

UTAH POWER & LIGHT COMPANY RECEIVED

1407 WEST NORTH TEMPLE STREET  
SALT LAKE CITY, UTAH 84140

'89 DEC 26 AM 10

THOMAS W. FORSGREN  
VICE PRESIDENT  
REGULATORY AND GOVERNMENTAL AFFAIRS  
801-220-4261

UTAH PUBLIC  
SERVICE COMMISSION

December 18, 1989

Chairman Brian T. Stewart  
Commissioner James M. Byrne  
Commissioner Stephen L. Meham  
Public Service Commission of Utah  
Heber M. Wells Building  
160 East 300 South  
Salt Lake City, Utah 84145

Re: PacifiCorp/Pinnacle West Action

Dear Commissioners:

After Mr. Keith Turley, Chairman of the Board, President and Chief Executive Officer of Pinnacle West transmitted his rejection of PacifiCorp's offer to Mr. Gleason, President and Chief Executive Officer of PacifiCorp, Mr. Gleason issued the following statement:

In light of the public information on the continuing financial difficulties of Pinnacle West and the large rate increases facing Arizona Public Service customers, the offer PacifiCorp has made deserves, at a minimum, a discussion between the managements of Pinnacle West and PacifiCorp.

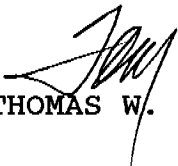
We are disappointed that Pinnacle West has rejected - without any discussions - a PacifiCorp offer that would significantly reduce the rate increases the APS customers otherwise face in the year ahead. The announcement today does not affect PacifiCorp's interest in pursuing the transaction.

Combining the APS and PacifiCorp electric operations would produce a much more efficient utility, making possible our commitment to limiting price increases to 2 percent per year.

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We will continue to keep you informed as this matter unfolds. If you have questions regarding this matter, please contact me at your convenience.

Very truly yours,

  
THOMAS W. FORSGREN

TWF:hlr  
cc: David Buhler  
Frank Johnson  
Joseph Ingles