17220

attached beneath

LIST OF EXHIBITS-KEN POWELL

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UTAH PUBLIC SERVICE COMMISSION

Exhibit 5.0	Direct Testimony of Kenneth B. Powell, 16 pg.
Exhibit 5.1	Kenneth B. Powell Resume, 7 pg.
Exhibit 5.2	PacifiCorp Existing and Potential Resources and Their Costs, 2 pg.
Exhibit 5.3	PacifiCorp "Green" Power Survey Results, 4 pg.
Exhibit 5.4	ScottishPower Interrogatory Responses on Resource Planning, 2pg.
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17220

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

IN THE MATTER OF THE APPLICATION OF PACIFICORP AND SCOTTISH POWER plc FOR AN ORDER APPROVING THE ISSUANCE OF PACIFICORP COMMON STOCK.	DOCKET NO. 98-2035-04 UTAH DIVISION OF PUBLIC UTILITIES EXHIBIT NO. DPU 5.0

DIRECT TESTIMONY OF KENNETH B. POWELL

FOR THE

DIVISION OF PUBLIC UTILITIES

DEPARTMENT OF COMMERCE

STATE OF UTAH

June 18, 1999

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Kenneth B. Powell and my business address is 160 East 300 South, Salt Lake City, Utah, 84114-6751 .

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by the Utah Division of Public Utilities as a Technical Consultant.

Q. WHAT ARE YOUR QUALIFICATIONS AND EXPERIENCE?

A. My qualifications and experience are presented in DPU Exhibit 5.1. In general, I have twenty years utility experience and twenty years regulatory experience. I have worked as an engineer, a manager and a technical consultant.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. I will be presenting the DPU conclusions and recommendations with regard to four issues.

Q. WHAT ARE THOSE FOUR ISSUES?

A. The four issues are:

- Merger Impact on Integrated Resource Planning and Acquisition
- Merger Impact on Existing Obligations
- Merger Impact on Employees
- Merger Impact on Local and State Economies

I will address each of these issues in the following testimony.

IMPACT ON INTEGRATED RESOURCE PLANNING AND ACQUISITION

Q. WHAT IS THE MERGER ISSUE WITH REGARD TO INTEGRATED RESOURCE PLANNING?

A. There are two parts to the issue with regard to Integrated Resource Planning. First, PacifiCorp [PC] has been ordered by the Utah Public Service Commission [PSC] to produce an Integrated Resource Plan [IRP] every two years, with public input on the development of the plan. PC in recent years has been recommending that the public process IRP be discontinued because of the impact of competition. The DPU and other public parties have objected that this is premature and in addition can't be accomplished without bringing the issue to the PSC and getting an order. The DPU wants to make it clear that this case is not a substitute for a PSC hearing on IRPs and that Scottish Power will have a continuing obligation to fulfill the PSC requirements to PC concerning integrated resource plans.

Q. YOU SAID THERE WERE TWO PARTS TO THE ISSUE. WHAT IS THE SECOND PART OF THE ISSUE?

A. In their early announcements about the merger, Scottish Power announced that they were planning to build an additional 50 MW of renewable power production. They have suggested that this 50 MW could be composed of such things as additional wind turbines or re-powering of the Blundell Geothermal Plant. We are concerned about this announcement because earlier IRPs consistently have indicated that additional renewable power production is quite a bit more expensive than the least cost type of power production. We don't believe that Utah ratepayers are interested in paying higher rates to get more renewable power in the production mix.

Q. WHAT HAS BEEN YOUR PERSONAL INVOLVEMENT WITH PC IRPs?

A. I have been working with the PC IRPs for about the last ten years. I have attended almost all of the public meetings and made numerous recommendations orally and in writing designed to add to the value of PCs integrated resource plan.

Q. WHY ARE UTAH REGULATORS SO CONCERNED ABOUT HAVING IRPs?

A. When the only tool that regulators had to control utility costs was auditing of past expenditures, there was little they could do to control costs. When desperate regulators began not allowing certain expenses because they were imprudent, they were accused of "Monday morning quarterbacking." With the advent of IRP requirements, for the first time regulators could have some say about whether **planned** expenditures were prudent and reasonable. Over the years, PC and the public agencies, working together, have developed a procedure that give us a valuable tool in evaluating resource proposals. IRPs are also useful in evaluating DSM [demand side management, i.e., conservation] as well as evaluating special incentive contracts. IRPs are also a good stepping-stone in developing avoided costs for use in pricing Qualifying Facility contracts under PURPA. For these reasons, we believe that the PSC requirements for IRPs are in the public interest, and that to maintain this benefit to the public, IRPs should be retained, at least for now.

Q. DOES THE DPU SEE A NEED FOR CONTINUING IRPs IN THE CURRENT UTILITY-REGULATORY CLIMATE?

A. Yes, we do. As long as any portion of the electric service supply is regulated, then public IRPs will continue to be necessary. At present, virtually all of Utah's electric supply [or that portion provided by investor owned utilities] is regulated, so we will need IRPs for the foreseeable future.

Q. DO YOU HAVE EVIDENCE THAT RENEWABLE POWER PRODUCTION RESULTS IN HIGHER COSTS THAN OTHER TYPES?

A. Yes, I do. DPU Exhibit 5.2 shows a summary of investment cost, operating and maintenance cost and total cost for various present and future resources. These two pages are from PacifiCorp's last integrated resource plan, RAMPP-5. The resources are sorted such that the lowest total cost is first. I have marked the lines representing additional wind power, solar power and additional geothermal power. Note that geothermal total cost per kwh is more than double the cost of gas fired cogeneration or combined cycle combustion turbines [CCCT's]. Wind generators are nearly triple and solar is out of all reason. All of these are also considerably higher than coal-fired resources. Therefore, we don't believe that it is prudent to add additional renewable resource at this time.

Q. DIDN'T THE DPU SUPPORT THE WYOMING WIND PROJECT THAT HAS COME ON LINE RECENTLY?

A. Yes, we did. However, we supported it not as a least cost resource, but as an experimental resource. We felt that the higher cost of this resource was justified by PC's needs to 1) vary its resource portfolio, and 2) gain operating experience with renewal resources. We would only support the addition of more renewable resources if it is shown to be economical through the IRPs or through other considerations.

Q. YOU SAID EARLIER THAT YOU DIDN'T BELIEVE THE UTAH PUBLIC WAS INTERESTED IN PAYING HIGHER RATES TO USE RENEWABLE RESOURCES. DO YOU HAVE ANY EVIDENCE OF THIS?

A. Yes, I do have at least an indicator. In our last RAMPP meeting, PC presented the results of a customer survey that they had conducted. Some of those results are attached as DPU Exhibit No. 5.3. The first page [pre-numbered page 7] shows that 31% of all customers said that environmental issues play a key role in their purchase decisions. However, the second page [pre-numbered page 9] shows that only about 18% of all customers and 14% of Utah customers would recommend obtaining additional wind resources. Note that result comes from a question that doesn't mention the higher cost of the wind resource.

The third page [pre-numbered page 12] shows that in the absence of a competitor, price is three times more important to customers than renewable mix. The fourth and final page of the exhibit [pre-numbered page 15] shows that 48% of customers would pay a 10% price premium to get 100% green power and 36% would pay a 20% price premium. As I showed in Exhibit DPU 5.2, the price for renewable power would be 200% to 300% of the price of the least cost resources. We believe that if the higher cost were known, few Utah customers would favor additional renewable resources.

Q. HOW HAS SCOTTISHPOWER RESPONDED TO THESE CONCERNS?

A. The ScottishPower position on IRPs and the addition of more renewable power production is shown in DPU Exhibit No. 5.4 . The first page states: "ScottishPower has no plans to change the current process [IRP] and will comply with the Commissions's requirements." They also make note that the public advisory group will be looking at the issue of changing IRP requirements in a changing environment, but add, "Any proposed changes to the IRP standards and guidelines would be filed with the Utah Commission for approval prior to implementation."

The second page of the exhibit refers to the renewable resource. Here they modify their original position to state, "

> ScottishPower's commitment to develop an additional 50 MW of renewable resources is conditioned on resources meeting cost-effectiveness standards derived from PacifiCorp's integrated resource planning process. This condition is intended to assure that such resources are developed at a reasonable cost, while still addressing the portfolio, environmental and business risk considerations that a narrow least-cost criteria ignores.

They also commit to additional study on the Blundell geothermal project.

Q. DO YOU AGREE THAT THE IRP USES "NARROW LEAST-COST CRITERIA?"

A. Yes and no. We do believe that the least long term cost is an appropriate standard. We do recognize that a generation portfolio containing varied resources may be less risky than one with limited types of resources. However, we believe that risk can and has been evaluated in the IRP through various scenarios. We have found that with PCs present resource mix, adding only one type of new resource to be not risky enough to justify additional expense in offsetting it.

Q. THEN IS THE DPU SATISFIED WITH THE SCOTTISHPOWER ASSURANCES?

A. We are satisfied with them as assurances, but feel the need to turn them from mere assurances to conditions for approval of the merger, for reasons which I will discuss subsequently. We believe that merger approval should be bound by the following conditions:

- ScottishPower will continue to produce Integrated Resource Plans every two years, according to the current schedule and current PSC rules.

- ScottishPower's commitment to develop an additional 50 MW of renewable resources is conditioned on those resources meeting the cost effectiveness standards of the IRP then in place.

IMPACT ON EXISTING OBLIGATIONS

Q. WHAT IS THE ISSUE ON EXISTING OBLIGATIONS?

A. Any time ownership changes, there are some who question whether the old contracts and obligations are dissolved or continue. Generally, obligations fall into two categories: business and employee. The obligations to employees will be discussed in the next section.

Q. WHAT BUSINESS OBLIGATIONS CONCERN YOU?

A. Most business obligations will have language built into the contracts that make the contracts binding on "heirs, assigns, etc." What we are concerned with here is the wheeling contracts, the wholesales contracts and the special incentive retail contracts with large industrial customers. We are also concerned about the rate-making treatment of those contracts.

Q. HOW WILL SCOTTISHPOWER TREAT WHEELING AND WHOLESALE CONTRACTS?

A. DPU Exhibit No. 5.5 contains the ScottishPower and PacifiCorp responses to DPU interrogatories in these areas. I think it is clear that PacifiCorp and its new parent ScottishPower will continue to honor the contracts. They also plan to continue the same ratemaking treatment, that is, flowing the net proceeds of the contracts through as a revenue credit to retail customers.

Q. IS THE DPU SATISFIED WITH THE SCOTTISHPOWER RESPONSE?

A. We are satisfied that ScottishPower will continue to honor the contracts. We don't feel the need for a merger condition in this area, because enforcement of wholesale contracts is a matter for FERC or the courts and is out of our jurisdiction. The issue of ratemaking treatment of these contracts is already before the PSC and they have established a task force to examine this and other allocation issues. ScottishPower will be bound by any order the PSC issues in that case, so no additional merger requirements are needed, in our view.

Q. WHAT ABOUT SPECIAL INCENTIVE INDUSTRIAL CONTRACTS?

A. ScottishPower has indicated that it will honor the contracts while they are in force. [See DPU Exhibit No. 5.6]. We expect to see a harder look at these contracts by ScottishPower as they come up for renewal.

Q. WHY DO YOU THINK THAT?

A. The response shown on the last page of DPU Exhibit No. 5.6 states:

> ScottishPower has taken the stance that it will not take any business in England and Wales below cost and therefore will not renew or take any new business on that basis. For renewals, the process will involve a price adjustment at the time of renewal, but the customer is free to seek alternative prices and suppliers.

Q. IS THIS TROUBLING TO THE DPU?

A. No, it is not. We will also be taking a different look at any special incentive contracts that come to the PSC for approval.

Q. WHY WILL YOU BE TAKING A DIFFERENT LOOK?

A. At the time those contracts were signed, PC had a surplus of power. No new investment was required to serve the contracts. Now, especially with the sale of the Centralia Plant, there may be small or non-existent surpluses and so contracts may need to cover some capacity costs. So as each contract is brought to us, we will look closely at the power supply situation.

Q. HASN'T THE PSC ALREADY ESTABLISHED A TASK FORCE ON THIS ISSUE AS WELL?

A. The PSC has established a task force to determine the criteria for evaluating special incentive contracts and the ratemaking treatment of those contracts. I am chairing that task force and its report will be out at the end of the year.

Q. IS A MERGER CONDITION REQUIRED TO PROTECT SPECIAL INCENTIVE CONTRACTS?

A. We don't believe so and are not recommending one here. The present contracts are subject to the courts and the PSC and need no special protection. We don't believe that it would be prudent to require future special incentive contracts unless they pass whatever screens the task force recommends and are approved by the PSC.

IMPACT ON EMPLOYEES

Q. WHY SHOULD THE PSC CARE WHAT IMPACT THE MERGER HAS ON EMPLOYEES?

A. The PSC should be concerned for two reasons: 1) Utah PacifiCorp employees [there are about 4000 of them] are a part of the "public" that should receive a net benefit from the merger. If there were harm to the employees, it would have to be weighed against other benefits to determine that there was a positive net benefit for the public interest before the merger could be approved. 2) Changing Utah employment levels will have an impact on the Utah economy which is also a part of the public interest that the PSC is obligated to protect.

Q. WHAT ARE THE ISSUES WITH REGARD TO EMPLOYEES?

A. There are three issues of concern:

- Jobs
- Salaries
- Benefits

Q. WHAT IS THE ISSUE WITH REGARD TO JOBS?

A. We are concerned that the merger not result in a loss of Utah jobs in the near future. We are also concerned that any long-term future loss of jobs be proportionate among the states in which PacifiCorp serves. As mentioned, we are concerned about the impact on employees as a part of the public that we serve and because of the possible impact on local economies. We are also concerned that too rapid a loss of jobs could result in lower service quality.

Q. DO ANY FACTORS COMPLICATE YOUR CONCERN ABOUT EMPLOYMENT?

A. Yes, two factors act to mitigate our concern and complicates it:

First, most of PacifiCorp's Utah employees are covered by a union contract. ScottishPower will have to honor that contract under law. Other employees not covered by the Union tend to have the same protections as the Union. Still this is a trend and not an absolute.

Second, DPU Exhibit 5.7 shows employment levels at various power plants, both of PacifiCorp and ScottishPower. You can see that the employment levels at the plants fall along the same curve. In other words, ScottishPower tends to use the same number of employees to do the same job as PacifiCorp. It is unlikely that ScottishPower would make reductions to staffing below the level where their experience has been satisfactory.

Finally, we note that ScottishPower has promised at least a $10 million reduction in expenses as a benefit of the merger. Those benefits, to some degree, will result from reducing job duplication and other employment level changes. Clearly, we can't have improved efficiency in the utility without some job reductions. Our concern is the speed and the method used to eliminate those jobs. At the same time, we recognize ScottishPower's need to have control over its own employment levels.

Q. HOW HAS SCOTTISHPOWER HANDLED JOB REDUCTIONS IN ITS OTHER ACQUISITIONS?

A. ScottishPower indicates that all those reductions were handled through attrition. We did not attempt to verify that independently, but have no reason to doubt it.

Q. HOW HAS SCOTTISHPOWER RESPONDED TO CONCERNS ABOUT EMPLOYMENT?

A. Their response is shown in DPU Exhibit No. 5.8 . They indicate that they have no plans at this time to change employment levels, so all other questions relating to employment are moot.

Q. IS THE DPU SATISFIED WITH THESE RESPONSES?

A. We are satisfied with them as assurances, but we are not satisfied that they are enforceable. Ordinarily we would recommend that any merger approval contain conditions that provide firmer protection. However, in the UP&L and PP&L merger in 1989, we recommended and the PSC adopted merger conditions that limited the number of layoffs and required consistent ratios between the states. In the last ten years we have found that those conditions are extremely difficult to measure and enforce. We don't see any value in putting ourselves and the PSC in the same position again. So, while these are legitimate public interest concerns, there is little that we can do about them.

Q. WHAT CONDITIONS WOULD YOU RECOMMEND IN THIS CASE?

A. We are not recommending any merger approval conditions, but suggest the following as simply recommendations:

1. For the two years following the approval of the merger, no Utah PacifiCorp employee should lose a job as a result of the merger other than through attrition. Employees leaving employment to take advantage of any termination benefits package offer will not be considered as losing a job to the merger.

2. For the three years following that two year period, reductions in employees should be made in such a manner that employment levels and average salary levels remain in an approximately consistent proportion between the states served by PacifiCorp.

Q. WHAT IS THE DPU ISSUE ON SALARIES?

A. Many of the employees' salaries are covered by Union contract. Other salaries are at least loosely tied to those Union contract wages. Therefore, we don't believe that a merger condition related to salaries is needed or appropriate.

Q. WHAT IS THE DPU ISSUE ON BENEFITS?

A. The utility employee benefits vary widely between the United States and the United Kingdom, which is reasonable given the varied political and economic differences between the two locations. Our primary concern is that Utah employee benefits be benchmarked and "driven" by United States conditions and not those in the United Kingdom. We are also concerned about any immediate change in benefits before the differences between the systems have been studied carefully.

Q. HOW HAS SCOTTISHPOWER RESPONDED TO THIS CONCERN?

A. They have assured us that they will hold the benefits constant for two years and then consider them only in light of US conditions. [See DPU Exhibit 5.9 .]

Q. IS THE DPU SATISFIED WITH THIS ASSURANCE?

A. Once again, we are satisfied with it as an assurance, but would recommend that merger approval be conditioned on the following:

- For the two years following the final approval of the merger, Utah PacifiCorp employee benefits will be held stable.

We recognize that the following recommendation would be difficult to measure and enforce and so suggest it as a recommendation rather than a condition of the merger.

- Any subsequent changes to employee benefits will be made based on comparisons to US practice.

Q. WHY DOES THE DPU ONLY MAKE RECOMMENDATIONS THAT COVER THE FIRST FIVE YEARS AFTER THE MERGER?

A. We hope that similar practices will continue after this five year period, but our experience with the previous merger taught us the difficulties of trying to maintain control too far in the future. The various changes proposed and happening in the electric utility industry also make a farther reach unwise, in our opinion.

IMPACT ON LOCAL AND STATE ECONOMIES

Q. WHAT IS THE DPU ISSUE WITH REGARD TO THE IMPACT ON LOCAL AND STATE ECONOMIES?

A. We are concerned that the merger not have a deleterious effect on our local and state economies, at least not in the near term. Such deleterious effects could result from sharp employment reductions or closing of power plants. We have already discussed the impact of employment levels and suggested conditions to mitigate that. We see no reason to believe that ScottishPower will close any power plants before they would have been closed by PacifiCorp and therefore any changes in plant staffing would not be a result of the merger. DPU Exhibit No. 5.7, previously examined, bears out our contention that power plant staffing will stay consistent.

Taxes can also have an impact on state and local economies. DPU Exhibit No. 5.10 indicates no changes in taxes are expected.

NEED FOR CONDITIONS

Q. SEVERAL TIMES YOU HAVE INDICATED THAT THE SCOTTISH POWER ASSURANCES NEEDED TO BE ADOPTED AS PSC CONDITIONS TO THE MERGER. WHY DO YOU RECOMMEND THAT?

A. Many of the ScottishPower assurances contain "waffle" words that would enable them to escape the commitments of the assurances with ease. I'm sure that the current respondents are acting in good faith, but managements change and conditions change, so it is important that the assurances have the force of law. We believe the way to do that is through establishing conditions only under which the merger is approved by this commission.

Q. CAN YOU GIVE US SOME EXAMPLES OF WHAT YOU MEAN BY "WAFFLE" WORDS?

A.	Yes, I can.	On DPU Exhibit 5.4,	"has no plans to change"
			"does not anticipate changes"
			"condition is intended to assure"
		On DPU Exhibit 5.6,	"has taken a stance"
		On DPU Exhibit 5.8,	"has not announced"
			"nor are there any specific plans"
			"intends to increase"
			"intends to honor"
			"does not have specific plans"
			"will be completed after the transaction"
			"it is anticipated that"
			"is expected to occur"
		On DPU Exhibit 5.9	"it is difficult to compare"
			"ScottishPower's intention"
			"there are no immediate plans"
			"it is too early to say at this stage"
			"it is ScottishPower's normal practice"

Q. ARE THERE ANY OTHER REASONS WHY YOU SUPPORT THE NEED FOR MERGER CONDITIONS RATHER THAN JUST ASSURANCES?

A. Yes, I have one additional reason. DPU Exhibit 5.11 is apparently a press release. It quotes Dr. Howells, Competition and Consumer Affairs Minister, "The DGES [Director General of Electricity Supply] intends to incorporate commitments given by ScottishPower into the license conditions of ScottishPower or Manweb's licenses." If ScottishPower's home territory feels a need for "conditions," then surely we ought to have the protection of merger conditions.

SUMMARY

Q. WILL YOU PLEASE SUMMARIZE YOUR TESTIMONY?

A. Yes. I reviewed the needs, current practices and ScottishPower assurances in four areas:

- Merger Impact on Integrated Resource Planning and Acquisition
- Merger Impact on Existing Obligations
- Merger Impact on Employees
- Merger Impact on Local and State Economies

I found generally that the ScottishPower assurances covered regulatory needs, except that, as "assurances" they aren't firm enough for the PSC to be able to enforce. Therefore, we recommend that the PSC adopt the following as part of the conditions to the approval of the merger:

RECOMMENDED MERGER CONDITIONS

- ScottishPower will continue to produce Integrated Resource Plans every two years, according to the current schedule and current PSC rules.
- ScottishPower's commitment to develop an additional 50 MW of renewable resources is conditioned on those resources meeting the cost effectiveness standards of the IRP then in place.
- For the two years following the final approval of the merger, Utah PacifiCorp employee benefits will be held stable.

OTHER MERGER RECOMMENDATIONS

- For the two years following the final approval of the merger, no Utah PacifiCorp employee should lose a job as a result of the merger, only through attrition. Employees leaving employment to take advantage of any termination benefits package offer will not be considered as losing a job to the merger.
- For the three years following that two year period, reductions in employees should be made in such a manner that employment levels and average salary levels remain in an approximately consistent proportion between the states served by PacifiCorp.
- Following the two year freeze on employee benefits, any changes to employee benefits will be made based on comparisons to US practice.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes, it does.

EXHIBIT 5.1

KENNETH B. POWELL RESUME

Resume

KENNETH B. POWELL

Education:

BS (Electrical Engineer), University of Idaho, 1962

Master, Engineering Administration, University of Utah 1968

Program includes operations research, business, management, statistics, finance, accounting, system analysis, etc.

Also, graduated from

AMR Long Range Planning Seminar (New York)

Evelyn Wood Reading Dynamics (Speed Reading)

Dale Carnegie

G E EHV Transmission Line Design Seminar

NARUC Advanced Regulatory Seminar

Employment Experience:

Most Recent Technical Consultant, Utah Division of Public Utilities (three years) - conduct special studies using statistics, engineering economics, decision trees, sensitivity studies, and other engineering science tools to evaluate major constructions projects and sales and purchase contracts. Also teach classes in these subjects for other professionals. Provide written and oral testimony on these subjects. Also working on guidelines, principles, modeling, stranded costs, etc. for electric utility restructuring, allocations, weather normalization, etc. Supervisor: Ric Campbell, Director of Division of Public Utilities.

Also Twenty years as a special instructor at the Brigham Young University Salt Lake Center, teaching algebra and calculus classes. Also working as a freelance technical writer writing management and technical articles.

Previous Manager, Electric Section, Utah Division of Public Utilities (thirteen years)- I managed a group of engineers, economists and CPAs that reviewed and analyzed revenue requirements, rate of return, engineering studies, cost-of-service studies, rate design, PURPA standards and various measures of utility efficiency. I also developed written and oral testimony for hearings, make recommendations for outside witnesses, report to funding agencies and state officers. I prepared and delivered policy testimony on such issues as mergers and acquisitions (e.g. the UP&L, PP&L merger), transmission access, interjurisdictional allocations (particularly in light of mergers,) utility forecasting and least cost planning, other statistical analysis and utility conservation and marketing programs. Supervisor: Ric Campbell, Director of Division of Public Utilities.

Previous Manager, Engineering and Rates, Utah Division of Public Utilities (three years)- Managed engineers and economists involved in all aspects of utility regulation for electric gas, telephone and water utilities. I was instrumental in reorganization into utility teams. Also conducted Engineering Management Seminars for Western American Language Institute.

Previous Supervisor, Transmission Standards and Special Studies, UP&L (2 years)- Supervised a section that 1) developed Transmission System Standards, 2) analyzed transmission equipment failures, 3) conducted-in-depth engineering for other departments, 4) developed quality assurance programs for transmission equipment, and 5) provided on-the-job engineering and managerial training for Engineering Department. Supervisor: G. A. Wilkinson, Transmission Projects Manger.

Previous Project Engineer, UP&L (4 years)- Worked initially as a project coordinator for the design, construction and testing of multi-million dollar transmission substations, then assigned to evaluating new equipment, analysis of equipment failure mode, research and development of transmission substation standards and development of computer model of engineering and construction planning to use with the corporate model. Supervisor: J. A. Bohling, Transmission Line Engineering.

Previous Director of Market Research, UP&L (4 years)- Selected samples, planned, conducted and analyzed customer surveys, prepared and reconciled marketing budget, collected economic and sales statistics; acted as internal audit for Sales and Marketing Department. Prepared reports for management on long-range goals and progress. Taught engineering economics and technical writing courses to company engineers. Computerized many functions, including sales reports. Supervised contract billing on advertising and other sales promotion activities, all under supervision of R. M. Pizza, Manager Customer Service.

Previous Rate Engineering, UP&L (2 years)- Determined customer energy requirements. Designed rates and comparisons between rates. Helped forecast long-range revenues and expenses. Helped prepared $180 million revenue budget. Performed bill frequency analysis. Designed computer applications to assist these programs, all under supervision of A. R. Dunn, Chief of Rates.

Previous Associate Engineer, UP&L (3 years)- Designed overhead and underground distribution systems, including Ogden, Utah commercial area. Wrote equipment specifications and purchase orders. Prepared construction budget estimates. Wrote construction specifications. Wrote construction contracts, all work under supervision of Ed Hempel, Distribution Engineer.

Miscellaneous:

- Published more than 40 articles
- Winner AMA paper contest 1972 and NARUC paper contest 1992 and 1994
- Listed in Who's Who in the West
- Member of IEEE, Engineering Management Society, Professional Communication Society and Power Engineering Society
- Member National Association of Regulatory Utility Commissioners Subcommittee on Depreciation
- Member of Society of Depreciation Professionals
- Licensed Professional Engineer (Electrical) - Utah
- Developed and taught Utah Power & Light Company's in-house courses in: Engineering Economics (4 courses) and Technical Writing (2 courses) and other technical and engineering courses.
- Developed and taught Utah Department of Commerce in-house courses on Management, Technical Writing (2 courses), Statistics/Multiple regression, Testimony Preparation and Statistics for Regulation.

TECHNICAL ARTICLES

by Kenneth B. Powell

1. "The Economics of Lightning Arrester Application," **The Idaho Engineer,** Moscow, Idaho, May 1982, pp 8-9.
2. "Lightning Arresters Proportioned to Outages," **Electrical World,** New York, March 15, 1965, pp 28-29.
3. "Simplify Transformer Selection:, **Electrical World,** New York, February 21, 1966, pp 78-79
4. "Survey Shows Women Shop with Husbands,," **Electro-Dealer,** Salt Lake City, Utah December, 1971, p. 16.
5. "Factors Underlying Appliance Purchase Decision Studied" **Electro-Dealer,** Salt Lake City, Utah February, 1972 p. 36.
6. "Market Research Memo," **Electro-Dealer**, Salt Lake City, Utah June, 1972, p. 17.
7. "Market Research Memo," **Electro-Dealer**, Salt Lake City, Utah June, 1972, p. 13.
8. "Post Lights Serve Customer, Utility," (with L. E. Gregory) **Electrical World,** New York, July 19, 1972, pp 84-85
9. "How Out Customers Feel About Advertising," (Market Research Memo), **Electro-Dealer,**
10. "Program Weather Load Data for Planning," **Electrical World,** New York, August 1, 1972, pp 38-39.
11. "How to Measure Customer Ad Attitudes," **Electrical World,** New York, August 15, 1972, pp 80-81.
12. "A Plea for Mercy - An evaluation of the Journal of Marketing Research," **American Marketing Association Combined Proceeding**, Chicago Spring and Fall, 1972, Series No. 34, pp 526-528.
13. "Customers Speak Out on Advertising," (Market Research Memo), **Electro-Dealer,** Salt Lake City, Utah, December 1972 p. 17.
14. "Range Survey Conducted," (Market Research Memo), **Electro-Dealer,** Salt lake City, Utah, April 1973, p. 13.
15. "Price Elasticity Can be Misleading," **Electrical World,** New York, December 15, 1973, pp 74-75.
16. "Load Research Pinpoints Appliance Use," **Electrical World,** New York, September 1, 1974, pp 72-73.
17. "Select Substation Batteries with Charts:, **Electrical World,** New York, October 1, 1974, pp 58-59.
18. "Tower Design Combines Low Cost with Beauty," with Gaylon Porter, **Electrical World,** New York, November 1976, pp 45-46.
19. "Chart Simplifies Shielding Low-Profile Substations," **Electrical World,** New York, April 1, 1977, pp 36-37.
20. "Statistical Study Compares Energy Needs," with G. Bryan Drennan, **Electrical World,** New York, May 1, 1977, pp 86-87.
21. "If a Picture says a Thousand Words. . .The Visual Approach to Environmental Impact Statements," with Jay Roundy, **Public Utilities Fortnightly,** Washington, D.C., September 15, 1977, pp 54-56.

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by Kenneth B. Powell

1. "The Economics of Lightning Arrester Application," **The Idaho Engineer,** Moscow, Idaho, May 1982, pp 8-9.
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3. "Simplify Transformer Selection:, **Electrical World,** New York, February 21, 1966, pp 78-79
4. "Survey Shows Women Shop with Husbands,," **Electro-Dealer,** Salt Lake City, Utah December, 1971, p. 16.
5. "Factors Underlying Appliance Purchase Decision Studied" **Electro-Dealer,** Salt Lake City, Utah February, 1972 p. 36.
6. "Market Research Memo," **Electro-Dealer**, Salt Lake City, Utah June, 1972, p. 17.
7. "Market Research Memo," **Electro-Dealer**, Salt Lake City, Utah June, 1972, p. 13.
8. "Post Lights Serve Customer, Utility," (with L. E. Gregory) **Electrical World,** New York, July 19, 1972, pp 84-85
9. "How Out Customers Feel About Advertising," (Market Research Memo), **Electro-Dealer,**
10. "Program Weather Load Data for Planning," **Electrical World,** New York, August 1, 1972, pp 38-39.
11. "How to Measure Customer Ad Attitudes," **Electrical World,** New York, August 15, 1972, pp 80-81.
12. "A Plea for Mercy - An evaluation of the Journal of Marketing Research," **American Marketing Association Combined Proceeding**, Chicago Spring and Fall, 1972, Series No. 34, pp 526-528.
13. "Customers Speak Out on Advertising," (Market Research Memo), **Electro-Dealer,** Salt Lake City, Utah, December 1972 p. 17.
14. "Range Survey Conducted," (Market Research Memo), **Electro-Dealer,** Salt lake City, Utah, April 1973, p. 13.
15. "Price Elasticity Can be Misleading," **Electrical World,** New York, December 15, 1973, pp 74-75.
16. "Load Research Pinpoints Appliance Use," **Electrical World,** New York, September 1, 1974, pp 72-73.
17. "Select Substation Batteries with Charts:, **Electrical World,** New York, October 1, 1974, pp 58-59.
18. "Tower Design Combines Low Cost with Beauty," with Gaylon Porter, **Electrical World,** New York, November 1976, pp 45-46.
19. "Chart Simplifies Shielding Low-Profile Substations," **Electrical World,** New York, April 1, 1977, pp 36-37.
20. "Statistical Study Compares Energy Needs," with G. Bryan Drennan, **Electrical World,** New York, May 1, 1977, pp 86-87.
21. "If a Picture says a Thousand Words. . .The Visual Approach to Environmental Impact Statements," with Jay Roundy, **Public Utilities Fortnightly,** Washington, D.C., September 15, 1977, pp 54-56.

CONFERENCE PAPERS GIVEN

1.	April 1979,	Presentation on Valuing Reliability to EEI T&D Committee meeting, Phoenix, Arizona. Paper not published.
2.	May 1979,	Presentation on Visual Simulation to NELPA Engineering Conference, Spokane, Washington. Paper not published.
3.	November 1979,	Presentation on Engineering/Construction Planning Model to IEEE Engineering Management Conference, Washington, D.C. Paper not published.
4.	February 1979,	Presentation on Valuing Reliability to IEEE Winter meeting, New York, New York. Paper not published.
5.	May 1980,	Presentation on Reliability to Engineering Conference on Reliability for the Electric Power Industry, Madison, Wisconsin. Paper published.
6.	May 1981	Presentation on Regulatory Incentives to Reliability Engineering Conference, Portland, Oregon. Paper published.
7.	October 1981,	Presentation on a Conference on Utility Prices and Supplies sponsored by University of Utah and Utah Energy Office. Salt Lake City, Utah. Paper not published.
8.	September 1982,	Presentation at the Third NARUC Biennial Regulatory Information Conference. Columbus Ohio. Paper Published.
9.	June 1983,	Presentation on Measuring Utility Efficiency to the New Mexico Public Service Commission. Paper not published.
10.	May 1984,	Presentation on Cogeneration at a conference on PURPA (Cogeneration) sponsored by the University of Utah and Utah DOE, Snowbird, Utah. Not published.
11.	September 1984,	Presentation on forecasting at NRRI Biennial Regulatory Information Conference, Columbus, Ohio. Paper published.
12.	May 1985,	Presentation at Seminar on Intermountain Energy Future sponsored by Idaho State University. Salt Lake City (Snowbird). Paper not published.
13.	June 1985,	Presentation at Seminar on Intermountain Energy Future sponsored by Idaho State University. Salt Lake City (Snowbird). Paper not published.
14.	October 1985,	Presented paper on Expert Witnesses to Professional Communication Society, Williamsburg, Virginia. Paper published.
15.	September 1986,	Presentation at NRRI Regulatory Information Conference, Columbus, Ohio. Paper published.
16.	September 1988,	Presentation at NRRI Regulatory Information Conference, Columbus, Ohio on UPL/ PPL merger. Paper published.
17.	September 1990,	Presentation on marketing in regulated utilities at NRRI Regulatory Information Conference, Columbus, Ohio. Paper published.
18.	November 1990,	Presentation on marketing in regulated utilities at EPRI/EUMRC Marketing Conference, Atlanta, Georgia. Paper published.

19.	September 1992,	Presentation on utility mergers at NRRI Regulatory Information Conference, Columbus, Ohio. Paper published. Won award as best paper of conference.
20.	October 1992,	Presented paper on Communicating with Multiple Audiences to Professional Communication Society, Santa Fe, New Mexico. Paper published.
21.	June 1994,	Presented paper on Using Management Science in Environmental Collaboratives to The Institute for Management Science, Anchorage, Alaska. Paper published.
22.	October 1994,	Presented paper on Environmental Issues to NRRI in Columbus, Ohio. Paper won special award and was printed in two documents.
23.	March 1995,	Presented paper on Management Science in Public Policy to Industry, Engineering and Management Science Conference in Orlando, Florida. Paper published.
24.	September 1996,	Presented paper on Deregulation Issues to NRRI Regulatory Information Conference, Columbus, Ohio. Paper published.
25.	March 1999,	Presented paper on Using Statistics in Analytic Studies to Industry, Engineering and Management Science Conference in Orlando, Florida. Paper to be published.

EXHIBIT 5.2
PC EXISTING AND POTENTIAL RESOURCES AND THEIR COSTS

Source: RAMPP-5

Table 4-19 (Page 1 of 2)
Potential Resources Sorted by Total Resource Costs

Short Name	Description	Unit Size MW: Unit Size	Unit Size MW: Max Annual	Unit Size MW: MWs Avail.	1st Year Avail	Forced Outage Rate	Maint. Outage Rate	Full Load Heat Rate (BTU/kWh): Incremental	Full Load Heat Rate (BTU/kWh): Average	Emissions (lbs/MMBtu): NOX	Emissions (lbs/MMBtu): TSP	Emissions (lbs/MMBtu): CO2	Capital Cost: Unit Cost	Capital Cost: Trans-mission
OC2	OWC Cogen 2	234	470	1,390	2002	3.3%	3.8%	6,200	6,800	0.016	0.003	118.0	$ 430	$ 60
OC1	OWC Cogen 1	25	160	215	2002	3.3%	3.8%	4,300	5,500	0.016	0.003	118.0	$ 1,009	$ -
IC2	Idaho Cogen 2	198	230	230	2002	3.3%	3.8%	6,200	6,800	0.016	0.003	118.0	$ 506	$ 75
UC2	Utah Cogen 2	198	400	1,780	2002	3.3%	3.8%	6,200	6,800	0.016	0.003	118.0	$ 506	$ 75
OCC	OWC Combined Cycle	234	450	unlimit	2002	3.3%	3.8%	6,370	6,701	0.016	0.003	118.0	$ 400	$ 75
IC1	Idaho Cogen 1	30	30	30	2002	3.3%	3.8%	4,300	5,500	0.016	0.003	118.0	$ 1,187	$ -
UC1	Utah Cogen 1	20	20	15	2002	3.3%	3.8%	4,300	5,500	0.016	0.003	118.0	$ 1,187	$ -
ICC	Idaho Combined Cycle	198	450	unlimit	2002	3.3%	3.8%	6,370	6,701	0.016	0.003	118.0	$ 471	$ 90
UCC	Utah Combined Cycle	198	450	unlimit	2002	3.3%	3.8%	6,370	6,701	0.016	0.003	118.0	$ 471	$ 90
WCC	Wyo Combined Cycle	182	450	unlimit	2002	3.3%	3.8%	6,370	6,701	0.016	0.003	118.0	$ 500	$ 100
UG1	Utah PC Hunter 4 $20/Ton	400	400	400	2004	4.0%	4.5%	9,560	10,060	0.100	0.015	206.0	$ 1,180	$ 54
WG1	Wyo PC Wyodak 2	325	264	264	2004	4.0%	4.5%	9,560	10,060	0.100	0.015	206.0	$ 1,380	$ 544
WG2	Wyo Coal $6.70/Ton	325	330	unlimit	2004	4.0%	4.5%	9,560	10,060	0.100	0.015	206.0	$ 1,380	$ 544
UCY	Utah IGCC Hunter 4	262	262	262	2004	5.0%	4.5%	7,980	8,400	0.070	0.015	206.0	$ 1,301	$ 54
WCY	Wyo IGCC Wyodak 2	262	210	210	2004	5.0%	4.5%	7,980	8,400	0.070	0.015	206.0	$ 1,301	$ 544
WCZ	Wyo IGCC CT	262	262	unlimit	2004	5.0%	4.5%	7,980	8,400	0.070	0.015	206.0	$ 1,301	$ 544
UG2	Utah Coal $23.25/Ton	400	400	1,250	2004	4.0%	4.5%	9,560	10,060	0.100	0.015	206.0	$ 1,380	$ 150
UCZ	Utah IGCC CT	262	262	-	2004	5.0%	4.5%	7,980	8,400	0.070	0.015	206.0	$ 1,301	$ 150
UG3	Utah Coal $27.00/Ton	400	400	1,250	2004	4.0%	4.5%	9,560	10,060	0.100	0.015	206.0	$ 1,380	$ 150
OGT	OWC Geothermal	50	100	300	2001	1.5%	3.8%	10,000	10,000	-	-	-	$ 2,276	$ 100
UGT	Utah Geothermal	50	100	300	2001	1.5%	3.8%	10,000	10,000	-	-	-	$ 2,276	$ 100
UW1	Utah Wind	50	100	200	2000	5.0%	0.0%	-	-	-	-	-	$ 1,075	$ 140
WW1	Wyo Wind	50	100	200	2000	5.0%	0.0%	-	-	-	-	-	$ 1,075	$ 140
OCT	OWC Simple Cycle CT	159	370	unlimit	2002	1.5%	0.0%	10,340	10,879	0.090	0.003	118.0	$ 315	$ 75
UCT	Utah Simple Cycle CT	135	370	unlimit	2002	1.5%	0.0%	10,340	10,879	0.090	0.003	118.0	$ 371	$ 90
WCT	Wyo Simple Cycle CT	124	320	unlimit	2002	1.5%	0.0%	10,340	10,879	0.090	0.003	118.0	$ 394	$ 100
IET	Idaho Bridger Trans	500	500	1,000	2002	0.0%	0.0%	-	-	-	-	-	$ -	$ 150
IEV	Idaho Htr/Id Trans L	500	500	1,000	2002	0.0%	0.0%	-	-	-	-	-	$ -	$ 150
OET	OWC Bridger Trans L	500	500	1,000	2002	0.0%	0.0%	-	-	-	-	-	$ -	$ 300
UET	Utah Wyo/Ut Tran L	500	500	1,000	2002	0.0%	0.0%	-	-	-	-	-	$ -	$ 302
OPS	OWC Pump Storage	200	200	500	2003	1.0%	0.0%	-	-	-	-	-	$ 716	$ 100
UPS	Utah Pumped Storage	200	200	200	2003	1.0%	0.0%	-	-	-	-	-	$ 716	$ 100
USR	Utah Solar	50	100	1,000	1999	0.0%	0.0%	-	-	-	-	-	$ 4,763	$ -

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Table 4-19 (Page 2 of 2)
Potential Resources Sorted by Total Resource Costs

Short Name	Description	Capital Cost $/kW: Total Cap Cost	Capital Cost $/kW: Payment Factor	Capital Cost $/kW: Annual Pmt $/kW-Yr	Fixed Cost: Total O&M	Fixed Cost: Ttl Fixed $/kW-Yr	Convert to Mills: Conversion Utilization	Convert to Mills: Ttl Fixed Mills/kWh	Energy Cost in 2003 ($1998): 1st Year $/MMBtu	Energy Cost in 2003 ($1998): Levelized $/MMBtu	Energy Cost in 2003 ($1998): Levelized Mills/kWh	Variable O&M Mills/kWh	Total Resource Cost
OC2	OWC Cogen 2	$ 490	9.36%	$ 45.91	$ 5.67	$ 51.57	85%	6.93	1.81	1.95	12.10	0.56	19.59
OC1	OWC Cogen 1	$ 1,009	9.36%	$ 94.43	$ 5.67	$ 100.09	85%	13.44	1.81	1.95	7.77	0.56	21.78
IC2	Idaho Cogen 2	$ 581	9.36%	$ 54.42	$ 6.66	$ 61.08	85%	8.20	2.07	2.23	13.82	0.56	22.58
UC2	Utah Cogen 2	$ 581	9.36%	$ 54.42	$ 6.66	$ 61.08	85%	8.20	2.07	2.23	13.82	0.56	22.58
OCC	OWC Combined Cycle	$ 475	9.36%	$ 44.46	$ 29.00	$ 73.46	85%	9.87	1.81	1.95	12.44	0.50	22.80
IC1	Idaho Cogen 1	$ 1,187	9.36%	$ 111.09	$ 6.66	$ 117.76	85%	15.81	2.07	2.23	9.58	0.56	25.96
UC1	Utah Cogen 1	$ 1,187	9.36%	$ 111.09	$ 6.66	$ 117.76	85%	15.81	2.07	2.23	9.58	0.56	25.96
ICC	Idaho Combined Cycle	$ 561	9.36%	$ 52.47	$ 34.12	$ 86.59	85%	11.63	2.07	2.23	14.20	0.50	26.33
UCC	Utah Combined Cycle	$ 561	9.36%	$ 52.47	$ 34.12	$ 86.59	85%	11.63	2.07	2.23	14.20	0.50	26.33
WCC	Wyo Combined Cycle	$ 600	9.36%	$ 56.16	$ 36.25	$ 92.41	85%	12.41	2.07	2.23	14.20	0.50	27.11
UG1	Utah PC Hunter 4 $20/Ton	$ 1,234	8.50%	$ 104.89	$ 41.37	$ 146.26	85%	19.64	0.95	1.06	10.10	0.48	30.22
WG1	Wyo PC Wyodak 2	$ 1,924	8.50%	$ 163.54	$ 41.37	$ 204.91	85%	27.52	0.42	0.44	4.16	0.48	32.16
WG2	Wyo Coal $6.70/Ton	$ 1,924	8.50%	$ 163.54	$ 41.37	$ 204.91	85%	27.52	0.43	0.45	4.29	0.48	32.29
UCY	Utah IGCC Hunter 4	$ 1,355	8.70%	$ 117.89	$ 40.28	$ 158.17	85%	21.24	0.95	1.06	8.43	2.26	31.93
WCY	Wyo IGCC Wyodak 2	$ 1,845	8.70%	$ 160.52	$ 40.28	$ 200.80	85%	26.97	0.42	0.44	3.48	2.26	32.70
WCZ	Wyo IGCC CT	$ 1,845	8.70%	$ 160.52	$ 40.28	$ 200.80	85%	26.97	0.43	0.45	3.58	2.26	32.81
UG2	Utah Coal $23.25/Ton	$ 1,530	8.50%	$ 130.05	$ 41.37	$ 171.42	85%	23.02	1.11	1.23	11.74	0.48	35.24
UCZ	Utah IGCC CT	$ 1,451	8.70%	$ 126.24	$ 40.28	$ 166.52	85%	22.36	1.11	1.23	9.80	2.26	34.42
UG3	Utah Coal $27.00/Ton	$ 1,530	8.50%	$ 130.05	$ 41.37	$ 171.42	85%	23.02	1.29	1.43	13.63	0.48	37.13
OGT	OWC Geothermal	$ 2,376	9.90%	$ 235.22	$ 18.91	$ 254.13	90%	32.23	1.07	1.07	10.73	2.12	45.08
UGT	Utah Geothermal	$ 2,376	9.90%	$ 235.22	$ 18.91	$ 254.13	90%	32.23	1.07	1.07	10.73	2.12	45.08
UW1	Utah Wind	$ 1,215	10.58%	$ 128.55	$ 70.56	$ 199.11	36%	64.03	-	-	-	-	64.03
WW1	Wyo Wind	$ 1,215	10.58%	$ 128.55	$ 70.56	$ 199.11	36%	64.03	-	-	-	-	64.03
OCT	OWC Simple Cycle CT	$ 390	9.58%	$ 37.36	$ 22.31	$ 59.67	15%	45.41	1.87	2.01	20.81	0.10	66.32
UCT	Utah Simple Cycle CT	$ 461	9.58%	$ 44.12	$ 25.91	$ 70.03	15%	53.30	2.13	2.29	23.68	0.10	77.07
WCT	Wyo Simple Cycle CT	$ 494	9.58%	$ 47.30	$ 26.53	$ 73.83	15%	56.18	2.13	2.29	23.68	0.10	79.96
IET	Idaho Bridger Trans	$ 150	8.50%	$ 12.75	-	$ 12.75	100%	1.46	-	-	-	-	1.46
IEV	Idaho Htr/Id Trans L	$ 150	8.50%	$ 12.75	-	$ 12.75	100%	1.46	-	-	-	-	1.46
OET	OWC Bridger Trans L	$ 300	8.50%	$ 25.50	-	$ 25.50	100%	2.91	-	-	-	-	2.91
UET	Utah Wyo/Ut Tran L	$ 302	8.50%	$ 25.67	-	$ 25.67	100%	2.93	-	-	-	-	2.93
OPS	OWC Pump Storage	$ 816	8.50%	$ 69.36	$ 16.79	$ 86.15	30%	32.78	-	-	-	-	32.78
UPS	Utah Pumped Storage	$ 816	8.50%	$ 69.36	$ 16.79	$ 86.15	30%	32.78	-	-	-	-	32.78
USR	Utah Solar	$ 4,763	10.32%	$ 491.51	$ 19.75	$ 511.26	23%	254.58	-	-	-	3.49	258.07

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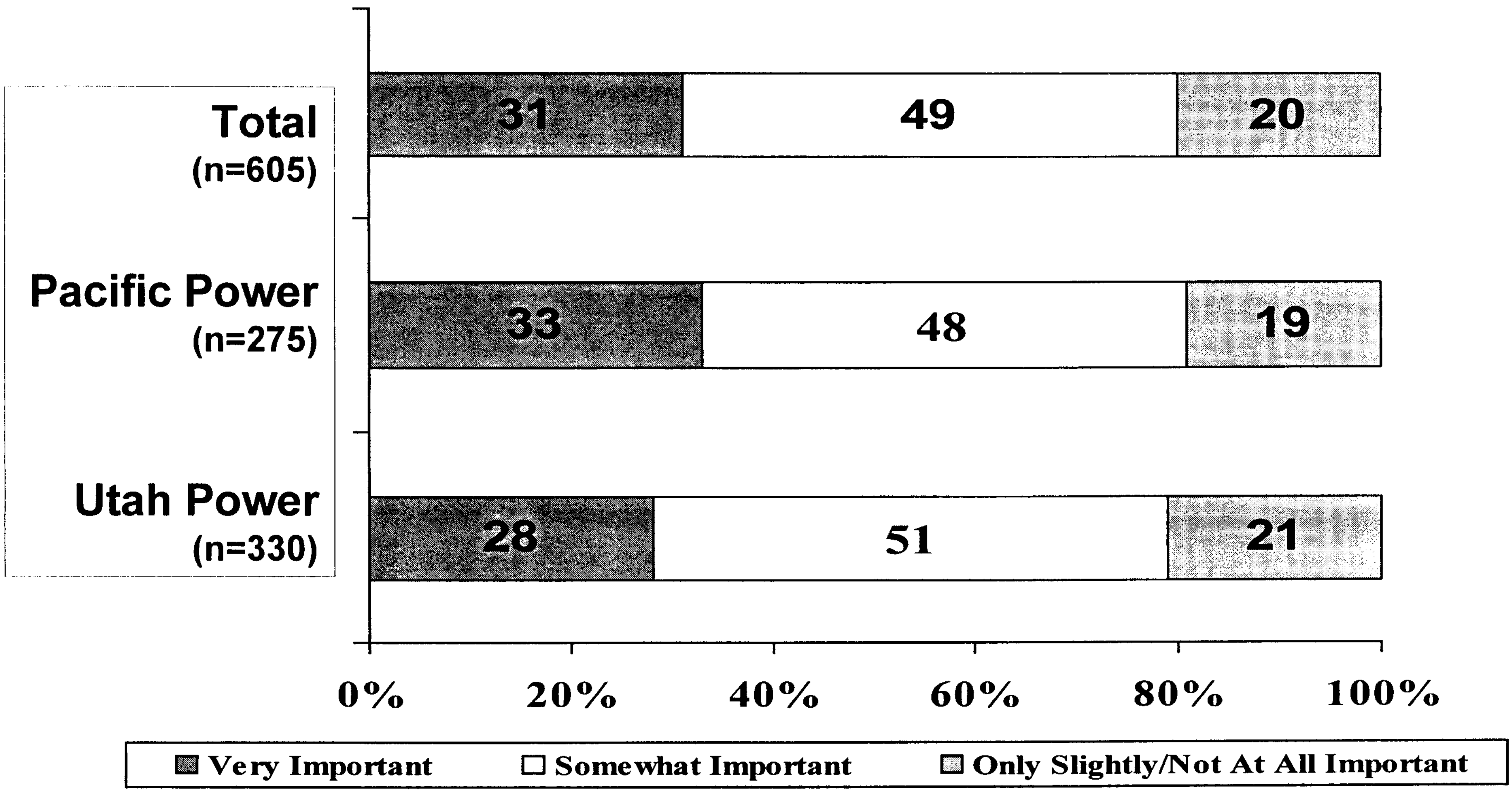
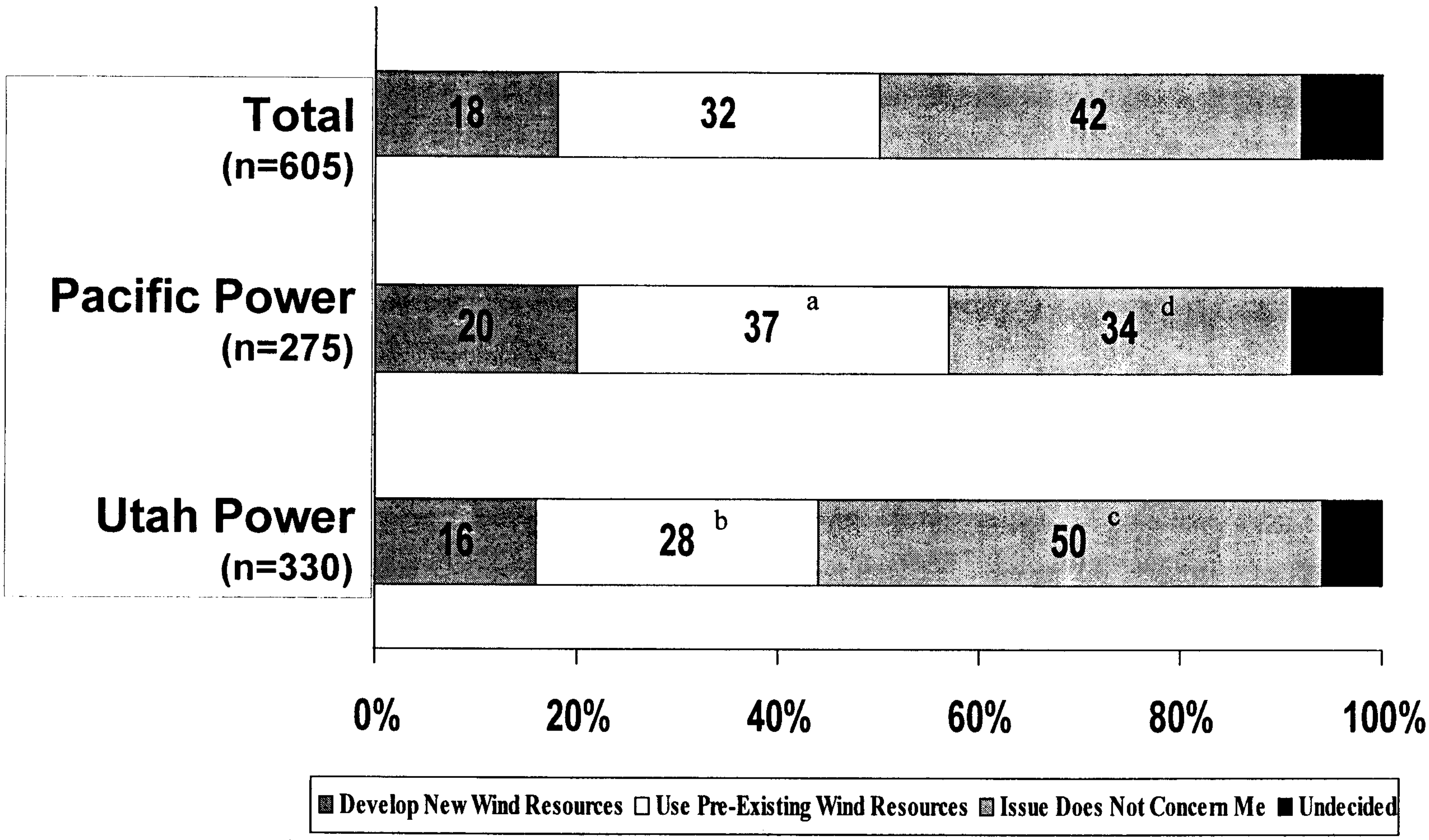
EXHIBIT 5.3
PACIFICORP "GREEN" POWER SURVEY RESULTS

Nearly One-Third Say Environmental Issues Play a Key Role in Their Purchase Decisions.

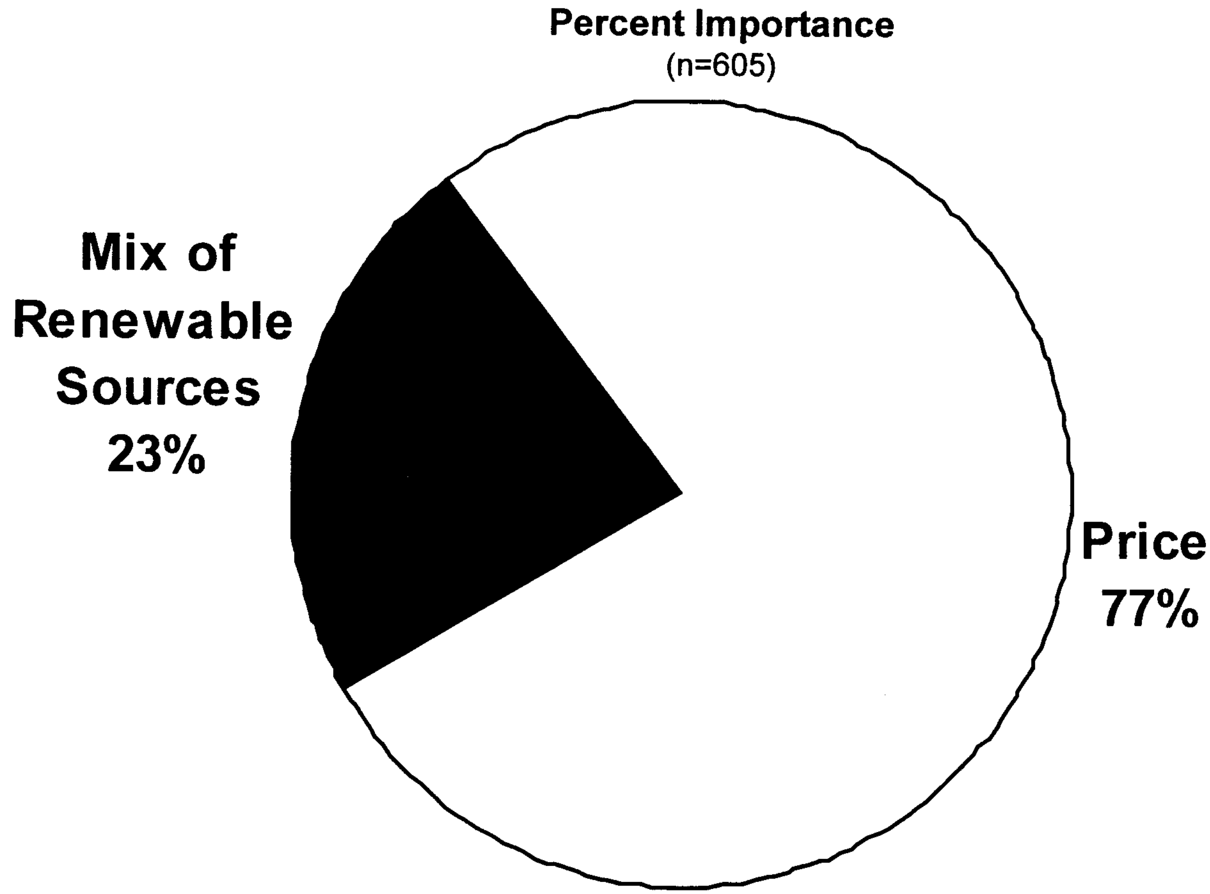


Most Do Not Think PacifiCorp Has to Develop New Resources to Meet the Need for Wind Power.



a/b and c/d represent statistically significant differences

In the Absence of a Competitor, Price is Three Times More Important Than the Renewables Mix.



About One-Third of Customers Say They Would Pay a 20% Premium for a 100% Renewable Offering.

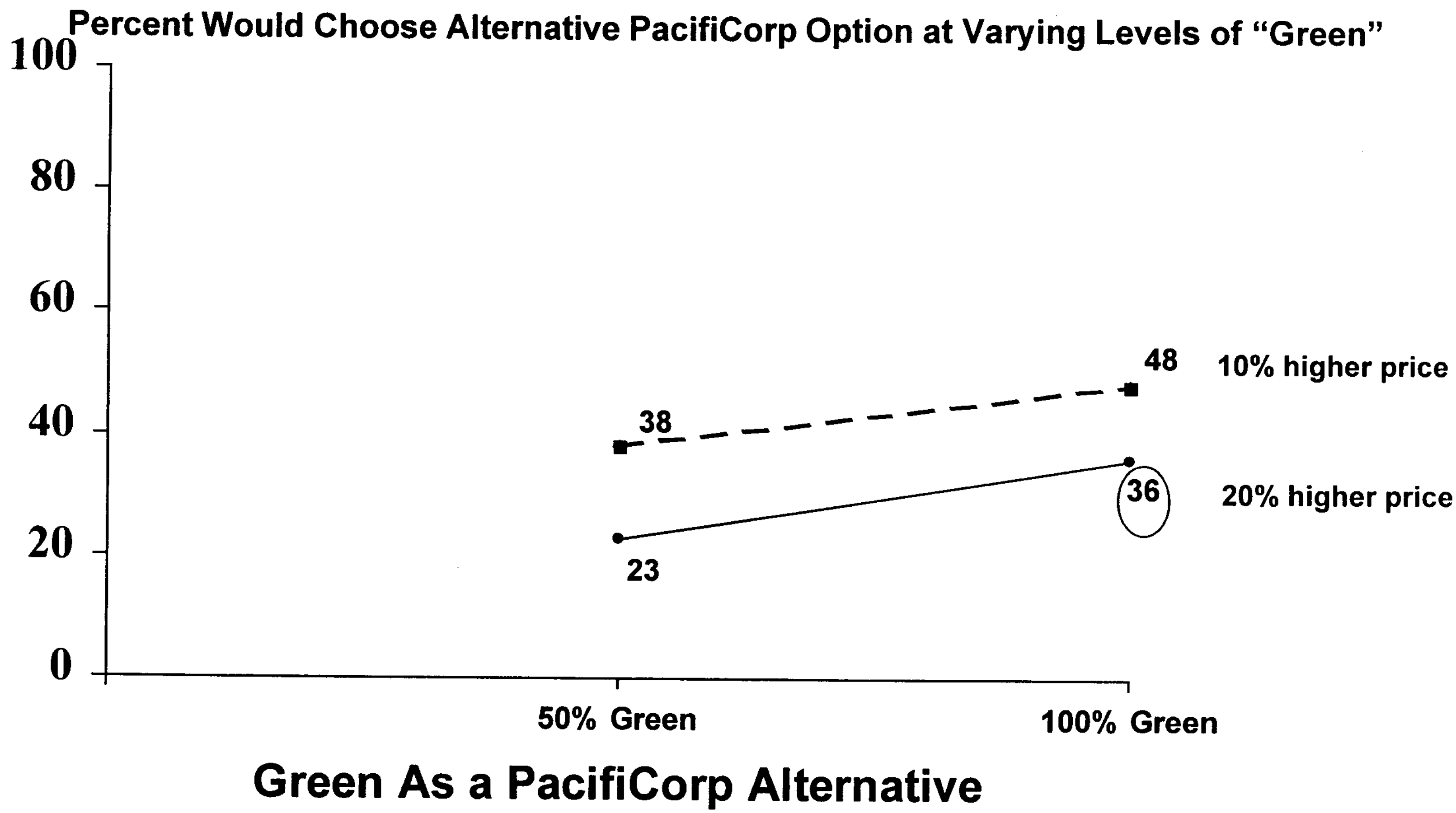


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EXHIBIT 5.4

SCOTTISHPOWER INTERROGATORY RESPONSES ON RESOURCE PLANNING

PUBLIC SERVICE COMMISSION OF UTAH

Docket No. 98-2035-04

Division of Public Utilities Eleventh Merger Data Request to ScottishPower

S11.7 Is ScottishPower aware of the Utah requirement to have PacifiCorp prepare, with public input, an integrated resource plan [IRP] every two years? Will that process still be managed out of Portland, with reimbursed expenses for state regulators?

Response:

ScottishPower is aware of the integrated resource planning process (IRP) in Utah. ScottishPower has no plans to change the current processes and will comply with the Commission's requirements.

The public advisory group to the IRP process will be examining during 1999 the current structure of the IRP and its relevance in light of changes in the utility industry. It is premature to determine whether this examination will result in suggestions for changes to the IRP. Any proposed changes to the IRP standards and guidelines would be filed with the Utah Commission for approval prior to implementation.

ScottishPower does not anticipate changes to the management of the process and expense reimbursements.

PUBLIC SERVICE COMMISSION OF UTAH

Docket No. 98-2035-04

Division of Public Utilities Eighth Merger Data Request

S8.2 Referring to Mr. Richardson's testimony, page 14, lines 14-20. Will the additional 50 MW of renewable resources to be developed by PacifiCorp be studied in the context of PacifiCorp's current integrated resource plan? What is the basis for the anticipated cost of approximately $60 million? What additional resources would the company anticipate implementing through its green resource tariff? Will these additional resources be evaluated in the context of PacifiCorp's integrated resource planning process? Why has the decision been made to move forward with the required studies necessary to evaluate the expansion of the Blundell geothermal project? What is the anticipated cost of these studies?

Response:

ScottishPower's commitment to develop an additional 50 MW of new renewable resources is conditioned on resources meeting cost-effectiveness standards derived from PacifiCorp's integrated resource planning process. This condition is intended to assure that such resources are developed at a reasonable cost, while still addressing the portfolio, environmental and business risk considerations that a narrow least-cost criteria ignores.

The $60 million figure is a rough estimate based on PacifiCorp's current understanding of generic wind resource costs, consistent with the AFOR condition.

No specific decisions have been made as to the resources that would be offered through the proposed green resource tariff. Alternatives will be analyzed based on feasibility, cost-effectiveness and customer desire criteria.

The opportunity to expand capacity at the Blundell geothermal plant in Utah has been identified as a promising low cost renewable expansion alternative. It is possible that, through the addition of a bottoming cycle, an additional 10-15 MW could be developed under the existing steam contract at a potentially attractive price. Preliminary engineering studies are required to confirm this potential, at an estimated cost of approximately $40,000.

EXHIBIT 5.5
SCOTTISHPOWER INTERROGATORY RESPONSES ON WHEELING AND WHOLESALE

PUBLIC SERVICE COMMISSION OF UTAH
Docket No. 98-2035-04
Division of Public Utilities Second Merger Data Requests

S2.17. Will ScottishPower honor current wheeling contracts?

Response:

Yes. The transaction will not affect the current contractual obligations of PacifiCorp.

S2.18. How will wheeling revenues/costs be treated?

Response:

See Response to the Utah Division of Public Utilities ("UDPU") Data Request P2.18, being provided by PacifiCorp under separate cover.

S2.19. Will ScottishPower honor current wholesale contracts?

Response:

Yes. The transaction will not affect the current contractual obligations of PacifiCorp.

S2.20. How will wholesale revenues/costs be treated? [revenue credit or otherwise]

Response:

See Response to UDPU Data Request P2.20, being provided by PacifiCorp under separate cover.

UPSC Data Request P2.17:
Re: Existing Obligations

Does PC expect SP to honor current wheeling contracts?

Response to UPSC Data Request P2.17:

PacifiCorp remains responsible for the fulfillment of existing contracts, and will honor them.

UPSC Data Request P2.18:
Re: Existing Obligations

How will wheeling revenues/costs be treated?

Response to UPSC Data Request P2.18:

Regulatory treatment of wheeling revenues and costs will be unaffected by the proposed transaction.

UPSC Data Request P2.19:
Re: Existing Obligations

Does PC expect SP to honor current wholesale contracts?

Response to UPSC Data Request P2.19:

PacifiCorp remains responsible for the fulfillment of existing contracts, and will honor them.

UPSC Data Request P2.20:
Re: Existing Obligations

How will wholesale revenues/costs be treated? [revenue credit or otherwise].

Response to UPSC Data Request P2.20:

Regulatory treatment of wholesale revenues and costs will be unaffected by the proposed transaction.

EXHIBIT 5.6

SCOTTISHPOWER INTERROGATORY RESPONSES ON SPECIAL INCENTIVE CONTRACTS

PUBLIC SERVICE COMMISSION OF UTAH

Docket No. 98-2035-04

Division of Public Utilities Eleventh Merger Data Request to ScottishPower

S11.1 What is the ScottishPower view of non-tariff, specially priced, economic incentive contracts for large industrial customers? Will you seek renewal of the present contracts when they expire in a few years, given current economic conditions?

Response:

ScottishPower's view is as set forth in the supplemental testimony of Alan Richardson, filed with the Commission on April 16, 1999.

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In The Matter Of The Application of PacifiCorp and Scottish Power plc for an Order Approving the Issuance of PacifiCorp Common Stock	))))	Docket No. 98-2035-004

SCOTTISH POWER

SUPPLEMENTAL TESTIMONY OF ALAN V. RICHARDSON

APRIL 16, 1999

reductions will be captured through the ratemaking process to produce rates for customers that are lower than had the transaction not occurred. We are confident as well that we can achieve measurable improvements in the quality of service while at the same time reducing costs, as we did in the case of Manweb.

USE OF SPECIAL CONTRACTS

Q. The LCG and UIEC issues list refers to the question of ScottishPower's approach with respect to special contracts. How will ScottishPower handle economic, non-tariff or special contracts?

A. As we have stated previously, after the transaction, PacifiCorp will honor all of its contractual obligations. We value our relationship with all our customer classes, and it may be appropriate to evaluate the issue of special contracts following completion of the transaction. This evaluation must be done in parallel with the work of the task force recently appointed by the Commission to examine this issue. The Public Service Commission of Utah issued a Report and Order on March 4, 1999 in Docket No. 97-035-01 establishing a task force to study the standards the Commission should employ in approving special contracts and the regulatory treatment of all special contracts stating that:

> We conclude that the Task Force desired by the Company and the Division, which we herein establish, should re-examine the previous Task Force guidelines and definitions for regulatory treatment of special incentive contracts, with particular emphasis on how risk should be shared between the Company and its customers. We also want an evaluation of the appropriateness of the confidential treatment customarily given to the rates and terms of service in Utah special contracts in an increasingly

competitive environment.

The Commission has therefore established a procedure to examine the issue of special incentive contracts. PacifiCorp will participate in this process and add its resources to the task force. Prior to completion of the transaction and until the Commission's task force has finished its work, however, the discussion regarding special contracts is premature and should not be an issue in this docket.

THE "PREFERENCE SHARE" HELD BY THE U.K. GOVERNMENT

Q. What is the "preference share" or "special share" referred to in the issues list of LCG and UIEC?

A. I presume the reference is to the "special share" which was retained by the U.K. government when ScottishPower was privatized. This special share has a nominal value of £1, and prevents a person (or persons acting in concert) from owning or controlling more than 15% of the voting rights of ScottishPower without the U.K. government's consent. The practical effect of the "special share" is to require government approval before control of ScottishPower may be transferred, much like the regulatory statutes in many of the states which require utility commission approval before control of a regulated utility passes to another. It comes into play only if a transfer of ownership of ScottishPower is involved, and does not in any way impose any restrictions on the actions which ScottishPower may take with respect to its own businesses or PacifiCorp.

PUBLIC SERVICE COMMISSION OF UTAH

Docket No. 98-2035-04

UIEC MERGER DATA REQUEST NO. 14 TO SCOTTISH POWER / PACIFICORP

20. **Referencing UIEC Data Request 12.7 and the phrase "exiting from loss making contracts." Please describe with particularity what you mean by "exiting from loss making contracts." Please describe the process. Please describe the alternatives that the other party to such a "loss making contract" has when exiting occurs.**

Response:

This relates to legacy contracts that ScottishPower entered into in the Manweb region following the take-over when the strategy was expansionist and designed to re-grow the Manweb customer base. In the competitive marketplace, since 1997, ScottishPower has taken the stance that it will not take any business in England and Wales below cost and therefore will not renew or take any new business on this basis. For renewals, the process will involve a price adjustment at the time of renewal, but the customer is free to seek alternative prices and suppliers.

EXHIBIT 5.7

POWER PLANT STAFFING LEVELS FOR PC AND SP

PUBLIC SERVICE COMMISSION OF UTAH

Docket No. 98-2035-04

UIEC MERGER DATA REQUEST NO. 10 TO SCOTTISH POWER / PACIFICORP

14. Please state the manpower levels associated with power supply on those units owned by ScottishPower and compare that with those units owned by PacifiCorp.

Response:

ScottishPower ensures that there is sufficient available capacity to cover all power supply contingencies. The required availability is based on a substantial amount of historical records and is adjusted for weather. ScottishPower carries spinning reserve to cover for at least one major plant failure and also employs a pump storage system that is used to regulate system frequency.

ScottishPower ensures that its manpower levels are maintained to cover all of these requirements. Longannet Power Station has four 600 gross MW units. Typically, Longannet employs 390 of its own staff plus 50 sub-contract personnel who provide special services including security, cleaning, insulation maintenance, scaffolding, and specialist maintenance work. Cockenzie plant has four 300 gross MW units. Typically, Cockenzie employs 231 of its own staff plus 30 sub-contractor personnel. Methil PowerStation has two 30 gross MW coal slurry burning units. The plant has 79 staff and 5 subcontractor personnel.

PacifiCorp-operated coal fired thermal plants are staffed primarily with PacifiCorp employees. Like ScottishPower, PacifiCorp plants use sub-contractors for security, cleaning, insulation maintenance, scaffolding, and specialist maintenance work. It should be noted that the number of employees required for a plant is influenced by economies of scale achieved with larger units, the type of environmental equipment, and the operating regime of the plant.

The graph attached hereto illustrates the general relationship between number of employees and size of plant for the two companies.

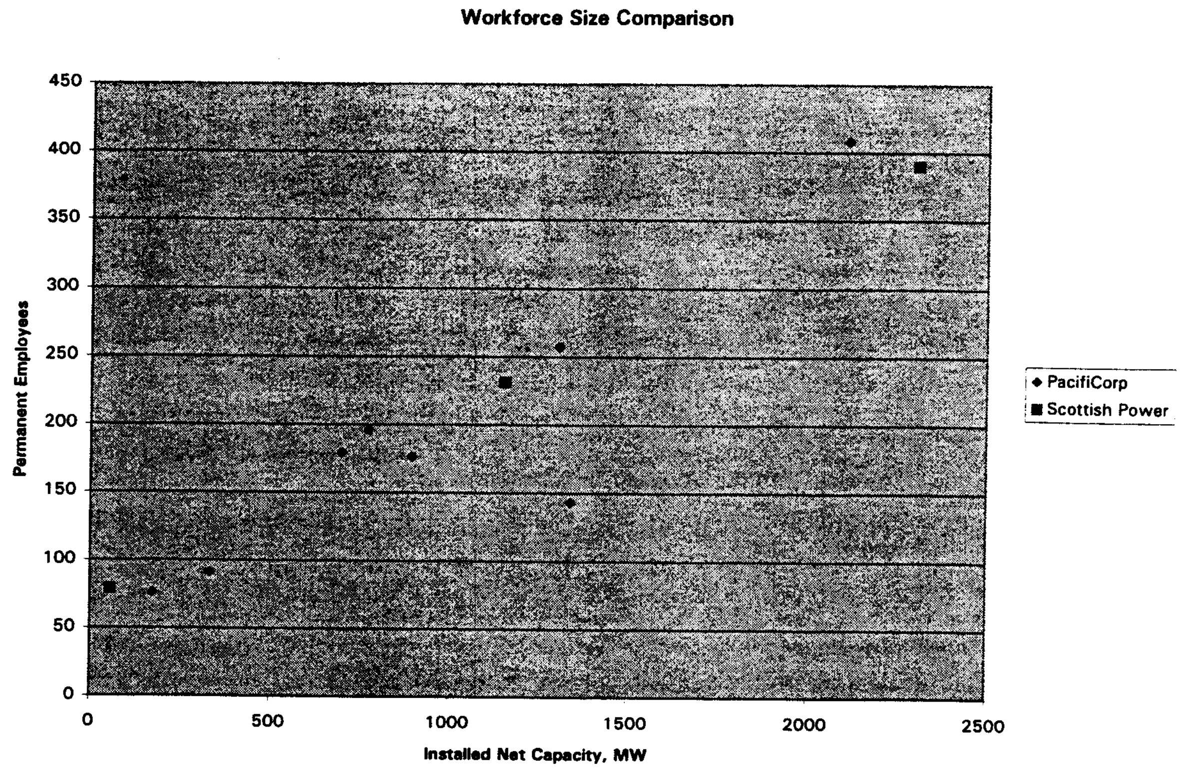
Workforce Size Comparison
Permanent Employees
450
400
350
300
250
200
150
100
50
0
0
500
1000
1500
2000
2500
Installed Net Capacity, MW
PacifiCorp
Scottish Power

EXHIBIT 5.8

SCOTTISHPOWER INTERROGATORY RESPONSES ON EMPLOYMENT

UPSC Data Request P2.12:
Re: Existing Obligations

What does PC know about specific plans for personnel reduction?

Response to UPSC Data Request P2.12:

See Response to UPSC Data Request S2.12, being provided by ScottishPower under separate cover.

UPSC Data Request P2.13:
Re: Existing Obligations

How will personnel reductions be accomplished?

Response to UPSC Data Request P2.13:

See Response to UPSC Data Request S2.13, being provided by ScottishPower under separate cover.

UPSC Data Request P2.21:
Re: Utah Impact-Employment/Tax Base

How will Utah employment be impacted?

Response to UPSC Data Request P2.21:

See Response to UPSC Data Request S2.21, being provided by ScottishPower under separate cover.

UPSC Data Request P2.22:
Re: Utah Impact-Employment/Tax Base

Will impacts be proportional among states?

Response to UPSC Data Request P2.22:

See Response to UPSC Data Request S2.22, being provided by ScottishPower under separate cover.

UPSC Data Request P2.23:
Re: Utah Impact-Employment/Tax Base

How will impacts be mitigated?

Response to UPSC Data Request P2.23:

See Response to UPSC Data Request S2.23, being provided by ScottishPower under separate cover.

UPSC Data Request P2.10:
Re: Customer Service – Customer Relations

Will SP's announced work force reductions reduce service?

Response to UPSC Data Request P2.10:

See Response to UPSC Data Request S2.10, being provided by ScottishPower under separate cover.

UPSC Data Request P2.11:
Re: Existing Obligations

Does PC expect SP to honor current labor contracts?

Response to UPSC Data Request P2.11:

See Response to UPSC Data Request S2.11, being provided by ScottishPower under separate cover.

S2.10. Will ScottishPower's announced work force reductions reduce service?

Response:

ScottishPower has not announced work force reduction plans for PacifiCorp nor are there any specific plans to implement workforce reductions at this stage.

ScottishPower intends to increase the level of customer service, not decrease service levels.

S2.11. Will ScottishPower honor current labor contracts?

Response:

Yes. In the Application filed in this proceeding, ScottishPower indicated that it intends to honor all existing labor agreements and work to maintain and expand constructive relationships with labor unions representing PacifiCorp's employees, including safety and training initiatives.

S2.12. What are ScottishPower specific plans for personnel reduction on PacifiCorp system?

Response:

ScottishPower does not have specific plans nor has it commenced detailed planning for implementing workforce reductions in PacifiCorp. Detailed planning will only be completed after completion of the transaction.

Joint integration teams will look in detail at the operations and costs of PacifiCorp to establish detailed plans for cost savings. Full access to PacifiCorp and the involvement of PacifiCorp staff will ensure that these plans are achievable.

S2.13. How will personnel reductions be accomplished?

Response:

ScottishPower does not have any specific plans for personnel reductions in PacifiCorp. It is anticipated that whatever workforce reductions are implemented, they will be done in a fashion similar to ScottishPower's practice in the United Kingdom. A business assessment will be made and then there will be an attempt to create a voluntary program to have the appropriate number of people exit the business. Where that is not sufficient, ScottishPower has agreed in the merger agreement to pay people severance based on their level of position and years of service. In addition, where applicable, ScottishPower has agreed to follow the steps outlined in the union contracts for reductions in force.

S2.21. How will Utah employment be impacted?

Response:

As stated in the Response to UDPU Data Request S2.12, ScottishPower has no specific plans for employment changes in any part of the PacifiCorp organization. Workforce decisions will be driven by business unit and staff needs, not by geography. It is therefore impossible to predict the regional employment impact.

S2.22. Will impacts be proportional among states?

Response:

See Response to UDPU Data Request S2.21.

S2.23. How will impacts be mitigated?

Response:

As stated in the Response to UDPU Data Request S2.21, ScottishPower has no specific plans for employment changes in any part of the PacifiCorp organization.

EXHIBIT 5.9

SCOTTISHPOWER INTERROGATORY RESPONSES ON EMPLOYEE BENEFITS

UPSC Data Request P2.14:
Re: Existing Obligations

How do SP retirement benefits compare to PC?

Response to UPSC Data Request P2.14:

See Response to UPSC Data Request S2.14, being provided by ScottishPower under separate cover.

UPSC Data Request P2.15:
Re: Existing Obligations

What is your knowledge on how will the retirement plans be integrated?

Response to UPSC Data Request P2.15:

See Response to UPSC Data Request S2.15, being provided by ScottishPower under separate cover.

UPSC Data Request P2.16:
Re: Existing Obligations

Is the SP retirement plan fully funded?

Response to UPSC Data Request P2.16:

See Response to UPSC Data Request S2.16, being supplied by ScottishPower under separate cover.

S2.14. How do ScottishPower retirement benefits compare to PacifiCorp?

Response:

It is difficult to compare such benefits across countries due to the differences in government programs and laws, tax treatment and remuneration structures. The merger agreement requires that benefits for PacifiCorp employees not be changed for two years.

PUBLIC SERVICE COMMISSION OF UTAH
Docket No. 98-2035-04
Division of Public Utilities Second Merger Data Requests

S2.15. How will the retirement plans be integrated?

Response:

The retirement plans will not be integrated.

S2.16. Is the ScottishPower retirement plan fully funded?

Response:

Yes.

S11.3 Would ScottishPower object to maintaining PacifiCorp employee benefits and pension plans for five years rather than the two years mentioned in your filing? What is the basis for the two year limit? What changes does ScottishPower plan to make in employee benefits and pension plans after two years? Will these changes make employee benefits and pensions be better or worse for PacifiCorp employees? Please explain how better or how worse.

Response:

It is too early to say at this stage, pending in-depth analysis of the benefits and pension arrangements in place, to say what changes, if any, ScottishPower would make. The two-year moratorium on making any changes would allow this analysis to occur and to fully consider what changes may be appropriate. ScottishPower would therefore not agree at this time to maintain PacifiCorp's employee benefits and pension plans for five years rather than the two years mentioned in its filing.

It is ScottishPower's normal practice to consider such issues on a regular basis to ensure that benefits are appropriate and are within market norms. The ScottishPower Pension Plans are typically discussed every October by the Board of Directors to consider structure, changes and new schemes, with any new schemes launched in January the following year.

PUBLIC SERVICE COMMISSION OF UTAH

Docket No. 98-2035-04

Division of Public Utilities Fifth Merger Data Request

S5.1 **The Agreement and Plan of Merger, Section 6.09, Employee Benefit Plans states, "Parent shall use its reasonable best efforts to cause the Company Employee Benefit Plans in effect at the date of the Agreement that have been disclosed to Parent prior to such date to remain in effect until the second anniversary of the Effective Time or, . . . maintain plans which are no less favorable, in the aggregate, . . . nothing contained herein shall be construed as requiring Parent or the Surviving Corporation to continue any specific plan or as preventing Parent or the Surviving Corporation from (a) establishing and, if necessary, seeking shareholder approval to establish, any other benefit plans in respect of all or any of the employees covered by such Company Employee Benefit Plans or any other employees . . .**

B. Does Scottish Power intend to have the same benefits for similarly situated employees with its group, or does it intend to take into consideration differences in benefits generally offered by U.S. corporations and those offered in the U.K.? How will benefits offered to PacifiCorp employees be "benchmarked"?

Response:

ScottishPower recognizes that to attract and retain staff of high caliber, the overall remuneration package must be market competitive. Currently, within ScottishPower levels of remuneration are determined by a number of factors including job size and complexity, individual performance and prevailing market practice.

ScottishPower takes a balanced view of remuneration, considering each element relative to the market and, in the past, has realigned elements of the overall package to reflect market conditions or changes in market practice.

ScottishPower's intention is to ensure that appropriate comparator groups, reflecting PacifiCorp's position in the US labor market, are established such that these take account of the environment in which PacifiCorp is operating.

PUBLIC SERVICE COMMISSION OF UTAH

Docket No. 98-2035-04

Division of Public Utilities Fifth Merger Data Request

S5.1 **The Agreement and Plan of Merger, Section 6.09, Employee Benefit Plans states, "Parent shall use its reasonable best efforts to cause the Company Employee Benefit Plans in effect at the date of the Agreement that have been disclosed to Parent prior to such date to remain in effect until the second anniversary of the Effective Time or, . . . maintain plans which are no less favorable, in the aggregate, . . . nothing contained herein shall be construed as requiring Parent or the Surviving Corporation to continue any specific plan or as preventing Parent or the Surviving Corporation from (a) establishing and, if necessary, seeking shareholder approval to establish, any other benefit plans in respect of all or any of the employees covered by such Company Employee Benefit Plans or any other employees . . .**

C. Does Scottish Power have any immediate plans to make any changes to the benefits offered PacifiCorp employees? If yes, identify.

Response:

There are no immediate plans to make any changes to the benefit structure.

PUBLIC SERVICE COMMISSION OF UTAH

Docket No. 98-2035-04

Division of Public Utilities Fifth Merger Data Request

S5.1 The Agreement and Plan of Merger, Section 6.09, Employee Benefit Plans states, "Parent shall use its reasonable best efforts to cause the Company Employee Benefit Plans in effect at the date of the Agreement that have been disclosed to Parent prior to such date to remain in effect until the second anniversary of the Effective Time or, . . . maintain plans which are no less favorable, in the aggregate, . . . nothing contained herein shall be construed as requiring Parent or the Surviving Corporation to continue any specific plan or as preventing Parent or the Surviving Corporation from (a) establishing and, if necessary, seeking shareholder approval to establish, any other benefit plans in respect of all or any of the employees covered by such Company Employee Benefit Plans or any other employees . . .

D. Please identify any potential savings in employee benefits resulting from the proposed merger.

Response:

As there are no immediate plans to effect any change, no such savings have been identified.

PUBLIC SERVICE COMMISSION OF UTAH

Docket No. 98-2035-04

Division of Public Utilities Fifth Merger Data Request

S5.1 **The Agreement and Plan of Merger, Section 6.09, Employee Benefit Plans states, "Parent shall use its reasonable best efforts to cause the Company Employee Benefit Plans in effect at the date of the Agreement that have been disclosed to Parent prior to such date to remain in effect until the second anniversary of the Effective Time or, . . . maintain plans which are no less favorable, in the aggregate, . . . nothing contained herein shall be construed as requiring Parent or the Surviving Corporation to continue any specific plan or as preventing Parent or the Surviving Corporation from (a) establishing and, if necessary, seeking shareholder approval to establish, any other benefit plans in respect of all or any of the employees covered by such Company Employee Benefit Plans or any other employees . . .**

E. Will PacifiCorp's employee benefits be administrated by the Parent's corporate headquarters?

Response:

They will be administered by corporate headquarters to the extent that ScottishPower will control policy and monitor PacifiCorp's operations in the pursuit of good corporate governance. Day-to-day administrative activities will continue to be effected by PacifiCorp employees.

DPU EXHIBIT NO. 5.10

SCOTTISHPOWER INTERROGATORY RESPONSES ON TAXES

UPSC Data Request P2.24:
Re: Utah Impact-Employment/Tax Base

How will Utah tax base be impacted?

Response to UPSC Data Request P2.24:

See Response to UPSC Data Request S2.24, being provided by ScottishPower under separate cover.

UPSC Data Request P2.25:
Re: Utah Impact-Employment/Tax Base

Will impacts be proportional among states?

Response to UPSC Data Request P2.25:

See Response to UPSC Data Request S2.25, being provided by ScottishPower under separate cover.

UPSC Data Request P2.26:
Re: Utah Impact-Employment/Tax Base

How will impacts be mitigated?

Response to UPSC Data Request P2.26:

See Response to UPSC Data Request S2.26, being provided by ScottishPower under separate cover.

S2.24. How will Utah tax base be impacted?

Response:

The Utah property tax base is not expected to change as a result of the proposed transaction.

S2.25. Will impacts be proportional among states?

Response:

As stated in Response to UDPU Data Request S2.24, no impact is expected to occur.

S2.26. How will impacts be mitigated?

Response:

As stated in Response to UDPU Data Request S2.24, no impact is expected to occur.

EXHIBIT 5.11

PRESS RELEASE STATING DGES CONDITIONS

SCOTTISHPOWER
NO. 98-2035-04

ATTACHMENT RESPONSE TO DPU 14.11

11:00 13 Apr RNS-RNS-Dept.Trade&Industry Stmt Re Scottish/Pacificorp <SPW.L>
RNS No 5726e
DEPARTMENT OF TRADE AND INDUSTRY
13 April 1999

KIM HOWELLS CLEARS PROPOSED MERGER OF SCOTTISH POWER PLC AND PACIFICORP

Kim Howells, Competition and Consumer Affairs Minister, has decided not to refer to the Competition Commission the proposed merger of Scottish Power plc and PacifiCorp.

Dr Howells made his decision in accordance with the advice of the Director General of Fair Trading (DGFT) and with the views of the Director General of Electricity Supply (DGES).

Announcing his decision, Dr Howells said:

"I have considered carefully the advice of the DGFT and the views of the DGES on this case. They both consider that the concerns posed by the proposed merger could be met by assurances from Scottish Power plc.

"Scottish Power plc (ScottishPower) have given assurances to the Secretary of State to address the regulatory concerns of the DGES. These include assurances relating to the establishment of a holding company for the ScottishPower group, to the financial and management resources of ScottishPower and Manweb plc, and to ensuring that the DGES continues to have access to the information which he needs to carry out his duties.

"ScottishPower have given assurances that they will secure that the holding company will restructure its business in Great Britain as soon as is reasonably practicable, and in any event within three years, so as to place generation and any non-electricity activities in separate group companies. ScottishPower have assured the Secretary of State that, following restructuring, a financial ring-fence will be placed around the electricity supply and transmission businesses currently carried on by Scottish Power plc, on similar terms to the standard ring-fence terms developed by the DGES.

"The DGES intends to incorporate commitments given by ScottishPower into the licence conditions of ScottishPower or Manweb's licences. ScottishPower have given an assurance that until licence modifications are made, the parties will act as if they are already in place.

"The DGES and the DGFT considered that the regulatory concerns raised by the merger could be met by assurances of the type which have now been given by ScottishPower. The DGFT advised that the merger would not give rise to competition concerns which warranted reference to the Competition Commission. Taking into account the assurances which have been given, I agree that there are no competition or regulatory concerns which warrant a reference to the Competition Commission."

Notes for Editors

1. A copy of the assurances given by ScottishPower is attached to this Press Notice.

2. The Monopolies and Mergers Commission was dissolved on 1 April 1999, as a result of the coming into force of section 45 the Competition Act 1998, and its functions were transferred to the Competition Commission.

The assurances given by ScottishPower:
The Rt Hon Stephen Byers MP
Secretary of State for Trade and Industry Department of Trade and Industry
1 Victoria Street
London
SW1H OET

Scottish Power plc has separately announced proposals for a merger with PacifiCorp and for the creation of a holding company for the ScottishPower group. Having regard to these proposals, Scottish Power plc assures the Secretary of State for Trade and Industry that it will establish a holding company and that it will secure that this holding company will:

1) ensure that sufficient financial and management resources and other facilities are available to enable subsidiaries licensed under the 1989 Electricity Act to carry out their statutory and licence obligations;

2) ensure that the DGES is provided with such information from any company in the holding company group as he requires in relation to the exercise of his regulatory functions;

3) co-operate with the DGES in ensuring appropriate financial separation and financial independence for subsidiaries licensed under the 1989 Electricity Act;

4) ensure that any published regulatory accounts required from subsidiaries licensed under the 1989 Electricity Act, are available to the public by 30 September of each year;

5) co-operate in maintaining the timeliness and extent of published accounting information on each of Scottish Power plc and Manweb plc;

6) restructure its business in Great Britain as soon as reasonably practicable and in any event within three years so as to place generation, and any non electricity activities, in one or more separate group companies which would be affiliates but not subsidiaries or parent companies of the remaining electricity activities. In the meantime, it will ensure

SP13444

that any new investment in additional generation capacity or other significant diversification by group companies licensed under the 1989 Electricity Act will be undertaken by a separate group company or companies, and not by any company or by any subsidiary of any company holding any existing licences granted under the 1989 Electricity Act; and dealings between the holders of such licences and any such separate group company will be at arm's length and on normal commercial terms;

7) following restructuring, to accept a financial ring-fence around the public electricity supply and transmission businesses presently carried on by Scottish Power plc on similar terms to the standard ring-fence terms;

8) invite the DGES's views on its proposals to restructure its business and report progress on the restructuring, on a six monthly basis. It will take due regard of any comments made by the DGES.

In addition Scottish Power plc assures the Secretary of State for Trade and Industry, that it will:

9) where the above matters relate to licence modifications, agree to such licence modifications and will secure that Manweb plc does likewise;

10) where assurances relate to licence modifications, ensure that the parties will act as if they are already in place from the time of giving the assurances or in respect of assurance 7 from the time of restructuring.

END

MSCBGGBSXDBCCCX

For related news, double click on one of the following codes:
[RNS] [ELG] [GB] [RNSD] [LEN]
[SPW.L]

For related price quotes, double click on one of the following codes:
<SPW.L>

Tuesday, 13 April 1999 11:00:02
RNS [nRNSM5726E]

SP13445

DPU EXHIBIT 5.12

RECOMMENDED

SCOTTISHPOWER MERGER CONDITIONS

RECOMMENDED MERGER CONDITIONS

- ScottishPower will continue to produce Integrated Resource Plans every two years, according to the current schedule and current PSC rules.
- ScottishPower's commitment to develop an additional 50 MW of renewable resources is conditioned on those resources meeting the cost effectiveness standards of the IRP then in place.
- For the two years following the final approval of the merger, Utah PacifiCorp employee benefits will be held stable.

OTHER MERGER RECOMMENDATIONS

- For the two years following the final approval of the merger, no Utah PacifiCorp employee should lose a job as a result of the merger, only through attrition. Employees leaving employment to take advantage of any termination benefits package offer will not be considered as losing a job to the merger.
- For the three years following that two year period, reductions in employees should be made in such a manner that employment levels and average salary levels remain in an approximately consistent proportion between the states served by PacifiCorp.
- Following the two year freeze on employee benefits, any changes to employee benefits will be made based on comparisons to US practice.