

File

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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

UTAH PUBLIC SERVICE COMMISSION

In the Matter of the Application)	
of UTAH POWER & LIGHT COMPANY and)	
PC/UP&L MERGING CORP. (to be re-)	POSITION STATEMENT OF
named PACIFICORP) for an Order)	DESERET GENERATION &
Authorizing the Merger of UTAH)	TRANSMISSION CO-OPERATIVE
POWER & LIGHT COMPANY and)	
PACIFICORP into PC/UP&L MERGING)	Case No. 87-035-27
CORP. Authorizing the Issuance)	
of Securities, Adoption of)	
Tariffs and Transfer of Certifi-)	
cates of Public Convenience and)	
Necessity and Authorities in)	
Connection Therewith.)	

Deseret Generation & Transmission Co-operative (DG&T) has previously filed its Motion for leave to intervene in this proceeding. Pursuant to Order of the Commission dated October 6, 1987, DG&T hereby files its general position statement on this case, and hereby identifies the major issues of interest to DG&T, together with a brief statement of its position with respect to each such issue as follows:

I. GENERAL POSITION STATEMENT

1. As more fully set forth in DG&T's Motion to Intervene dated October 13, 1987, (which is incorporated herein by this reference) DG&T is a public utility subject to the jurisdiction of the Commission and having substantial generation and transmission facilities within the state of Utah.

2. DG&T does not at this time take a position for or against the proposed merger as it does not have adequate information to determine the effect of such proposed merger on its operations. As such information is received and evaluated, DG&T's position can be determined and will be stated at a future date. In general, however, DG&T is concerned over the effect of the proposed merger on its operations and on the operations of its Members, and on DG&T's ability to access essential transmission facilities for the purpose of purchasing

and selling capacity and energy in the western United States including, in particular, the states of Utah, New Mexico, Colorado, Wyoming, Nevada, Arizona and California.

II. MAJOR ISSUES IN THE CASE

The major issues in this proceeding of interest to DG&T and DG&T's initial position with respect to each such issue, are as follows:

1. (a) Issue: Will the proposed merger have the effect of lessening DG&T's ability to compete or tend to create a monopoly?

(b) DG&T's Position: DG&T requires more information to reach a firm position on this issue. However, DG&T's concern at this stage in the proceeding is that the proposed merger will give the surviving organization control over extensive transmission systems between power generating resources in several of the western states which have considerable surplus capacity and energy and bulk power markets in other western states including California and Nevada, which have need for additional electrical capacity and energy to meet their growing customer loads. DG&T has considerable excess capacity and energy from its own generation resources which it desires to sell, and DG&T desires to engage in other bulk sales transactions in the western United States. While DG&T's transmission facilities can be used as part of the transmission path for the sale of such surplus capacity and energy, and for such bulk sales transactions, wheeling rights over facilities that would be controlled by Pacificorp under the merger would be essential to complete the transmission path. In the past, UP&L has been reluctant to provide transmission service to DG&T for bulk power transactions and has taken the position that any bulk power market that can be accessed by or through its

transmission system belongs only to UP&L. Under the proposed merger, PacifiCorp would have even greater control over transmission facilities essential to DG&T. Such control, coupled with the concentration of economic power that would result under the proposed merger, could have a dramatic and detrimental effect on DG&T's ability to market its surplus power and to engage in bulk power transactions with other utilities.

DG&T is further concerned over the effect the proposed merger could have over its ongoing negotiations with UP&L for ownership participation in a 345 kV transmission line proposed for construction by UP&L into southwestern Utah and interconnected with Nevada Power. Meaningful negotiations are currently underway whereby DG&T would become an owner participant in such line and in existing facilities of UP&L between the Mona substation and Sigurd. Such ownership would allow DG&T to transmit power and energy between the Mona substation and the point of interconnection with Nevada Power Company for the purpose of meeting its own loads and for the purpose of selling excess power and engaging in other bulk power sales transactions with other utilities.

2. (a) Issue: Will the proposed merger diminish the ability and authority of the Commission to regulate the surviving organization?


(b) DG&T's Position: DG&T requires additional information to reach a conclusion on this issue. DG&T's initial position is that recognizing the size and economic strength of the surviving organization and its control over essential transmission facilities, the ability of the Commission to regulate the new utility could become even more critical to DG&T's ability to compete in the electric utility industry. The proposed merger and in particular a merger that is not conditional in a manner which addresses the concerns of DG&T as

set forth herein, could impair the future ability of the Commission to effectively deal with these concerns and could result to the detriment of DG&T and its Members.

Conclusion

The proposed merger is of direct and substantial concern to DG&T. The Commission in DG&T's interest and in the public interest should carefully consider the effect of such merger on competition within the state and on the continuing ability of the Commission to regulate the activities of the surviving organization.

RESPECTFULLY SUBMITTED this 15th day of October, 1987.


Lynn W. Mitton, Attorney for
Deseret Generation &
Transmission Co-operative

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing PETITION FOR AN ACCOUNTING was mailed this 16th day of October, 1987 to the following:

Robert Campbell, Esq.
WATKISS & CAMPBELL
310 South Main Street
Salt Lake City, Utah 84101-2171

George M. Galloway, Esq.
STOEL, RIVES, BOLEY, JONES & GREY
900 S. W. Fifth Street
Portland, Oregon 97205

Sidney L. Baucom, Esq.
General Counsel
Utah Power & Light Company
1407 West North Temple, Suite 322
Salt Lake City, Utah 84116

Michael Ginsberg, Esq.
Asst. Attorney General
130 State Capitol Building
Salt Lake City, Utah 84114

Calvin L. Rampton, Esq., and
L. R. Curtis, Jr., Esq.
JONES, WALDO, HOLBROOK AND McDONOUGH
1500 First Interstate Plaza
Salt Lake City, Utah 84101

James A. Holtkamp, Esq.
VANCOTT, BAGLEY, CORNWALL & MCCARTHY
50 South Main Street, Suite 1600
Salt Lake City, Utah 84111

F. Robert Reeder, Esq.
PARSONS, BEHLE & LATIMER
185 South State Street, Suite 700
Salt Lake City, Utah 84111

Raymond W. Gee, Esq.
KIRTON, McCONKIE & BUSHNELL
330 South 300 East
Salt Lake City, Utah 84111

Gary A. Dodge, Esq. and
Jill Neiderhauser
KIMBALL, PARR, CROCKETT & WADDOUPS
185 South State Street, Suite 1300
Salt Lake City, Utah 84111

Donald R. Allen, Esq. and
John P. Williams, Esq.
DUNCAN, ALLEN & MITCHELL
1575 Eye Street, N.W.
Washington, D.C. 20005

Sandy Mooy, Esq.
Attorney General's Office
State Capitol Building
Salt Lake City, Utah 84114

Kimberlee Lloyd