

RECEIVED

Richard W. Giauque, Esq.
Gregory P. Williams, Esq.
Gary F. Bendinger, Esq.

'87 OCT 15 P4:31

GIAUQUE, WILLIAMS, WILCOX & BENDINGER
500 Kearns Building
Salt Lake City, Utah 84101
Telephone: (801) 533-8383

UTAH PUBLIC
SERVICE COMMISSION

Attorneys for Intervenors Coastal
States Energy Company, Beaver Creek
Coal Company, Cyprus Coal Company
and Andalex Resources, Inc.

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

IN THE MATTER OF THE APPLICATION)	
OF UTAH POWER & LIGHT COMPANY,)	STATEMENT OF POSITION
AND PC/UP&L MERGING CORP. (TO BE)	OF INTERVENORS COASTAL
RENAMED PACIFICORP) FOR AN ORDER)	STATES ENERGY COMPANY,
AUTHORIZING THE MERGER OF UTAH)	BEAVER CREEK COAL
POWER & LIGHT COMPANY AND)	COMPANY, CYPRUS COAL
PACIFICORP INTO PC/UP&L MERGING)	COMPANY AND ANDALEX
CORP. AND AUTHORIZING THE ISSUANCE)	RESOURCES, INC.
OF SECURITIES, ADOPTION OF TARIFFS,)	
AND TRANSFER OF CERTIFICATES OF)	
PUBLIC CONVENIENCE AND NECESSITY)	Case No. 87-035-27
AND AUTHORITIES IN CONNECTION)	
THEREWITH.)	

Coastal States Energy Company, Beaver Creek Coal
Company, Cyprus Coal Company and Andalex Resources, Inc. (the
"Utah Independent Coal Companies") have filed their Notice of
Intervention in this proceeding. In accordance with the
Commission's Prehearing Conference Order issued October 6, 1987,
said companies submit the following statement of their general
position as to the merger, the specific issues which they
perceive to be the major issues affecting them, and their
position on those issues.

FACTUAL BACKGROUND

1. The Independent Coal Companies are substantial industrial customers of Utah Power & Light. Their combined purchases of electric power during 1987 are expected to exceed \$4,000,000.

2. Each of the Utah Independent Coal Companies owns and operates one or more coal mines in the State of Utah. Said companies produced and sold approximately 5.6 million tons of Utah coal in 1986, sixty-two and one-half percent (62.5%) of which was used for the generation of electric energy.

3. Utah Power & Light Company ("UP&L") owns and operates coal-fired electric generating plants in Utah and Wyoming. Approximately ninety-two percent (92%) of its electric energy capacity is from coal-fired plants. UP&L also owns and operates coal mines situated in the State of Utah, including the Deer Creek, Des-Bee-Dove, Wilberg and Cottonwood mines.

4. PacifiCorp owns or owns interests in coal-fired generating plants in Wyoming, Montana and Washington. Approximately seventy-nine percent (79%) of its electric energy is produced by coal-fired plants. PacifiCorp also owns, operates and/or has substantial interests in coal mines situated in, among other states, Wyoming and Washington.

5. Approximately 86.5% of the combined coal purchases of UP&L and PacifiCorp in 1986 were made from captive sources. Only 13.5% came from independent sources.

6. The proposed merger, if accomplished, would result in a company which is one of the largest suppliers of coal and

the single largest consumer of coal, not only in Utah, but in the western United States.

7. The maintenance of a viable Utah coal industry is of vital importance to the State of Utah.

GENERAL POSITION AS TO PROPOSED MERGER

8. The Utah Independent Coal Companies believe that the merger is not in the public interest and should not be allowed. The merged company would have substantial dominance of the coal industry, one consequence of which could be that coal from other states would be used to supply electric energy in Utah. This would have dramatic adverse effects on employment, tax revenues, and other aspects of the Utah economy.

9. If the Commission should nevertheless approve the merger, such approval should be subject to conditions intended to protect the Utah coal industry, and to protect ratepayers and the public generally from the abuses and problems associated with utility-owned or "captive" coal operations.

IDENTIFICATION OF SPECIAL ISSUES

10. This proceeding will necessarily involve a wide range of issues. The Utah Independent Coal Companies will limit their participation to fuel-related issues. Obviously, it is difficult to precisely define those issues at this time, but the determination of an optimum fuel procurement policy must address the following matters, among others:

a. Will the utility be required to burn Utah fuel in its Utah generating plants?

b. Will the utility be allowed to meet all or part of its coal requirements from captive coal operations?

c. Will the utility be required to meet all or part of its coal requirements through competitive bidding?

d. If captive coal production is allowed, what is the proper mix of such production, and production acquired through long-term and spot purchases from independent producers?

e. What are the criteria for decisions with respect to the shutdown or reduced utilization of Utah generating facilities, plant sitings, and the wheeling of power?

f. What is the appropriate method for determining fuel costs?

g. What is the appropriate method for recovering fuel costs?

h. What level of supervision of fuel procurement policies is required?

POSITION OF INTERVENORS

11. The Utah Independent Coal Companies believe that:

a. The utility should be required to utilize Utah coal in its Utah generating plants.

b. A substantial portion of the coal utilized in Utah generating plants should be acquired through competitive bidding procedures.

c. The coal utilized in Utah generating plants should be acquired through a mix of coal produced from captive operations and coal acquired through long term and spot purchases on the open market.

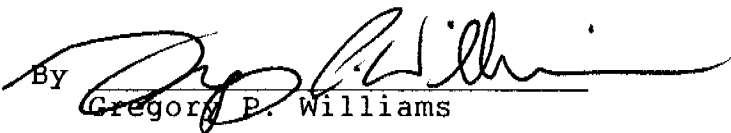
d. Decisions as to the shut down or reduced utilization of Utah generating facilities, plant siting, and the wheeling of power should include provisions for the protection of the Utah coal industry.

e. In determining the cost of fuel from captive sources for rate-making purposes, the Commission's primary focus should be on competitive market prices for comparable fuel, rather than on historical production costs.

RESPECTFULLY SUBMITTED this 15th day of October, 1987.

GIAUQUE, WILLIAMS,
WILCOX & BENDINGER
500 Kearns Bldg.
Salt Lake City, Utah 84101
Telephone: (801) 533-8383

By


Gregory P. Williams

Attorneys for Intervenors
Coastal States Energy
Company, Beaver Creek Coal
Company, Cyprus Coal
Company, and Andalex
Resources, Inc.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon the persons shown on Exhibit A by mailing a copy thereof, properly addressed and postage prepaid.

DATED at Salt Lake City, Utah, this 15th day of October, 1987.

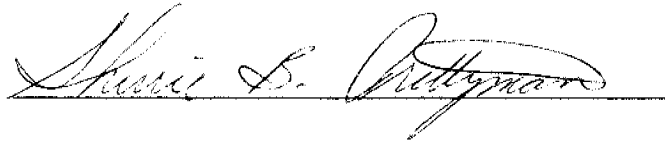
A handwritten signature in cursive script, reading "Marie B. Pettyman", is written over a horizontal line.

EXHIBIT A

Sidney G. Baucom, Esq.
Thomas W. Forsgren, Esq.
Edward A. Hunter, Jr.
Utah Power & Light Company
1407 West North Temple
Salt Lake City, Utah 84140

George M. Galloway, Esq.
Stoel Rives Boley Jones & Grey
(PC/UP&L Merging Corp.)
Suite 2300
900 S.W. Fifth Avenue
Portland, Oregon 97204

Dale A. Kimball, Esq.
Gary A. Dodge, Esq.
Kimball, Parr, Crockett & Waddoups
(Colorado River Energy Distributors, Inc.)
185 South State, Suite 1300
P.O. Box 11019
Salt Lake City, Utah 84147

F. Robert Reeder, Esq.
Val R. Antczak, Esq.
Parsons, Behle & Latimer
(Kennecott Copper Corporation, et al.)
185 South State, Suite 700
P.O. Box 11898
Salt Lake City, Utah 84147-0898

Robert S. Campbell, Jr.
Gregory B. Monson, Esq.
Watkiss & Campbell
(PC/UP&L Merging Corp.)
310 South Main, Suite 1200
Salt Lake City, Utah 84101

Donald B. Holbrook, Esq.
Calvin L. Rampton, Esq.
Ronald J. Ockey, Esq.
L. R. Curtis, Jr.
Jones, Waldo, Holbrook & McDonough
(Utility Shareholders Association of Utah)
1500 First Interstate Plaza
Salt Lake City, Utah 84101

Raymond W. Gee, Esq.
Kirton, McConkie & Bushnell
(Utah Farm Bureau Federation)
330 South 3rd East
Salt Lake City, Utah 84111

Donald R. Allen, Esq.
John P. Williams, Esq.
Duncan, Allen & Mitchell
(Colorado River Energy Distributors, Inc.)
1575 Eye Street, NW
Washington, D.C. 20005

A. Wally Sandack, Esq.
(UMWA District 22)
370 East Fifth South
Salt Lake City, Utah 84111

James A. Holtkamp, Esq.
(UAMPS)
Van Cott, Bagley, Cornwall
& McCarthy
50 South Main St., Suite 1600
Salt Lake City, Utah 84144

John Morris, Esq.
LeBoeuf, Lamb, Leiby & MacRae
136 South Main, Suite 1000
Salt Lake City, Utah 84101

Michael Ginsberg, Esq.
Division of Public Utilities
Assistant Attorney General
130 State Capitol Building
Salt Lake City, Utah 84114

Sandy Mooy, Esq.
Committee of Consumer Services
Assistant Attorney General
130 State Capitol Building
Salt Lake City, Utah 84114

F. Elgin Ward
Lynn W. Mitton
Deseret Generation &
Transmission
8722 South 300 West
Sandy, Utah 84070

Robert Wall
Utah Public Power Co-op
2470 South Redwood Road
West Valley City, Utah 84119

L. Christian Hauck
Colorado Ute Electric Assoc.
P.O. Box 1149
Montrose, Colorado 81402

Wilkie, Farr & Gallagher
Salli Barash
1 Citi Corp Center
153 East 53rd Street
New York, NY 10022