Authorized 750,000,000 shares		249,189,160	\$2,349,161,464
Reacquired Capital Stock			(470,425)
Additional Paid in Capital			(29,791,257)
Retained Earnings			861,127,045
TOTAL COMMON EQUITY		249,189,160	\$3,180,026,827
PREFERRED STOCK			
5 %	(\$100 STATED VALUE)	126,533	\$12,653,300
4.52% SERIES	(\$100 STATED VALUE)	2,065	206,500
7.00% SERIES	(\$100 STATED VALUE)	18,060	1,806,000
6.00% SERIES	(\$100 STATED VALUE)	5,932	593,200
5.00% SERIES	(\$100 STATED VALUE)	42,000	4,200,000
5.40% SERIES	(\$100 STATED VALUE)	65,960	6,596,000
4.72% SERIES	(\$100 STATED VALUE)	69,890	6,989,000
4.56% SERIES	(\$100 STATED VALUE)	84,592	8,459,200
8.92% SERIES	(\$100 STATED VALUE)	69,375	6,937,500
9.08% SERIES	(\$100 STATED VALUE)	164,893	16,489,300
7.96% SERIES	(\$100 STATED VALUE)	135,176	13,517,600
\$2.13 SERIES (NO PAR - \$ 25 STATED VALUE)		666,210	16,655,250
\$1.28 SERIES (NO PAR - \$ 25 STATED VALUE)		381,220	9,530,500
\$1.18 SERIES (NO PAR - \$ 25 STATED VALUE)		420,116	10,502,900
\$1.16 SERIES (NO PAR - \$ 25 STATED VALUE)		193,102	4,827,550
\$1.76 SERIES (NO PAR - \$ 25 STATED VALUE)		393,868	9,846,700
\$1.98 SERIES (NO PAR - \$ 25 STATED VALUE)		501,998	12,549,950
\$7.12 SERIES (NO PAR - \$100 STATED VALUE)		500,000	50,000,000
DART SERIES A	(VARIABLE RATE)	500	50,000,000
DART SERIES B	(VARIABLE RATE)	500	50,000,000
TOTAL PREFERRED STOCK		3,841,990	\$292,360,450
LONG-TERM DEBT			
First Mortgage Bonds			
4 3/4 %	SERIES DUE APRIL 1992		\$19,243,000
4 1/2 %	SERIES DUE JUNE 1992		21,350,000
4 1/2 %	SERIES DUE DECEMBER 1992		22,835,000
4 1/2 %	SERIES DUE APRIL 1993		11,442,000
4 5/8 %	SERIES DUE AUGUST 1993		19,666,000
4 5/8 %	SERIES DUE AUGUST 1994		13,400,000
4 5/8 %	SERIES DUE OCTOBER 1994		20,261,000
5 %	SERIES DUE OCTOBER 1995		14,168,000
8 5/8 %	SERIES DUE MARCH 1996		80,000,000
8 1/2 %	SERIES DUE JULY 1996		75,000,000
9 3/8 %	SERIES DUE JULY 1997		50,000,000
7 %	SERIES DUE MARCH 1998		16,000,000
8 %	SERIES DUE MAY 1999		21,057,000
8 3/4 %	SERIES DUE NOVEMBER 1999		20,000,000
9 1/4 %	SERIES DUE APRIL 2000		30,000,000
9 5/8 %	SERIES DUE JULY 2000		24,310,000
7 7/8 %	SERIES DUE FEBRUARY 2001		28,024,000
8 %	SERIES DUE OCTOBER 2001		25,882,000
7 1/2 %	SERIES DUE MAY 2002		20,310,000
7 3/4 %	SERIES DUE OCTOBER 2002		19,744,000
ADJ %	SERIES DUE NOVEMBER 2002		13,234,000
8 3/8 %	SERIES DUE JANUARY 2004		52,695,000
10 1/4 %	SERIES DUE NOVEMBER 2005		37,149,000
10 %	SERIES DUE JANUARY 2006		70,546,000

Continued next page

PACIFICORP ELECTRIC OPERATIONS
STATEMENT OF CAPITALIZATION
MONTH ENDED SEPTEMBER 1990

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Long-Term Debt (cont.)

9	X	SERIES DUE	FEBRUARY	2006		\$35,000,000
8 3/4	X	SERIES DUE	APRIL	2006		32,000,000
8 3/8	X	SERIES DUE	SEPTEMBER	2006		40,000,000
8 5/8	X	SERIES DUE	DECEMBER	2006		45,073,000
8 1/2	X	SERIES DUE	MARCH	2007		55,000,000
8 1/4	X	SERIES DUE	SEPTEMBER	2007		33,173,000
8 7/8	X	SERIES DUE	NOVEMBER	2007		93,343,000
9 1/8	X	SERIES DUE	MAY	2008		50,000,000
10 1/8X		SERIES DUE	APRIL	2009		26,450,000
10 1/4X		SERIES DUE	APRIL	2009		38,086,000
10 1/4X		SERIES DUE	SEPTEMBER	2009		44,720,000
9 3/8	X	SERIES DUE	OCTOBER	2016		170,000,000
8 3/4	X	SERIES DUE	DECEMBER	2016		92,000,000
9 7/8	X	SERIES DUE	MAY	2017		93,000,000
6 1/8	X	SERIES DUE	FEBRUARY	2004	(Pollution Control)	39,363,000
7 3/4	X	SERIES DUE	JULY	2006	(Pollution Control)	22,483,000
6 3/8	X	SERIES DUE	NOVEMBER	2006	(Pollution Control)	50,000,000
6 3/8	X	SERIES DUE	JANUARY	2007	(Pollution Control)	8,190,000
5.90	X	SERIES DUE	APRIL	2008	(Pollution Control)	42,000,000
11 1/8X		SERIES DUE	APRIL	2011	(Pollution Control)	90,000,000
10.70	X	SERIES DUE	SEPTEMBER	2014	(Pollution Control)	16,750,000
8 1/4	X	SERIES DUE	JUNE	2017	(Pollution Control)	46,500,000
8 5/8	X	SERIES DUE	JUNE	2017	(Pollution Control)	24,700,000
8 7/8	X	SERIES DUE	JUNE	1994	(Medium Term Note)	10,000,000
8.43	X	SERIES DUE	SEPTEMBER	1996	(Medium Term Note)	5,000,000
9 1/2	X	SERIES DUE	MAY	1999	(Medium Term Note)	60,000,000
9.48	X	SERIES DUE	MAY	1999	(Medium Term Note)	15,000,000
9 1/2	X	SERIES DUE	JUNE	1999	(Medium Term Note)	15,000,000
9 1/2	X	SERIES DUE	JUNE	1999	(Medium Term Note)	15,000,000
9.4	X	SERIES DUE	JUNE	1999	(Medium Term Note)	15,000,000
8.55	X	SERIES DUE	AUGUST	1999	(Medium Term Note)	2,000,000
8.59	X	SERIES DUE	SEPTEMBER	1999	(Medium Term Note)	10,000,000
Sub-Total - First Mortgage Bonds						<u>\$2,063,157,000</u>
Pollution Control Revenue Bonds						
6	X	SERIES DUE	SEPTEMBER	2003	1973 SWEETWATER COUNTY	\$21,260,000
8 3/8	X	SERIES DUE	APRIL	2005	1975A SWEETWATER COUNTY	9,335,000
8 1/2	X	SERIES DUE	DECEMBER	2005	1975B SWEETWATER COUNTY	6,305,000
FLOAT		SERIES DUE	JANUARY	2014	1988B SWEETWATER CO/CONVERSE	28,500,000
FLOAT		SERIES DUE	DECEMBER	2014	1984 SWEETWATER COUNTY	15,000,000
FLOAT		SERIES DUE	JULY	2015	1990A SWEETWATER COUNTY	70,000,000
FLOAT		SERIES DUE	DECEMBER	2016	1986 CITY OF FORSYTH	8,500,000
FLOAT		SERIES DUE	JANUARY	2017	1988A SWEETWATER COUNTY	50,000,000
FLOAT		SERIES DUE	JANUARY	2018	1988 CITY OF FORSYTH	45,000,000
FLOAT		SERIES DUE	JANUARY	2018	1988 CITY OF GILLETTE	41,200,000
FLOAT		SERIES DUE	JULY	2019	1990A SWEETWATER COUNTY	21,100,000
Sub-Total - Pollution Control Revenue Bonds						<u>\$316,200,000</u>
TOTAL BONDS						<u>\$2,379,357,000</u>
OTHER LONG-TERM DEBT						
7 1/2	X	Japanese Private Placement Due December 1991				\$70,000,000
		Variable Rate Term Loan Due November 1994				55,000,000
TOTAL OTHER LONG-TERM DEBT						<u>\$125,000,000</u>
Less Balance held by Trustee						12,374,332
Plus Unamortized Premium						19,034,553
Less Unamortized Discount						11,162,829
TOTAL LONG-TERM DEBT (NET)						<u>2,499,854,392</u>
TOTAL CAPITALIZATION						<u>\$5,972,241,669</u>

PACIFICORP ELECTRIC OPERATIONS

Semiannual Report of Merger Benefits
12 Months Ended June 30, 1990

Bond Ratings

The Company's senior debt is currently rated "A" by Standard & Poor's and "A3" by Moody's Investors Service.

PACIFICORP ELECTRIC OPERATIONS
Semiannual Report of Merger Benefits
12 Months Ended June 30, 1990
Major Post-merger Plant Additions

The following generation and transmission projects with a total cost over \$5 million were closed to plant:

<u>Description</u>	<u>Total Cost</u>
Spence-Baroil 230 KV Line	\$10,883,914