

UTAH STATE SENATE

SENATOR
CARY G. PETERSON

MAJORITY LEADER
TWENTY-EIGHTH DISTRICT
JUAB, SANPETE, SEVIER,
MILLARD, PIUTE, WAYNE,
AND BEAVER COUNTIES

406 EAST 500 NORTH
NEPHI, UTAH 84648
HOME: 623-1816

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UTAH PUBLIC
SERVICE COMMISSION



APPROPRIATIONS
General Government and Capital Facilities
Executive Committee

STANDING COMMITTEES
Energy, Natural Resources and Agriculture
Revenue and Taxation
Rules

February 22, 1988

Utah Public Service Commission
Heber Wells Building
160 East 300 South
Salt Lake City, UT 84111-5850

Dear Chairman Stewart and Commissioners:

The proposed merger of Utah Power and Light Company and Pacific Corporation is contingent upon approval of the Utah Public Service Commission, with the commission expected to conduct hearings on the proposed merger this spring and to render a decision by August, 1988. I offer the following comments and suggestions regarding this important matter.

This merger would permit a more efficient use of the companies' resources, including the seasonal exchange of power between the companies allowed by the different peak power needs of their service territories. More efficient utility operations will result in lower electric power rates for Utah's citizens.

Production of coal from Utah Power & Light's mines accounts for nearly 40% of the total coal production in Utah and the employment income and taxes generated by Utah Power & Light coal production is vital to our state's economy.

I, therefore, encourage the Public Service Commission to approve the merger of Utah Power & Light Company and Pacific Corporation, if the commission determines that the following criteria are met:

(1) the merger will not result in a decrease of coal production from Utah Power & Light mines.

(2) the company's local service structure will remain intact with management and headquarters in Salt Lake City;

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(3) Utah Power & Light's Huntington and Hunter generating plants will continue to operate as base load plants, and their production capacity will not be replaced by out-of-state generating facilities;

(4) there will be no layoffs as a result of the merger and any manpower reductions will be handled through attrition;

(5) the merger will not have a negative effect on Utah publically-owned power suppliers; and

(6) projected growth in Utah coal production will not be negatively impacted by the merger.

Respectfully submitted,



CARY G. PETERSON
Senate Majority Leader