

DOCKETED

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Applica-)
tion of UTAH POWER & LIGHT)
COMPANY and PC/UP&L MERGING)
CORP. (to be renamed Pacifi-)
Corp) for an Order Authorizing))
the Merger of Utah Power &)
Light Company and PacifiCorp)
into PC/UP&L Merging Corp.,)
Authorizing the Issuance of)
Securities, Adoption of)
Tariffs and Transfer of Cert-)
ificates of Public Convenience))
and Necessity and Authorities)
in Connection Therewith.)

CASE NO. 87-035-27

ORDER IDENTIFYING
GENERAL ISSUES

ISSUED: November 30, 1987

SYNOPSIS

By this Order the Commission identifies the general issues to be addressed in this case and briefly describes its intended approach to decisionmaking as a balancing of benefits and detriments. The general issues are set forth at this time in order to organize the many specific issues thus far suggested as relevant for consideration.

By The Commission:

PROCEDURAL BACKGROUND

In its October 6, 1987 Prehearing Conference Order the Commission requested each party to identify issues to be considered in this case, and to file written statements of them by October 15. At a second prehearing conference held October 19, parties appeared to, among other things, orally explain their

issues statements. Parties were aware that Commission staff had earlier presented a memorandum of issues and were asked by the Commission to note disagreements, if any, with staff's views. There being no such disagreement, the Commission stated from the bench that an Order presenting issues would be written as soon as possible and that it would be based on the issues identified thus far by staff and parties.

DISCUSSION

This Order outlines the issues in this case as perceived by the Commission. The discussion is of a more general nature than was that prepared by our staff and sent to Applicants by letter of September 15, 1987. We believe that the more specific issues contained in that document, as well as those presented by the parties in subsequent filings and memoranda, are logically subsumed within the general structure of issues presented below.

We have determined to base our resolution of this case on the positive benefits standard as described in our Order of November 20, 1987. This means we will weigh the value of the contribution to the public interest of all benefits demonstrated to flow from the merger against the value of the harm to the public interest demonstrated to flow from the merger. Each element of benefit and harm will be evaluated in terms of the magnitude of that harm or benefit, the strength of the evidence and analysis advanced in support of it, and the weight the Commission judges appropriate to apply to that element. If in the Commission's final judgment the

overall balance of all elements indicates that the public interest will be better served as a result of the merger, approval will be granted. If the overall balance is judged to indicate that the public interest would be advanced by retaining Utah Power & Light (Utah Power) as a separate entity, approval of the merger will be denied.

It is important for us to reiterate that a benefit or a cost can only be identified and measured quantitatively, or described qualitatively, as a change in the status quo, where the status quo means Utah Power (now and into the future) without merger.

The parties must develop their arguments as objectively and clearly as possible to enable the Commission to base its evaluations on credible evidence about the impacts of the merger on the persons whose interests we are mandated to protect. Unsupported assertions and appeals to confidence in the abilities of those advancing particular contentions will be given the weight the Commission feels they warrant. Direct testimony need not be presented on all matters by all parties, but any position advanced must be adequately supported.

Absence of direct testimony on an issue will not be interpreted by the Commission as agreement with positions taken by other parties on that issue. Failure to rebut may, however, be given that interpretation.

We reiterate our earlier concern which has been expressed to Applicants on several occasions and as was specifically identified in our staff October 5, 1987 memorandum evaluating prefiled testi-

mony that quantitative information provided in exhibits and testimony must be accompanied by the back-up documentation and source information that will allow an analysis of the numbers and further an ability to examine and understand Applicants' analysis.

It is clear that some of Applicants' prefiled testimony and exhibits fail to comply with the requirements of Commission rule R750-100-9B(2)(b) which states:

Exhibits shall be adequately footnoted and if appropriate, accompanied by either narrative or testimony which adequately explains the following:

Explicit and detailed sources of the information contained in the exhibit; methods used in statistical compilations, including explanations and justifications; assumptions, estimates and judgments, together with the bases, justifications and consequences thereof; formulas and/or algorithms used for all calculations together with explanations of all inputs or variables used in the calculations.

The Applicants, as well as other parties, are required to meet the requirements of this rule. To the extent exhibits and testimony filed do not conform, they must either be resubmitted with the source and other information required by the rule or provide the information in some other reasonable manner. Resubmission or explanation shall be filed by noon, December 7, 1987. If this cannot be accomplished, a schedule of providing the information and explanation of problems can be presented on our December 8, 1987 Law and Motion calendar.

GENERAL OUTLINE OF THE ISSUES

I. Structure of the Merged Company

The record must provide information to promote a complete

understanding of the structure of the merged company in both an operational and a regulatory sense. This information will be compared or measured against the continued existence of Utah Power as a separate entity. Applicants bear the burden of demonstrating that regulatory oversight of electric utility operations in Utah would not be unjustifiably diminished should merger occur.

II. Basic Qualification Issue

The record must demonstrate that the proposed merged company (PacifiCorp Oregon) meets all the traditional legal and financial requirements for issuance of a certificate of public convenience and necessity to serve the electricity needs of Utah Power's current service territory in the state of Utah. (See our decision in Mountain Fuel Supply Co. extension of Certificates, Case Nos. 86-2016-01, 86-057-03, 86-091-01, and 86-2019-01, January 5, 1987, and our Order in CP National Corp., Case No. 80-023-01, June 4, 1981.)

III. The Benefits of the Merger

The record must describe all the benefits expected to flow from the merger, and in particular must show:

- a. the nature, magnitude, and source of each type of benefit;
- b. how each type of benefit is expected to be realized or achieved;

- c. what group or groups will enjoy each type of benefit expected to accrue, and in what amounts; and
- d. the risks that the benefits will fail to materialize in the magnitudes expected or be distributed among recipient groups differently than expected.

The parties will be called upon to provide quantitative analysis of the present and future benefits of the merger. Key issues include the following, which have already been identified (others should be raised by the parties as they think appropriate): the impact in dollars, megawatts, and megawatt hours of system diversity, joint dispatch, ability to make off-system sales, operation of the transmission system, and future system expansion, and the mechanisms through which such impacts will be distributed to ratepayers, shareholders, etc.

IV. The Costs of the Merger

The record must describe all the costs or detriments expected to be imposed as a result of the merger, and in particular must show:

- a. the nature, magnitude, and source of each type of cost or detriment;
- b. how each type of cost or detriment is expected to be realized or imposed;
- c. what group or groups will bear each type of cost or detriment, and in what amounts; and
- d. the risks that the realized costs or detriments will be

greater than expected or will be distributed among recipient groups differently than expected.

The parties will be called upon to provide quantitative analysis where possible of the present and future impacts of the merger. Several key potential detriments have already been identified; others should be raised by the parties as they deem appropriate: wheeling policy, impact on the Utah coal industry and the loss of "Utah control" of its major electric utility.

FURTHER DISCUSSION

As indicated, all specific questions raised in earlier Commission documents, and by the various parties to date, can be organized into the structure of overarching issues presented here. The Commission will also consider the testimony and arguments of the parties on specific issues not raised in our outline or elsewhere to this point.

We will reserve the right to reject issues (or assign them zero weight) at any time during the course of the proceeding in the interest of administrative efficiency, in order to maintain a manageable process, or in reflection of our judgment that the issue raised has no significance on reaching our decision.

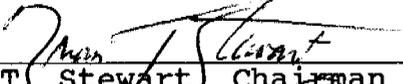
ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED, that the general outline of issues presented herein is adopted by the Commission for purposes of this case as above discussed.

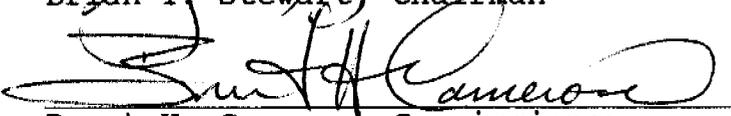
IT IS FURTHER ORDERED, that Applicants refile or adequately

explain all exhibits contained in prefiled testimony to conform with Commission Rule R750-100-9B6(2)(b) by December 7, 1987. If this cannot be accomplished, Applicants shall submit a schedule for submittal or other explanation at our regularly scheduled Law and Motion calendar, December 8, 1987.

DATED in Salt Lake City, Utah this 30th day of November, 1987.



Brian T. Stewart, Chairman



Brent H. Cameron, Commissioner



James M. Byrne, Commissioner

Attest:



Stephen C. Hewlett
Commission Secretary

JK 11/30/87
* Thomas W. Forsgren, Esq.
Sidney G. Baucom
Edward A. Hunter
UP&L
P.O. Box 899
SLC, UT 84110

* Fredric D. Reed
Pacific Power & Light Co.
920 Southwest 6th Ave.
Portland, OR 97204

Dale A. Kimball, Esq.
Gary A. Dodge, Esq.
Kimball, Parr, Crockett & Waddoups
185 South State, Ste 1300
SLC, UT 84147

Donald R. Allen, Esq.
John P. Williams, Esq.
Duncan, Allen & Mitchell
1575 Eye Street, N.W.
Washington, D.C. 20005

Charles F. McDevitt, Esq.
Suite 200, Park Place
277 North 6th Street
Boise, ID 83702

Wesley F. Merrill
109 North Arthur Spaulding Building
Pocatello, ID 83204

Robert S. Campbell, Esq.
Gregory B. Monson, Esq.
Watkiss & Campbell
310 South Main, Ste 1200
SLC, UT 84101

Box E News & Journal
Attn: Bruce Keyes
Brigham City, UT 84302

Matt Brown
Deseret News
P.O. Box 1257
SLC, UT 84110

Attention: Newsroom
The Enterprise
P.O. Box 11778
Pioneer Station
SLC, UT 84147-0778

KUTV, INC.
2185 South 3600 West
SLC, UT 84119

Ogden Standard Examiner
Attn: Suzanne Carter
455 - 23rd Street
P.O. Box 951
Ogden, UT 84402

City Desk
Salt Lake Tribune
143 South Main
SLC, UT 84111

United Press International
P.O. Box 11327
SLC, UT 84147-0327

Leland Weeks
The Utah Mining & Oil Gazette
Box 15805
SLC, UT 84115

KALL Radio News
Ted Robins
312 East South Temple
SLC, UT 84111

F. Robert Reeder, Esq.
PARSONS, BEHLE & LATIMER
P.O. Box 11898
SLC, UT 84147-0898

Olof E. Zundel
Utility Shareholders Assoc.
of Utah
1200 Beneficial Life Tower
36 South State
SLC, UT 84111

Gregory P. Williams, Esq.
GIAUQUE, WILLIAMS, WILCOX
& BENDINGER
500 Kearns Building
136 South Main
SLC, UT 84101

James A. Holtkamp, Esq.
VAN COTT, BAGLEY, CORNWALL
& MCCARTHY
P.O. Box 45340
SLC, UT 84145

Stephen Randle, Esq.
520 Boston Building
SLC, UT 84111

Thomas M. Zarr, Esq.
SNOW, CHRISTENSEN & MARTINEAU
P.O. Box 45000
SLC, UT 84145

Glen H. Robinson
Vice President, Marketing
Mountain Fuel Supply
P.O. Box 11368
SLC, UT 84139

Scott A. Gutting, Esq.
c/o UCIPP/MTB, Inc.
1110 Walker Center
175 South Main
SLC, UT 84111

Bountiful City Light & Power
198 South 200 West
Bountiful, UT 84010

Attention: Lee R. Brown
AMAX Magnesium Corporation
238 North 2200 West
SLC, UT 84116

Jerrald D. Conder, Esq.
CONDER & WANGSGARD
Attorneys at Law
4059 South 4000 West
West Valley City, UT 84120

D.C. Petershagen
State Telecommunications
Services
Rm 1226 State Office Bldg.
BUILDING MAIL

Clifford Michaelis, Manager
Bountiful City Light & Power
198 South 200 West
Bountiful, UT 84010

Michael Ginsberg
Office of Attorney General
236 State Capitol
BUILDING MAIL

Sandy Mooy
Office of Attorney General
236 State Capitol
BUILDING MAIL

Bob Sugino
Tax Commission
Assessed Property Division
BUILDING MAIL

Mark Jones
Governor's Office
203 State Capitol
BUILDING MAIL

Energy Office
355 West North Temple
3 Triad Center, Ste 450
SLC, UT 84180-1204
BUILDING MAIL