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UTAH PUBLIC
SERVICE COMMISSION

ORRIN T. COLBY JR.
Vice President

March 29, 1989

Chairman Brian T. Stewart
UTAH PUBLIC SERVICE COMMISSION
160 East 300 South
P.O. Box 45585
Salt Lake City, Utah 84145

Dear Chairman Stewart:

The Commission Order under Case No. 87-035-27, approving the merger, set forth, among other things, the following requirement on page 110:

7. The Merged Company shall file revised tariffs within 60 days of the merger reducing Utah firm retail rates of the Utah Power division by two percent (as adjusted for EBA).

8. The Merged Company shall file a plan within four months following consummation of the merger describing how its total targeted five to ten percent retail rate reductions over the next four years will be implemented.

The purpose of this letter is to set forth the Company's plan in response to this Commission requirement.

On March 6, 1989, the Company filed the 2% rate decrease with the Commission, as required under item 7 referred to above. The rate decrease was approved by Commission Order effective March 10, 1989. In addition, the Company would propose that the additional 3%, totalling the 5% guaranteed reduction, would be implemented, as a minimum, as follows:


.	March 10, 1990	1%
.	March 10, 1991	1%
.	March 10, 1992	1%

Mr. Brian T. Stewart
March 29, 1989
Page 2

The total of these three additional decreases, coupled with the 2%, would be a minimum, as promised, of a 5% reduction. The Company is committed and desirous to be able to accelerate these price reductions, totalling the guaranteed 5%, if a cost-justified basis provides such. To the extent general rate cases may provide for a cost basis to accelerate and increase these additional price reductions, the Company desires to do so in those circumstances.

We hope you may find this information helpful as you are evaluating your planning and decision-making process. If you have questions regarding the same, please feel free to respond to me.

Sincerely,


Orrin T. Colby Jr.

OTC/cw
3:11

cc: Division of Public Utilities
Committee of Consumer Services