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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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IN THE MATTER OF THE APPLICATION)
 OF UTAH POWER & LIGHT COMPANY,)
 AND PC/UP&L MERGING CORP. (TO BE)
 RENAMED PACIFICORP) FOR AN ORDER)
 AUTHORIZING THE MERGER OF UTAH)
 POWER & LIGHT COMPANY AND)
 PACIFICORP INTO PC/UP&L MERGING)
 CORP. AND AUTHORIZING THE ISSUANCE)
 OF SECURITIES, ADOPTION OF TARIFFS,)
 AND TRANSFER OF CERTIFICATES OF)
 PUBLIC CONVENIENCE AND NECESSITY)
 AND AUTHORITIES IN CONNECTION)
 THEREWITH.)

UTAH PUBLIC)
 SERVICE COMMISSION)
SUBMISSION OF
AFFIDAVIT

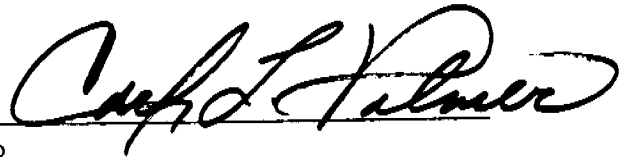
Case No. 87-035-27

The attached Affidavit is presented as a rejoinder to Helen J. Edwards' (UP&L) response to the statement of public witness Carl L. Palmer before the Utah Public Service Commission (PSC), May 9, 1988.

This evidence was compiled by Mr. Palmer, who was President of the Southwest Utah Cooperative Power Federation, and Vice President of the Southwest Power Agency; which organizations represented the Southern Utah cities proceeding to their acquisition of the CP National (CPN) electric utility properties in Southern Utah.


The opportunity and invitation would be welcome to present discovery that would show the sale of CPN electric utility properties in Southern Utah to UP&L has not been settled. And that UP&L may not have received peaceful title to these utility properties they are trying to merge with Pacificorp.

DATED this 6th day of June, 1988




CARL L. PALMER
 President of CARL L. PALMER AND ASSOCIATES
 Municipal Power Consultants
 4735 Bron Breck Dr.
 Salt Lake City, Utah 84117

DATED this 6th day of June, 1988.



CARL L. PALMER

Subscribed and sworn to before me this 6th day of June, 1988



Notary Public

My Commission Expires:
06/10/90

Residing at:
Salt Lake County, Utah

AFFIDAVIT

STATE OF UTAH)
 :
COUNTY OF SALT LAKE)

Case No. 87-035-27

CARL L. PALMER, being first duly sworn upon oath, deposes and states as follows:

1. Carl L. Palmer was President of the Southwest Utah Cooperative Power Federation, and Vice President of the Southwest Power Agency; which organizations represented the Southern Utah communities proceeding to their acquisition of CPN properties in Southern Utah.

2. Ms. Edwards explains that the UP&L "Agreement" filing between CPN and UP&L was a function of time necessary "to conclude negotiations and prepare the filing applications", independent of the Cedar City elections. The record and circumstances would indicate otherwise. With Cedar City being approximately 50% of the CPN load it appears too ironic and beyond reason to believe that after UP&L announced their Letter of Intent to purchase CPN on December 14, 1979 by chance UP&L officials would be in Cedar City the week of the elections announcing the agreement filing with the PSC would be that exact week (February 11, 1980). That election was for voters in the largest city to decide between municipal power or UP&L. The vote was against UP&L. Other liabilities in the form of condemnation, building around UP&L, and a PSC ruling that the cities receive options to buy, would soon follow (See Exhibit 1 attached). Agreed, the Letter of Intent contained provisions to "move forward" notwithstanding condemnation, duplication, or "regulatory proceedings"; however, as my testimony asserted, UP&L was aware and concerned about any encumbrances that would "cloud" their purchase of CPN. As a consequence the reader should review the legion of "subject tos" before settlement can take place. These "subject tos" are found in Section 6 and its subsections in the Letter of Intent and should be cross referenced with the Agreement of Purchase between Kanab City and UP&L; and between Washington City and UP&L, before final settlement can take place between CPN and UP&L (See Exhibit 20 attached).

3. Ms Edwards argues that the purchase price of the CPN properties was based upon the net book value. She then submits nothing more than a one page sheet to the PSC giving general figures of the purchase price of \$30,958,334 ...with \$30,308,334 tendered in cash!

- Point 1: The only appraisal ever done on the CPN properties was completed by the cities on November 1978. It concluded the net book value of the CPN properties was \$11,465,050 (See Exhibit 6 attached).
- Point 2: The President of UP&L, James Taylor and Mr. Thomas W. Forsgren UP&L attorney (for Ms Edwards) declares under oath that UP&L has never made an evaluation study (appraisal) of the Southern Utah CPN properties, that they are aware of (See Exhibit 7 attached).
- Point 3: Oct 8, 1979: \$20 million was UP&L's offer to buy CPN.

3 months later

Jan 11, 1980: \$20 million was UP&L's purchase price announced to all CPN ratepayers in Cedar City by UP&L President Harry Blundell, stating:

7 months later

"The price paid for CP National properties is a fair price based upon professional engineering evaluations of the value of the properties" (See Exhibit 10 attached). What evaluations?

Aug 1980: \$20.9 million was UP&L's purchase price announced to the PSC stating:

14 months later

"Some additional adjustments will be made at the time of closing; however, those adjustments will not result in a substantial or material change" (See Exhibit 11 attached).

Oct 1, 1981: \$20 million was UP&L's purchase price announced to UP&L shareholders, stating:

"Under the contract the purchase price is approximately \$20 million" (See Exhibit 12 attached)

Oct 1, 1981: \$31 million was UP&L's "new" purchase price announced to the PSC.

IT APPEARS THE \$31 MILLION FIGURE WAS EITHER FRADULANT TO THE PSC, OR THE \$20 MILLION FIGURE WAS FRADULANT TO THE UP&L SHAREHOLDERS.

Point 4: ONE MONTH PREVIOUS to the letter notifying the PSC of the 50% increase (August 29, 1981), the PSC ordered (final order) UP&L to provide (a) sell-back options to the cities who wanted to buy, (b) provide power wheeling to these cities, (c) not oppose joint system financing by the cities.

SAME DATE!

Point 4 (continued): As previously noted there was already a condemnation suit by 18 cities against the CPN properties (See Exhibit 2 attached). Resolutions had been signed by 13 cities to "build around" rather than take service from UP&L. Cedar City the largest city with 50% of the load had voted against UP&L (See Exhibit 1 attached). Now the PSC ruled the cities could buy their own electric systems. It now appears that the announced 50% price increase was a last frustrated attempt by UP&L and CPN to get the cities "off their back" so they could settle and transfer title from CPN to UP&L. It appears that increasing the perported purchase price (making the system too expensive), the utilities hoped to discourage the cities from requesting buy-back options. The plan failed. Just 5 days later 15 cities formally requested option agreements to purchase their portion of the CPN properties (See Exhibit 5 attached).

Point 5: With Cedar City voting for their own municipal electric system; with condemnation suites against the CPN properties; with "build new" resolutions signed; with the PSC ruling the cities could purchase; what was CPN going to end up with to sell? What would UP&L end up with to buy...and what would it be worth? Under such unknowns the utilities couldn't settle, and it's highly unlikely peaceful title could be transferred.

Point 6: Responding to UP&L's notice to the PSC (Edwards' letter dated Oct 1, 1981) of the CPN purchase being "closed" "consummated":

- (a) Where are the final accounting figures (itemized) of the \$30 million tendered in cash to CPN?
- (b) Why haven't UP&L shareholders been notified of the additional \$10 million dollar expense to them on this CPN purchase?
- (c) Where are the final accounting figures (itemized) on the sale and purchase?
- (d) Where are the final settlement figures (how allocated...itemized)?
- (e) Where is the title insurance on the Warranty Deeds since all WDs are "subject to conditions of record"?
- (f) Neither a, b, c, d, or e, have been filed with the Utah PSC.

4. Ms Edwards states: "It was not necessary to do a formal appraisal of the CPN properties because they were being transferred at net book value". Net book value could only be established by engineering appraisal of "condition" since

much of the CPN system was over 40 years old and fully depreciated. According to record (a) engineering (Ford, Bacon, and Davis) is the only engineering firm that established net book value figures, and fair market value figures on the CPN Southern Utah properties (See Paragraph 3, Points 1 and 2). That net book value was \$11,465,050. UP&L's offer to CPN was \$19,457,034. That was 70% higher than the net book value and it exceeded the cities' offer to CPN. After the PSC ruling, that UP&L had to "sell back" to the cities the UP&L/CPN price raised to \$30,958,334 (170% higher) the next month! UP&L performing a "survey" and "inspection" on a fully depreciated electric system does not substitute for a professional engineering evaluation of condition to establish net book value, and fair market value on that system that's over 40 years old.

5. Agreed; regardless of the cities' condemnation outcome UP&L was committed to "go forward" as stated by Ms Edwards. To "go forward" doesn't mean that settling and transferring clear title have taken place between the two utilities (See Paragraph 2).

6. The Utah Public Service Commission was told in August 1980 that \$20.9 million was UP&L's purchase price, declaring: "Some additional adjustments will be made at the time of closing; however, those adjustments will not result in a substantial or material change" (underlines added). From \$20.9 million in August of 1980 to \$30.96 million (up 50%) in just 14 months would seem to be more than "some" and appear to be a "substantial" and "material" change (See Paragraph 3 Point 3).

7. UP&L shareholders have never been informed - that is of record - that an additional \$10,958,334 of their money was used to be a utility property, after they were told that property would cost approximately \$20 million. To blame "the final figure was not available in time to go to printing" would appear to be gross indifference on the part of UP&L management toward spending "10 million additional" of shareholder money and then not informing them. Shareholders haven't been informed because the money probably hasn't been spent. Why aren't the final accounting and settlement figures (itemized) on file with the PSC? Why are all the Warranty Deeds "subject to conditions of record" and no filed title insurance policies?

8. When UP&L purchased the CPN properties in Malad Idaho, a recorded DEED to the properties was filed with the state Utilities Commission (See Exhibit 18 attached). No such instrument on the Southern Utah CPN properties can be found with the Utah PSC.

The WARRANTY DEEDS referred to by Ms Edwards are all "subject to conditions of record" unlike the Idaho CPN Deed. Warranty Deeds that contain "subject to" must have title insurance looking into the "subject to" before a Warranty Deed is a clear title. Again the reader is referred to the Agreement between Washington City and UP&L where title and settlement are "subject to" the legions of provisions of Section 6 (and subsections) in that agreement and in the Letter of Intent. Ms Edwards admits that final settlement has not occurred between UP&L and CPN. She refers to something called a "true up" having to take place. This particular "accounting adjustment" as she refers to it probably refers to the \$10 million dollar figure between the \$20 million and \$30 million figure that is yet to be settled...if not, what are the final accounting figures between UP&L and CP National? Where are they? What are the final settlement figures between UP&L and CP National? Where are they? If UP&L has clear title, where is the title insurance that supercedes the "subject to" on the Warranty Deeds?

9. Legally Ms Edwards has given her opinion on the "Loophole Found in the UP&L Agreement" in Cedar City. Nevertheless, there is also a legal ordinance on the Cedar City records by the vote of the people (Nov. 6, 1984) that Cedar is proceeding toward a municipal power system..."by purchase, lease, condemnation, construction, or combinations thereof" (See Exhibit 16 attached).

10. Can Kanab receive a Warranty Deed to their % of the CPN system from UP&L when UP&L does not hold clear title to the CPN system? The answer is yes, but it's not a clear title. The method is best illustrated by comparing the process to land development. When a land developer (UP&L) finds a choice piece of land (electric system) he wants to purchase and develop, he negotiates for the title from the owner (CPN). In exchange the owner (CPN) takes a mortgage indenture on the property. The developer (UP&L) then takes the land title (system title) to a bank for a development loan (sewer, water, roads) or (poles, transformers, trucks) in the case of UP&L. The bank takes a Trust Deed (mortgage indenture) and gives the developer (UP&L) the development money. Now, even though the developer (UP&L) has the Warranty Deed showing ownership, he (UP&L) doesn't have ownership free and clear...it's subject to the Trust Deed (mortgage indenture) being paid off. As the developer (UP&L) sells the lots (cities go with municipal power systems) the developer (UP&L) gives the new lot (city) owners a Warranty Deed, "subject to" paying off the Trust Deed (mortgage Indenture). Yes, Kanab and others who purchase their municipal power systems now hold "subject to" Warranty Deeds. But not until all the lots (cities) have sold (have decided whether they are going UP&L franchise or their own municipal power system) will UP&L receive clear title to all the CPN properties that are left in Southern Utah. If this is not true, where is the title insurance explaining the "subject to" on the Warranty Deeds?

11. Ms Edwards' explanation of the difference in \$27 million and \$30 million of CPN properties being added to UP&L rate base causes even more red flags to go up. With Ms Edwards admitting final settlement between CPN and UP&L has not taken place (See Paragraph 8). The \$30 million added to rate base would appear to be a questionable number if being used for rate making purposes, especially with Kanab, Washington, Santa Clara, and Cedar with 50% of the load leaving the system. The salient questions keep crying for answers. Where are the final accounting figures (itemized) of the \$30 million tendered in cash to CPN? Why haven't UP&L shareholders been notified of the additional \$10 million dollar expense to them on this CPN purchase? Where are the final accounting figures on the sale and purchase of the CPN system? Where is the title insurance on the Warranty Deeds since all WDs are "subject to conditions of record"?

12. Ms Edwards statement that Cedar City rejected the option agreement is true in fact but not in substance. The vote of the people for a municipal power system transcends the power of the city officials to decline an option agreement which is only one of several roads to a municipal power system. The option agreement for Cedar City was executed by the city. The exercising of that agreement was declined by a city council vote of 3 to 2. The tie breaking vote was cast by an individual who was nominated by the owners of the Southern Utah Power Company predecessor to CP National in Southern Utah. It now appears that with Cedar City being a key element - with 50% of the load - in this CPN purchase; these Southern Utah Power/CP National owners in Cedar City stand to receive a sizeable chunk of \$30 million dollars from UP&L if they can keep UP&L in Cedar and municipal power out...herein lies the key to the settlement of the sale.

13. Giving Ms Edwards the benefit of the doubt that the Partial Release of CPN properties from the First Mortgage Indenture of Bank of America means no other CPN properties in Utah were held back. The same question keeps arising...where is the deed(s) to all of the CPN system in Southern Utah that are free from any "subject tos". Or where is the title insurance explaining the "subject to conditions of record" that are on all of the current Warranty Deeds? Final settlement has not occurred (See Exhibit 14 attached). The question of clear or peaceful title transfer to UP&L has not been resolved (See Exhibit 15 attached).

Cedar City voters choose municipal power over UP&L for local system

CEDAR CITY—Voters of Cedar City Tuesday favored establishing a municipal system in the city rather than being served by Utah Power & Light Company.

With 61 percent of the registered voters turning out, the municipal system received a total of 1,771 votes while voters favoring UP&L garnered 1,143 votes. The vote results had 53 percent in favor of a municipal system and 43 percent in favor of UP&L.

The election was called for by the city council in January after UP&L announced it had entered into an agreement with CP National, which now serves the area, to purchase its system in southern Utah and northern Arizona. The purchase price was announced as \$70 million plus other considerations.

The proposed sale is subject to approval by the state Public Service Commission. Although UP&L announced its intent to purchase the CPN system in December, the sales contract has not yet been filed with the PSC. UP&L officials in Cedar City Monday said they intended to file the contract with the PSC this week.

Cedar City represents approximately 40 percent of the total CPN system in southern Utah. Thirteen of the other 18 communities in the service district in Washington, Kane

and Iron Counties have adopted resolutions showing intent to build their own systems rather than accept service from UP&L. All of the communities have become members of the Southwest Utah Cooperative Power Federation, which has also been vying for the purchase of CPN. They had made an offer of \$10.3 million immediately prior to the sale by CPN to UP&L.

The federation is planning to try to block PSC approval of the sale. Within the past week, the Utah Coalition of Senior Citizens announced its intent to file a protest against the sale with the PSC.

The federation had been negotiating for the purchase of CPN since April, 1979 after feasibility studies in both Cedar City and in the remainder of the CPN service area indicated residents of the city and outlying areas could save 20 percent on their present power bills by establishing their own systems and joining together to operate transmission and distribution systems.

CPN purchases 90 percent of its wholesale power from UP&L through a contract which expires in 1985. Federation proponents have maintained the contract would have to be

transferred with the sale and continued until the municipalities could establish other power sources.

Both UP&L and the federation have said the CPN system would have to be upgraded and the costs of the upgrading would amount to approximately \$6 to 7 million.

Councilwoman Barbara Starr, who has been the steadfast supporter of municipal power since she was elected two years ago and who headed up the Citizens for Locally Owned Power drive, vote said she thought the city officials would now have to follow the vote of the people.

"There is no doubt we won and will have a municipal system in Cedar City," she said.

She said it was now time to get behind as a community and use the resources and talent we have available in Cedar City to put together a municipal power system in the state of Utah.

Forrest Hunter, also a consistent municipal power system supporter, said if the PSC goes along with the people of Cedar City, this will be the beginning of a new era for Cedar City and I predict we will have an abundance of industry in the community and that the people of the community will start working hard to build it as fast as it can be.

forecast

Cedar City: Variable cloudiness changing to cloudy tonight and Thursday. Rain or snow possible Thursday afternoon. High near 51. Low about 12.

St. George: Partly cloudy changing to cloudy late tonight with a chance of rain showers Thursday. High about 62. Low near 33.

Vol. 17 No. 93
Wednesday, February 13, 1980

Spectrum

Serving the Color Country

City police considered

WASHINGTON A proposal to terminate the contract with the county sheriff's department which provides police service to Washington received tentative support from city councilmen in a special meeting Tuesday night.

The proposal along with recommendations for the establishment of a city police force will be brought before the next meeting of the city council for formal action.

The proposal was presented by councilman George Abel and told the meeting that although he wasn't sure if the city force would be cheaper, it is more desirable to have local control over law enforcement in the city.

The city is currently receiving \$100,000 annually for

coverage from the sheriff's department than other communities who were not paying an additional amount. "As far as I've been able to determine, we're not getting much more service than Santa Clara," he said.

Abel emphasized that much of the planning for a city department is still in the planning stages and that citizen input on the matter would have to be gathered.

He said that the city has the alternatives of hiring a police chief and a deputy or creating a city marshal position. He said he prefers the concept of a city marshal because it would limit the temptation to readily expand the force.

Former police chief

Turner said that he agrees "wholeheartedly" that the city needs its own police department. "The kids need the association with local police," he said.

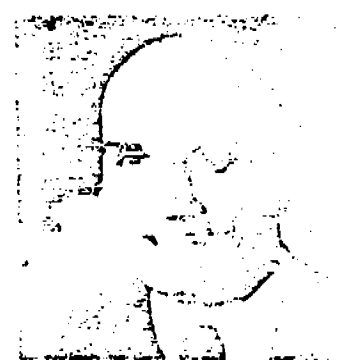
Mayor Frank Strahl reminded the council that the city would still have the same problem that originally persuaded it to enter into the contract with the sheriff. "My concern is that the city doesn't have the proper housing for storing contraband and evidence," he said.

The council voted unanimously to bring the proposal to terminate the contract with the sheriff's office before the full city council with specific plans for establishing the city force.

Councilman Richard



G. Murray Webb, left, Chairman of the Washington County Commission, and Utah Senator Jake Garn, right, will be the prime speakers at tomorrow night's Lincoln Day Banquet sponsored by the



Washington County Republican Party. The banquet will begin at 7:30 pm in the Dixie College Student Union followed with a reception proceeding at 8:00 pm.

Garn, Webb to speak at Lincoln Day banquet

GEORGE K. FADEI,
Attorney For Plaintiffs
170 West Fourth South
Bountiful, Utah 84010
Telephone: 295-2421

IN THE DISTRICT COURT OF THE FIFTH JUDICIAL DISTRICT
IN AND FOR COUNTIES OF IRON AND WASHINGTON, STATE OF UTAH
AND
IN THE DISTRICT COURT OF THE SIXTH JUDICIAL DISTRICT
IN AND FOR THE COUNTY OF KANE, STATE OF UTAH

SOUTHWEST POWER AGENCY, a)	
political subdivison of the)	
State of Utah; jointly and)	<u>C O M P L A I N T</u>
severally with its Municipal)	
Members, CEDAR CITY, BRIAN)	
HEAD, ENOCH, KANARRAVILLE,)	
PARAGONAH, PAROWAN, KANAB,)	
ENTERPRISE, HURRICANE, IVINS,)	Civil No. _____
LA VERKIN, LEEDS, NEW HARMONY,)	
ST. GEORGE, SANTA CLARA,)	
SPRINGDALE, VIRGIN, and)	
WASHINGTON,)	
)	
Plaintiffs,)	
)	
vs.)	
)	
C. P. NATIONAL CORPORATION,)	
a corporation; and UTAH POWER)	
& LIGHT COMPANY, a corporation,)	
)	
Defendants.)	

1. The plaintiff, Southwest Power Agency, herein some-
times called SPA or Agency, is a political subdivision of the state
of Utah formed pursuant to the Interlocal Co-Operation Act, Title II,
Chapter 13, Utah Code Annotated 1953, as amended, whose membership
is constituted by the municipal plaintiffs and Toquerville.

2. C. P. National Corporation is a California corporation
qualified to do business in the state of Utah, and its registered
agent is C. T. Corporations System at 175 South Main Street, Salt
Lake City, Utah.

3. Utah Power & Light Company is a Utah corporation
whose registered agent is S. G. Baucom, 1407 West North Temple,
Salt Lake City, Utah.

4. The plaintiffs bring this action in exercise of
their respective rights of eminent domain in behalf of their

GEORGE K. FADEI, ATTORNEY AT LAW
Bountiful - 170 West 4th South - Bountiful, Utah 84010

Public Service
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Commission of Ut.

GEORGE K. FADEL,
Attorney For Petitioners
170 West Fourth South
Bountiful, Utah 84010
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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the)	PETITION FOR EXTENSION OF
Application of CP NATIONAL)	TIME TO EXERCISE OPTIONS
CORPORATION and UTAH POWER)	TO MUNICIPALITIES
& LIGHT COMPANY for the sale)	
and purchase of the public)	Case Nos. 80-023-01
utility electric business of)	80-035-02
CP NATIONAL for service in)	
Washington, Iron and Kane)	
Counties.)	

COMES NOW GEORGE K. FADEL, attorney for the petitioners and respectfully represents as follows:

1. Pursuant to Orders issued in the above cases on June 4, 1981 and August 3, 1981, the following Utah municipalities, petitioners, have by formal resolution of their respective governing bodies requested Utah Power & Light Company (UP&L) to grant them options pursuant to said orders:

- | | |
|-------------|-------------|
| Cedar City | Paragonah |
| Enterprise | Parowan |
| Hurricane | Santa Clara |
| Kanab | Springdale |
| Ivins | St. George |
| LaVerkin | Toquerville |
| New Harmony | Virgin |
| Washington | |

The written requests were filed with UP&L within sixty days from the date of the order, all having been filed before August 4, 1981.

2. On August 18, 1981, UP&L advised the undersigned that no options would be negotiated until expiration of the appeal time after the order dated August 3, 1981. By letter dated September 4, 1981, UP&L advised the municipalities that they would negotiate options on September 21 and 22 and October 5 and 6. Requests were made to UP&L for forms or copies of options and data for study prior to the date of negotiation but UP&L responded that none had

GEORGE K. FADEL, Attorney at Law
Rocky Mountain - 170 West 4th South - Bountiful, Utah 84010

UC-248-000

Valuation of C.P.-National Corp. Utah-Division

November 1978

for the
Southwest Utah
Power Federation



ENGINEERS-CONSTRUCTORS
SALT LAKE CITY, UTAH

FORD BACON and DAVIS

CP NATIONAL CORPORATION - UTAH DIVISION
ELECTRIC PLANT IN SERVICE

	CPN ORIGINAL COST	CPN ACCRUED DEPRECIATION	CPN NET PLANT	ADJUSTED DEPRECIATION	FAIR MARKET VALUE
INTANGIBLE PLANT - FRANCHISES & CONSENTS	\$350	-	\$350	(\$9,650)	\$10,000
STEAM PRODUCTION PLANT	1,873,650	\$1,153,400	720,250	1,477,600	396,050
DIESEL PRODUCTION PLANT	601,500	404,000	197,500	483,500	118,000
TRANSMISSION PLANT	5,847,000	1,249,700	4,597,300	1,250,000	4,597,000
DISTRIBUTION PLANT	8,154,000	1,386,300	6,767,700	1,910,000	6,244,000
GENERAL PLANT	489,360	190,400	298,960	389,360	100,000
TOTAL	\$16,965,860	\$4,383,800	\$12,582,060	\$5,500,810	\$11,465,050
HYDRO PRODUCTION PLANT	717,700	265,500	452,200		-
	\$17,683,560	\$4,649,300	\$13,034,260		

1 in the purchase of that territory.

2 Q. Now, how -- how did the Company arrive at valuations
3 for the C-P National system?

4 A. Again, that's a financial matter that Verl can indicate
5 better than I, but basically book value.

6 Q. So, it was book value rather than a market value?

7 A. Yes.

8 Q. Are you familiar with the Salt Lake engineering firm
9 of Ford, Bacon & Davis?

10 A. I've heard of them, yes.

11 Q. Do you know if -- are you familiar with an evaluation
12 that they did of the C-P National system?

13 MR. FORSGREN: Mr. Chairman, I don't know where
14 all this is going. I don't see the relevance of that to this
15 case and if we're trying to expedite the hearing I would
16 object to this line of testimony.

17 COM. CAMERON: Give us some relevancy, Mr. Hagstrom,
18 because I also have a feeling that it doesn't have anything
19 to do with what we're doing here, but if it does tell me.

20 MR. HAGSTROM: Well, to put it into Mr. Forsgren's
21 earlier words, I don't want to spill the beans.

22 MR. GINSBERG: Maybe let's wait and see the beans.

23 COM. CAMERON: How long before we get to the beans?

24 MR. HAGSTROM: Probably five minutes.

25 COM. CAMERON: All right. You may proceed.

1 the C-P National system, and I don't know if I'm hearing
2 Mr. Taylor indicate that there are some others at this time
3 or not.

4 MR. FORSGREN: Mr. Hagstrom doesn't state the facts,
5 Mr. Chairman. If I might clarify, I indicated and I think
6 Ms. Edwards who was here and worked on this case indicated
7 that there had been no appraisals made with the exception of
8 the Fredonia appraisal which was recently done in connection
9 with the condemnation action of Fredonia in Arizona.

10 COM. CAMERON: Well, the appraisals that I thought
11 they were talking about at that time related to the specific
12 appraisals for geographic boundaries of the cities in question.
13 Maybe I'm wrong. Were you talking about an appraisal done by
14 Utah Power & Light prior to the C-P National sale which set an
15 evaluation on the property that they were attempting to pur-
16 chase?

17 MR. HAGSTROM: Right. In other words, back in
18 1980, '81 time period.

19 COM. CAMERON: Okay. Now --

20 MR. FORSGREN: She indicated there were none done.

21 COM. CAMERON: All right. So with this clarification,
22 what? Do you know something, Mr. Taylor, that they are not
23 talking about?

24 THE WITNESS: No. I -- my recall, I would say that
25 the -- whatever record was placed before the Commission is the

1 records of the Company in that case and certainly that's
2 better evidence than what I may or may not recall, but I was
3 not part of an evaluation, that I recall.

4 COM. CAMERON: I don't mind you asking a question
5 about this if it's helpful to where we are moving here, but
6 explain what it is. After you go through this, I may have
7 to give you my impression of what occurred at the C-P National
8 hearing relating to this specific document, but go ahead.
9 I mean -- and I believe we had the entire thing.

10 MR. HAGSTROM: Well, I'm at a loss here because I
11 don't know if this particular document, AG-12, was part of
12 that C-P National case and --

13 COM. CAMERON: What my recollection -- and I'd have
14 to go back to the records specifically, but it was utilized
15 by the Southwest Power Federation in their argument, and
16 Mr. Barker of the Attorney General's staff was in effect
17 detached or something to serve as counsel for the mayors in
18 that proceeding, not as counsel for the Committee of Con-
19 sumer Services, but I do not recall specifically a principal
20 from Ford, Bacon & Davis coming on and testifying, but they
21 may have done so.

22 I will say that the Commission at that time had
23 great question as to the validity of the numbers that were
24 presented in the document and went more to other areas. I
25 think another clarification was I don't believe the sale was

1 shows that the book value of the assets listed there is approxi-
 2 mately \$13 million, the original cost was \$17 million and it
 3 shows a fair market value of a little over \$11 million; is
 4 that right?

5 A. That's what the sheet indicates.

6 COM. CAMERON: Excuse me. Where does it show
 7 book value?

8 MR. HAGSTROM: "C-PN Net Plant" column. Original
 9 cost minus accumulated depreciation, or, accrued depreciation.

10 COM. CAMERON: Okay.

11 MR. HAGSTROM: Q. Now, did -- was UP&L aware of
 12 the Ford, Bacon & Davis study at the time that the -- that
 13 UP&L was looking at the purchase of C-P National?

14 A. No. *Study Nov. 7, 78. UP&L saw and evaluated study. UP&L made offer Dec. 79. It was public knowledge.*

15 Q. And you've already indicated that as far as you know at
 16 the time of the C-P National system purchase there was no
 17 separate appraisal, did you not, by Utah Power & Light?
 18 Is that correct?

19 A. I don't know of one, that is correct.

20 Q. Pardon me?

21 A. I don't know of one but the record would show -- whatever
 22 is in the record will be there I'm sure.

23 Q. Now, isn't it true that the C-P National System when
 24 purchased by UP&L was, I guess you might say, rundown, needed
 25 a lot of improvements?

6068

UTAH POWER & LIGHT COMPANY

1407 WEST NORTH TEMPLE STREET

SALT LAKE CITY, UTAH 84116

801 - 535-4211

HARRY BLUNDELL**PRESIDENT****AND****CHIEF EXECUTIVE OFFICER**

January 11, 1980

To: C. P. National Customers

As you may have heard, Utah Power & Light Co. has offered to buy, and C. P. National has agreed to sell, their electric service facilities in southern Utah and northern Arizona.

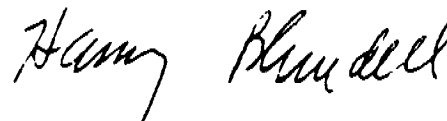
Utah Power personnel have been visiting with elected officials and members of the community in the area to get acquainted and to tell them how pleased we are to have an opportunity to provide your electric service. This is one of the beautiful areas of Utah we have not previously had the opportunity to serve, although we have had many discussions with your previous supplier seeking a way to bring our reliable service to you.

Our service will save you money because we have lower rates; and, as we upgrade facilities, we will give you better service. For years we have been generating much of the power you use, but up until now, our service has not been direct.

UP&L strives to be a good and considerate corporate citizen wherever it serves. We are especially happy to be able to extend this effort into southern Utah and appreciate very much the courtesies extended to us on our visits.

At meetings we have held, we encouraged questions from your city and county officials and others... "no holds barred." The attached sheets give our replies to the more frequently asked questions. If you have additional questions, please send them to the address shown below.

Cordially yours,



Harry Blundell, President
P. O. Box 899 - Dept. SU
Salt Lake City, Utah 84110

Isn't there more cheap Federal power that may be allocated to this area?

It is questionable. It is highly unlikely that those now receiving such subsidies will give them up willingly although new sources planned may have some capacity available (but are mostly "peaking units" which do not increase the amount of energy available).

Do you intend to improve the existing transmission capacity into the St. George area?

Yes.

Is \$20 million a fair market price or is it too much for the C. P. National system?

The price paid for C. P. National properties is a fair price based upon professional engineering evaluations of the value of the properties.

Can't a municipality build a power plant just as cheaply as UP&L?

Power plants are usually built by large construction firms specializing in such plant construction. The disadvantage of the municipal organization is that when much or all of their energy comes from one new plant, built at today's high costs and financed at today's high rates, their rates tend to be higher. UP&L customers have the advantage of plant costs and financing over many years in the past at much lower cost, and UP&L's service rate is based on the average of these lower costs over the years.

Can't municipalities issue bonds to finance an electric system at a rate below that available to UP&L?

The interest rate may be lower on tax-free bonds but the cost-of-interest on utility bonds, after the utility takes the tax deduction of interest, will be very close to the same—if not lower for the taxpaying utility. It should also be noted that a town's bonding capacity for other needs (sewers, etc.) may be reduced if municipal bonds are issued.

Southern Utah is growing rapidly. What do you expect to pay in local taxes to help pay for schools, water supplies, sewers and other public services?

C. P. National was paying approximately \$100,000 per year in local taxes on their investment in the area. Since UP&L will be upgrading the C. P. National system, it is expected that taxes paid to local governments will go up.

Note: No taxes are paid by municipally-owned electric utilities.

UP&L says it uses coal for over 90% of its power generation. Where does it get the coal?

UP&L owns three mines in Emery County with reserves adequate to supply its plants there for the life of the plants (about 35 years). These mines also ship coal to UP&L plants in Carbon and Salt Lake counties. The company has a long-term contract for coal supplies for the life of its Wyoming plants. UP&L's fuel supply is one of the most favorable in the West.

From Page 18(c) The evidence is that UP&L will not be acquiring any deferred taxes, and the proceeds to be retained by CPN as a result of the sale will be equal to the net book value of the system. Further, that the total sales price is currently

-19-

expected to be approximately \$20.9 million and that some additional adjustment will be made at the time of closing; however, those adjustments will not result in a substantial or material change. The adjustments to be made are common adjustments that pertain to the purchase of any on-going business necessitated by changes in inventory, accounts receivable, and additional system improvements as of the date of closing. The evidence is further that the sales price will have no material adverse impact on UP&L's shareholders or ratepayers, nor will it impact adversely on the current CPN customers. The evidence demonstrates that, as of the date of the hearing on this issue, 1) the acquisition will not change the current earnings per share; (2) the rate of return for the UP&L system as a whole will increase from 10.54% to 10.56%; (3) the financing will be obtained from the Company's investors and not from ratepayers, thus, there will be an insignificant financial impact on UP&L ratepayers; and (4) the purchase price amounts to approximately 1% of the Company's total capitalization or property investments, and this sum can be raised without affecting UP&L's capital structure or its ability to finance its on-going construction or operations. It is concluded, and the Commission finds, that the purchase price, including the acquisition adjustment, is rational, bona-fide and justifiable.



Emery County, Utah, in July. The leases cover 4,410 acres in the Meetinghouse Canyon and Cottonwood tracts which contain an estimated 35 1/2 million tons of recoverable coal.

UP&L bid \$3,150 per acre for the 3,347 acres in the Cottonwood tract and \$805 per acre for the 1,063 acres in the Meetinghouse Canyon tract.

UP&L produces four to five million tons of coal annually from company-owned mines adjacent to both the new tracts. Both of the newly acquired tracts can be mined from portals on the company's present properties. The company expects to begin mining its newly acquired properties as soon as it receives leases and the required government approvals.

Coal from new and existing property will fuel the company's two steam-electric plants in Emery County: the two-unit, 800,000-kilowatt Huntington Plant and the two-unit, 780,000-kilowatt Hunter Plant, as well as the 171,000-kilowatt Carbon Plant and the 45,000-kilowatt Hale Plant. UP&L is building a third, 400,000-kilowatt unit at Hunter Plant scheduled for completion in 1983.

CPN Purchase Approved

On August 28, the Federal Energy Regulatory Commission issued an order approving the sale of CP National's electric properties in southern Utah and Fredonia, Arizona, to UP&L.

The contract between UP&L and CP National now has the approval of all necessary state and federal regulatory authorities. Under the contract, the purchase price is approximately \$20 million.

The Utah commission's order approving the sale, requires UP&L to grant request-

ing municipalities in the newly acquired service area exclusive, non-assignable options to buy portions of the distribution system within their boundaries.

CP National serves some 10,000 customers in Utah's Kane, Washington and Iron counties and in a small portion of northern Arizona. UP&L presently furnishes over 90 percent of CPN's power supply to those areas. The company expects to begin service to customers in the present CPN service area of Utah on October 1, 1981.

Dividend Declared

For those not participating in the Dividend Reinvestment and Stock Purchase Plan, the common stock dividend is enclosed at 55 cents per share.

The preferred stock dividends on the various series are (in cents per share): A-32; B-29.5; C-28; D-44; E-49.5; F-58.5; G-70; H-51; I-59; and J-72.5.

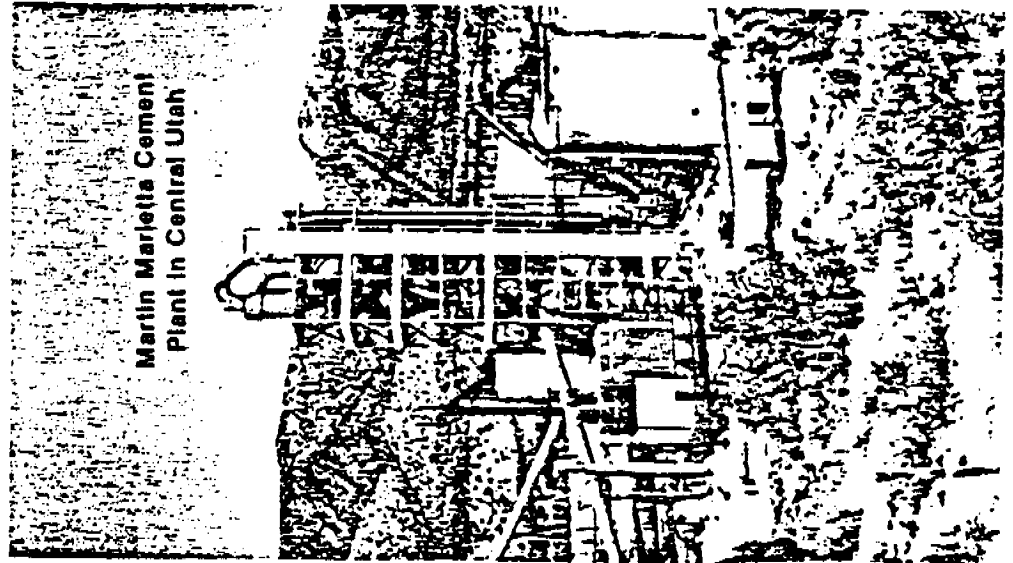
Please refer to the Insert "Notice to Shareholders" for information pertaining to your calendar year 1981 Dividend Income Tax Information. This notice also contains information on the company's dividend reinvestment plan as affected by the Economic Recovery Tax Act of 1981.

Respectfully,

Nancy Blundell

Harry Blundell
President and
Chief Executive Officer

October 1, 1981



UTAH POWER & LIGHT COMPANY
OPTION AGREEMENT WITH CEDAR CITY

Net Book Value June, 1980 ⁽¹⁾	\$ 1,524,457
Underground not included in LEI (Previously found in improvements)	206,343 ⁽⁴⁾
Subtransmission (34.5 kV) in City limits not included in LEI	30,013 ⁽⁵⁾
Substations not included in LEI (Previously found in severance)	280,000 ⁽⁶⁾
Net Book Value of Additions June, 1980 - ⁽³⁾ October 1, 1981	477,907 ⁽⁷⁾
Proportionate Share of Acquisition Adjustment ⁽²⁾ (32.5%)	818,584
Net Book Value of Plant Additions October, 1981 through December, 1983 ⁽³⁾	2,671,811 ⁽⁸⁾
Less Depreciation ⁽³⁾	(128,432)
Materials & Supply ⁽³⁾	467,593
Customer Accounts Receivable ⁽³⁾	766,308
New Construction for Cedar City to remain whole (Previously found in severance)	1,655,000 ⁽⁹⁾
Severance for UP&L to remain whole	315,000 ⁽¹⁰⁾
Sub-Total	\$ 9,034,784
Additional new facilities to be constructed by Cedar City	500,000 ⁽¹¹⁾
	\$ 9,584,784
Carrying Charges	_____
TOTAL	_____

(1) From an inventory taken by LEI Consultants, Inc., a subsidiary of Lemco Engineers, Inc.

(2) Subject to final settlement with C. P. National ?

(3) Subject to change pending settlement date

4 cities seek power bonds

Jeanette Rusk
Staff Writer

WASHINGTON CITY — Four southern Utah cities struggling to take over their power systems from Utah Power & Light Co. have decided to go ahead and get bond money and start the construction work needed to be independent.

"We're at the end of negotiations," said Doug Hunter of Utah Associated Municipal Power Systems at a meeting Tuesday with representatives of the cities.

Officials from Washington City, Santa Clara, Ivins and Tropic plan to meet next week with Presidential-Bachmann personnel to explore options for bonding. The bonding will provide the money to sever and buy their electrical systems from UP&L, or to build entirely separate facilities if necessary. A bonding plan is expected to be presented to city councils in the cities within the next couple of weeks.

Hunter said the major holdup during the last few months — severance issues — has been resolved with UP&L. The problem earlier had been that UP&L appeared to be insisting that the cities spend substantial amounts of money to construct new facilities in order to

be able to completely sever from UP&L before the company would sell to the cities. This would be prohibitive because the cities do not have money to spend on construction of electrical facilities until they are able to bond.

A compromise has been worked out where severance will occur in stages. Some short-term cheaper steps will be taken right away, but some joint use facilities will remain, and the rest of the changes necessary to be completely independent will be made over a longer term.

"We've got all of your problems solved today," said Anton Tonic, the UAMPS official who has been working on severance, as he addressed that issue at Tuesday's meeting. "We've made a lot of progress," he added.

UP&L has not submitted final purchase prices for the systems yet and Hunter said he expects the company to inflate the price. "They'll be asking you to pay for a lot of labor," he said.

One of the reasons he is urging the cities to get some money and start construction is as a bargaining tool. If the price is too high, the option of building separate facilities is "a viable and legitimate option," he said, especially since it has been estimated that it would be cheaper than buying UP&L's facilities.

(See power on p. 6)

• Power bonds sought by cities

(Continued from p. 1)

Hunter and Tonic told the cities they won't lose anything by starting construction work while the negotiations with UP&L continue because they can begin their building with facilities that will need to be changed in order to sever from UP&L.

Those facilities also would be necessary if the cities end up building an entirely new system so would not be wasted in any case, they pointed out.

"We're 99 percent sure that if we duplicate, they (UP&L) would have to sell power," Hunter said. He said he is confident the Public Service Commission would order UP&L to sell wholesale power to the cities.

He explained that the wheeling agreement UP&L proposed in August was unacceptable because it was contingent on the company retaining an inter-connect and operating agreement.

Preliminary contract

UAMPS and the four cities had counted on a promised wheeling contract from UP&L and had gone ahead and entered a preliminary contract with Tri-State G & T of Colorado as their main power source. When a wheeling contract could not be negotiated, UAMPS cancelled the Tri-State contract, forfeiting about \$100,000 for one month of power that had to be paid for.

The loss of the Colorado power source is not catastrophic, Hunter explained. UAMPS has already made arrangements to buy wholesale power from UP&L in the short term and is exploring other alternatives for the long run, while also continuing to pursue a wheeling contract.

UP&L recently changed to a new, more favorable wholesale rate, Hunter said, and a year from now the cities will be eligible for pre-1989 Colorado River Storage Project power.

Negotiations on the terms of the purchase contract are continuing, Hunter said. UP&L recently wrote a letter listing 17 items from the proposed agreement that need to be worked out, he said. The major problem seems to be the title, he explained. "Any time it comes to the title, they back off. They can't want to give us assurance they've got the title."

It appears UP&L has not gotten clear title to the systems in the four cities since they were purchased from UP

National in 1980, Hunter and Tonic said. They said they do not see this as a problem because all the cities need is to know that UP&L has the right to sell the system, even though it might take some time to clear titles from the company.

Of the 17 areas in the purchase agreement listed by UP&L, Hunter said "I see no big deals. There are ways around them."

Tonic outlined for the cities the initial short-term changes that need to be made within their cities to start severing from UP&L, as well as the longer-term steps they will have to take. He also gave them estimates of the costs involved.

\$115,000

For Washington, initial costs will be about \$65,000, and total severance will cost about \$115,000, he said.

Short-term costs in Santa Clara will be about \$40,000. Long-term, Santa Clara and Ivins will have to divide the approximately \$250,000 cost of a new substation. Based on current loads, Santa Clara would pay about 2/3 and Ivins about 1/3, Tonic said, but with plans for the 2,500-space Padre Canyon Estates RV park in Ivins, that might reverse, he said.

Ivins' initial costs would be about \$35,000.

LaVerkin's severance is the most complicated, Tonic said, because there are more joint use facilities than any of the other cities. The short-term cost will be in the \$65,000 to \$70,000 range. Over the long run, it will cost about \$20,000 to tie into Hurricane and divest from UP&L.

Tonic said that because of retaining some joint use facilities with UP&L for awhile, the cities probably will be required to have at least partial operation and maintenance contracts with UP&L, although they appear to be leaning toward an independent contract for the major O & M work on the systems.

Some city officials are indicating they don't want to contract with UP&L for O & M any more than absolutely necessary. Alternatives are contracting with a nearby municipal city, such as St. George in the case of Washington and Hurricane in the case of LaVerkin, or going with a private contractor. Don Peck, who has the contract for the city of Parowan, is one of those bidding for the job.

UAMPS
Negotiators

Denitities arrest shunting

Official Ballot for the Municipality of

Cedar City, Utah

Special Bond Election, November 6, 1984

Jacqueline Bullock
City Recorder

**INITIATIVE PETITION
MUNICIPAL POWER ORDINANCE**

Cedar City shall immediately commence the acquisition of an electric power system to fulfill the needs of its inhabitants by purchase, lease, condemnation, construction, or combinations thereof, to be operated by the municipality or its assigns; and shall expeditiously negotiate in good faith to acquire the existing private distribution system at a fair market value, and if it cannot be timely acquired that other methods and sources be diligently pursued; the City is hereby authorized and directed to do all things reasonable and necessary to acquire, maintain, and operate a power distribution system, and a power supply.

FOR

AGAINST

To vote in favor of this Initiative Petition, place a cross (X) in the square after the word, "FOR." To vote against this Initiative Petition, place a cross (X) in the square after the word, "AGAINST."

PROPOSITION 1

Shall the City Council of Cedar City, Utah, be authorized to issue General Obligation Electric Power Bonds in an amount not to exceed Six Million Two Hundred Fifty Thousand Dollars (\$6,250,000), and Electric Power Revenue Bonds in an amount not to exceed Eighteen Million Seven Hundred Fifty Thousand Dollars (\$18,750,000) for the purpose of defraying all or a portion of the cost of acquiring or constructing an electric utility system, including but not limited to electric generating facilities, transmission and distribution lines, transformers, substations, utility poles, operating equipment, and other related appurtenances; and for the payment of expenses reasonably incurred in connection with the acquisition or construction of said improvements and the authorization and issuance of said bonds and such additional amounts as may be necessary to provide moneys for the refunding of all or part of the bonds authorized hereunder at or prior to maturity thereof, including the cost of issuance of such refunding bonds; said bonds to be due and payable in not to exceed thirty (30) years from the date of said bonds, said General Obligation Bonds to be payable as to both principal and interest from ad valorem taxes and/or other revenues of the city; and said revenue bonds to be payable fully as to both principal and interest from the net revenues to be derived from said electric utility system and under no circumstances to be a general obligation indebtedness of the City within the meaning of any state constitutional provision or statutory limitation nor a charge against the general credit or taxing powers of said City?

For the Issuance of Bonds

Against the Issuance of Bonds

To vote in favor of this bond issue, place a cross (X) in the square after the words, "For the Issuance of Bonds." To vote against this issue, place a cross (X) in the square after the words, "Against the Issuance of Bonds."

Recorded this 6th day of June, 1963 11 o'clock A.M.
Colen H. Sweeten, Jr. Recorder Rachel Hughes, Deputy

INSTRUMENT #92970

STAMPS APPLIED
\$11.50

DEED

Know all men by these presents that the California-Pacific Utilities Company, a Corporation organized under the laws of the State of California, and doing business in the State of Idaho, hereinafter referred to as Grantor, pursuant to action duly taken by directors thereof, does hereby transfer, grant, bargain, sell, assign and convey all right, title and interest now held or hereafter acquired unto Utah Power & Light Company, a corporation organized under the laws of the State of Maine and qualified to do business in the State of Idaho, hereinafter referred to as the Grantee, in consideration of Ten and no/100 Dollars (\$10.00) and other good and valuable consideration to it in hand paid, receipt of which is hereby acknowledged, all and singular, the following described property, free and clear of encumbrances except lien of taxes not yet due and easements, covenants, conditions and reservations of record which do not materially interfere with its use, to-wit:

The Malad system of the Grantor including all of the electric generation, transmission and distribution system and properties of said Company, located in Oneida County, Idaho, and specifically and not by way of limitation shall include all generating stations and equipment, transmission and distribution lines, substations, switchyards, switchracks and all other property real, personal or mixed, being used and being useful as a part of said Malad system, including automotive equipment, leases, licenses, easements, rights of way, certificates, privileges, franchises, operating rights, water rights, and all materials and supplies on hand useable in the construction, operation or maintenance of said system. All furniture, office equipment and supplies, all agreements, leases and the business of the Grantor in the Malad system, together with all other property of said system of Grantor, real, personal or mixed, forming a part thereof or in anywise appertaining thereto, including but not limited to the following described property.

The Electric Generating Plants, Developments and Stations of the Grantor, including all dams, reservoirs, diversion works, pipe lines, tunnels, canal, flumes, power houses, buildings, boilers, generators, machinery, poles, wires and other equipment; and all lands of the Grantor upon which the same are situated; and all other property of the Grantor, real, personal or mixed, forming a part thereof or appertaining thereto; together with all of the Grantor's water appropriations and water rights, reservoirs, storage and flow-age rights, licenses, easements, rights of way, permits, franchises, privileges, consents and rights for or relating to the construction, maintenance and operation thereof, including, but not limited to the following described property situated in the State of Idaho:

1. Birch Creek Hydroelectric Plant, consisting of a diversion dam, head gate, other diversion works, pipe lines and generating station situated on Birch Creek in the South-west quarter of Section 29, Township 12 South, Range 36 East, Boise Meridian, Bannock and Oneida Counties, Idaho and together with a right of way for a pipe line approximately

AGREEMENT OF PURCHASE AND SALE

AGREEMENT OF PURCHASE AND SALE, dated as of April 28, 1980, by and between CP NATIONAL CORPORATION, a corporation organized and existing under the laws of the State of California and a regulated public utility ("Seller"), and UTAH POWER & LIGHT COMPANY, a corporation organized and existing under the laws of the State of Utah and a regulated public utility ("Buyer").

WHEREAS, Seller wishes to provide for the transfer to Buyer by Seller, and Buyer wishes to provide for the acquisition by Buyer from Seller, of the electric utility business of Seller in Utah and Arizona and the real property and substantially all of the other assets of Seller related thereto;

NOW, THEREFORE, Seller and Buyer hereby agree as follows:

1. TERMS OF TRANSACTION. On the basis of the representations, warranties and agreements of Seller and Buyer, and upon the terms and subject to the conditions herein stated, the parties hereto agree that on the Closing Date (as hereinafter defined):

termination of this Agreement under clause (a) or (c) of Subsection 6.4 or under Subsection 6.5. If Buyer elects to retain outside counsel in connection with any such proceeding, such counsel shall be agreed upon by Buyer and Seller. In addition, Seller shall have the right, at its expense, to retain counsel for any such proceeding. Shareholder suits and contract actions brought against Seller to which Buyer is not a named defendant, and investigations or proceedings brought by agencies (e.g., the Securities and Exchange Commission or the Internal Revenue Service) not having jurisdiction over matters related to the transactions contemplated hereby are expressly excluded.

Section 1.3 (b)(i) Notwithstanding (a) the existence of one or more condemnation proceedings, or the threat or imminence thereof, against some portion or all of the Electric System, (b) the existence of one or more other legal or regulatory proceedings, or threat or imminence thereof, relating to some portion or all of the Electric System, other than proceedings necessary to obtain approval of this Agreement as specified in Subsection 6.1.2, or (c) the actual or threatened construction of facilities duplicative of or parallel to all or a portion of the Electric System, the parties shall be obligated to close the transactions contemplated hereby when the conditions set forth in Section 6 ^(15 condition) hereof are satisfied, and Seller will convey the Electric System to Buyer subject to such proceedings (with net book

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

IN THE MATTER OF THE APPLICATION)
OF UTAH POWER & LIGHT COMPANY,)
AND PC/UP&L MERGING CORP. (TO BE)
RENAMED PACIFICORP) FOR AN ORDER)
AUTHORIZING THE MERGER OF UTAH)
POWER & LIGHT COMPANY AND)
PACIFICORP INTO PC/UP&L MERGING)
CORP. AND AUTHORIZING THE ISSUANCE)
OF SECURITIES, ADOPTION OF TARIFFS,)
AND TRANSFER OF CERTIFICATES OF)
PUBLIC CONVENIENCE AND NECESSITY)
AND AUTHORITIES IN CONNECTION)
THEREWITH.)

CERTIFICATE OF SERVICE

Case No. 87-035-27

I hereby certify that I delivered a true and correct copy of the foregoing Submission by either hand delivering or placing the same in the United States Mail, postage prepaid to the following, this 6th day of June, 1988:

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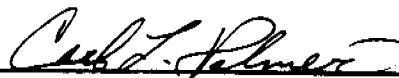
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BEFORE THE
PUBLIC SERVICE COMMISSION OF UTAH

UTAH POWER & LIGHT COMPANY
PACIFICORP
PC/UP&L MERGING CORP.

CASE NO. 87-035-27

BRIEF OF
AMAX MAGNESIUM CORPORATION

JUNE 3, 1988