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UTAH PUBLIC  
SERVICE COMMISSION

November 25, 1987

State of Utah  
Public Service Commission  
Heber M. Wells Building  
150 E 3 South  
P.O. Box 5850  
Salt Lake City, Utah 84110

Dear Commissioners:

Recent news broadcasts indicate that the Commission has asked Utah Power and Light Company to demonstrate that the proposed merger with Pacificorp will be "beneficial" to the citizens of Utah. As a stockholder of the company and a citizen of Utah, I wish to express my feelings concerning those benefits.

The company has already explained the physical and financial benefits which will be derived from a combination of complementary Power Plant resources and from the use of the transmission systems of Pacificorp and UP & L to transmit power from the northwest to the southwest and vice versa. These benefits will obviously be shared by a majority of the citizens of Utah and by the customers and stockholders of Pacificorp.

Perhaps a less understood benefit is that perceived by the marketplace in evaluating the stock price of Utah Power and Light Company. To quote the September 4, 1987 edition of "Value Line" concerning UP & L, "We have suspended the company's Timeliness rank . . . since the stock is trading largely on takeover activity." This comment is typical of recent stock commentary concerning the company.

As you are aware, the terms of the merger provide for an exchange of stock with UP & L shareholders receiving Pacificorp stock with a minimum value of \$32.25 per share and a maximum of \$38 per share depending upon the average closing price of Pacificorp common in the previous ten days after merger consumation. With Utah Power and Light stock presently trading in the \$28+ range the merger would provide substantial appreciation. Equally important, if the merger fails, the stock price would undoubtedly drop to the low 20s (or lower) as the market reevaluated the stock. Price recovery would be a long and arduous process, if at all, and would require some demonstration by the company of its ability to sustain and increase the dividend. This, in-turn would require evidence of increased earning ability and might necessitate rate increases.

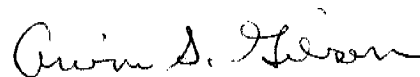
With approximately 57 million shares of Utah Power & Light stock outstanding, a swing of 10 points in stock price is worth \$570 million dollars. Thus, failure to proceed with the merger has the potential to reduce the worth of the assets of the company by in excess of \$570 million compared to what the worth would be if the merger goes through. Since most of the stockholders of Utah Power & Light Company are located in Utah, that represents a substantial potential benefit (or lost benefit) to those particular citizens. Since many are retirees living on a fixed income, the loss of those benefits would constitute a significant penalty.

Since the company has indicated that rate decreases would occur following the merger, the ratepayers of Utah Power and Light Company would also benefit. Ratepayer benefits seem likely to multiply as time progresses since the material resources of both Pacificorp and UP & L will become more effective with time as the combined entity realizes its full potential.

In short, it seems to me that the beneficiaries of the proposed merger are UP & L stockholders and ratepayers, and they constitute a majority of the citizens of Utah. I understand that a number of groups object to the merger both in and out of the State of Utah, but even a cursory examination of that list indicates that their objections derive from their particular self interests. I believe that the self-interests of a majority of the citizens of Utah should have precedence over minority groups in the state or over other out of state groups. Furthermore, if it can be shown that the merger does not substantially harm other out of state groups relative to their ability to continue to serve their customers within the constraints of the law, then I believe that their complaints should be tabled.

Thank you for your consideration of these issues.

Sincerely,



Arvin S. Gibson

cc: Frank Davis  
President and Chief Executive Officer  
Utah Power and Light Company