

1     BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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\_\_\_\_\_ ) DOCKET NUMBER:

6 Application of PACIFICORP and) 98-2035-04

SCOTTISH POWER plc for an )

7 Order Approving the Issuance ) REPORTER'S TRANSCRIPT

of PacifiCorp Common Stock. ) OF PROCEEDINGS

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Salt Lake City, Utah

9

March 5, 1999

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9:05 a.m.

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12 BEFORE:

13         STEPHEN F. MECHAM, Chairman, Public Service

14 Commission of Utah; and

15         CONSTANCE B. WHITE, Commissioner, Public

16 Service Commission of Utah; and

17         CLARK D. JONES, Commissioner, Public

18 Service Commission of Utah.

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1 March 5, 1999 9:05 a.m.

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3 PROCEEDINGS

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5 CHAIRMAN MECHAM: Let's go on the record in  
6 Docket Number 98-2035-04 entitled in the matter of  
7 the application of PacifiCorp and Scottish Power plc  
8 for an order approving the issuance of PacifiCorp  
9 common stock. Let's take appearances for the record,  
10 please.

11 MR. HUNTER: Edward Hunter representing  
12 PacifiCorp.

13 MR. BURNETT: Brian Burnett representing  
14 Scottish Power.

15 MR. GINSBERG: Michael Ginsberg  
16 representing the Division of Public Utilities.

17 MR. TINGEY: Doug Tingey representing the  
18 Committee of Consumer Services.

19 MR. FARR: Brian Farr representing the

20 Department of Community and Economic Development and  
21 the Board of Business and Economic Development.

22 MR. MOQUIN: Dan Moquin representing the  
23 Office of Engineering and Resource Planning.

24 MR. CRABTREE: David Crabtree representing  
25 Deseret Generation Transmission and Member

1 Cooperative.

2 MR. PETERS: Bill Thomas Peters

3 representing Emery County.

4 MR. DODGE: Gary Dodge representing Large

5 Customers.

6 MR. REEDER: Robert Reeder representing

7 Utah Industrial Electrical Consumers.

8 MR. ALLRED: Steven Allred representing

9 Utah League of Cities and Towns.

10 MR. MCNULTY: Matthew McNulty representing

11 UAMPS.

12 MR. RANDLE: Stephen Randle representing

13 the Utah Farm Bureau Federation.

14 MR. JONES: Kevin Jones representing Nucor

15 Steel.

16 MS. WALKER: Joro Walker representing the

17 Land and Water Fund.

18 MS. WOLF: Betsy Wolf on behalf of Salt

19 Lake Community Action Program and Crossroads Urban

20 Center, and we're not currently represented by

21 counsel.

22 MR. BROWN: Lee Brown currently

23 representing Magnesium Corporation of America.

24 CHAIRMAN MECHAM: Thank you. Let's start

25 with interventions. Off the record, Mr. Hunter, you

1 said you didn't object to any of the interventions  
2 that have been filed to this point but had some  
3 recommendation as to grouping.

4 MR. HUNTER: Yes. We received 13 petitions  
5 to intervene. We have received 13 petitions to  
6 intervene by February 17th, the intervention  
7 deadline. We received another petition to intervene  
8 on Wednesday from BBED and DCED. We don't object to  
9 their intervention.

10 We would suggest that the Board of Business  
11 and Economic Development and the Department of  
12 Community and Economic Development and the Office of  
13 Energy Research and Development, if I've got that  
14 title correct -- Office of Energy and Resource  
15 Planning, excuse me, should be grouped, for several  
16 reasons.

17 One of which is that they are the same legal  
18 entity, and more importantly, the issues they've  
19 raised are overlapping. The Office of Energy and

20 Resource Planning has raised some environmental  
21 issues, talking about fuel use, conservation, the  
22 carbon issues, and suggesting that we should identify  
23 what the merged companies' positions would be on  
24 those after.

25 On the opposite side of the issue, DCED and

1 the Board of Business and Economic Developments are  
2 concerned about what's going to happen to the plants  
3 and the coal mines in the state of Utah.

4 We suggest that the State of Utah on those  
5 related issues should have a single position and  
6 should present it to the Commission.

7 We're not trying to limit their ability to  
8 present discovery or otherwise participate in the  
9 hearings. We don't even request that they have a  
10 single counsel. We would have a request that they be  
11 grouped and come up with a single position on those  
12 issues.

13 MR. MOQUIN: I don't believe that it's a  
14 natural grouping, to be honest. I think our  
15 interests are very different, and I think that the  
16 board would be best served by -- the Commission would  
17 be best served by having the different viewpoints of  
18 the agencies.

19 We are a State agency, but I don't think that

20 at this time there is a common interest. And I think  
21 they were set up statutorily to represent different  
22 interests, and I don't think they should be lumped  
23 together.

24 If there is going to be a grouping to cut  
25 down the number of parties, I think we would more

1 naturally fall with the Land and Water Fund, if they  
2 don't have any objection to us being a combined  
3 party.

4 MS. WALKER: We have no objection.

5 CHAIRMAN MECHAM: Do you anticipate taking  
6 different positions on these issues, or do you know?

7 MR. MOQUIN: At this time, we do not know.  
8 As discovery goes along -- I think our positions will  
9 be very similar.

10 MR. FARR: We're happy to work together and  
11 see where we can get a unified position. But I think  
12 there's a possibility our position would be  
13 different.

14 MR. MOQUIN: I was talking for the Land and  
15 Water Fund. I do anticipate there would be  
16 differences with the other two State entities.

17 COMMISSIONER WHITE: To the extent your  
18 positions are the same, are you anticipating one  
19 party would present those positions so that three

20 parties or two wouldn't be presenting the same

21 positions or evidence?

22 MR. MOQUIN: If it turns out that we are

23 very similar, that would be a possibility. We're not

24 sure, and we have to represent our state mandate. To

25 the degree the Land and Water Fund doesn't have the

1 same position, we'd have to be involved. Although I  
2 think we'd both prefer to save resources and have one  
3 person presenting.

4 COMMISSIONER WHITE: Another way of asking  
5 my question is, is it appropriate, do you think, to  
6 look at consolidating issues rather than parties?

7 MR. MOQUIN: Consolidating issues is a  
8 possibility, yes. Probably, we could do that.

9 CHAIRMAN MECHAM: Otherwise, there are no  
10 objections to the interventions filed on the part of  
11 anyone? That makes it simple.

12 MR. BURNETT: We have no objections.

13 CHAIRMAN MECHAM: I think rather than  
14 formally grouping parties together, what we'll do is  
15 we'll grant the interventions that have been  
16 submitted to us. But insofar as common issues are  
17 concerned, we would ask that the parties get together  
18 on those.

19 For instance, the OERP and the Land Fund may

20 have common issues. If we could only have one  
21 argument as opposed to two. Likewise, Salt Lake  
22 Community Action Program, they have issues in common  
23 with the Committee. Large Customer Group and UIEC  
24 may have common interests and common issues. If we  
25 could just, for the sake of administrative

1 efficiency, if nothing else, have those arguments  
2 argued together. The League may have issues in  
3 common with UAMPS or Emery County, I'm not sure.

4 But I think that would cut down a great deal  
5 on the hearing time. And I think we'll be able to  
6 perhaps refine that request a little more as we see  
7 where everyone's going.

8 Okay. Insofar as the issue statements are  
9 concerned, I guess first I ought to make sure that  
10 we've got our comprehensive list of them. We have on  
11 the file a joint issue statement of a PacifiCorp and  
12 Scottish Power. We've got an issue statement from  
13 the Committee of Consumer Services. We've got one  
14 from the League of Cities and Towns. We've got one  
15 from UAMPS.

16 We have an issue statement from the Office of  
17 Energy and Resource Planning. We've got one from the  
18 Land and Water Fund of the Rockies. We've got one  
19 from the Large Customer Group. We have one from Salt

20 Lake Community Action Program. We've got one from  
21 Magnesium Corporation of America. We've got one from  
22 the Division of Public Utilities.

23 We have an issue statement from Deseret  
24 Generation and Transmission. And we've got one from  
25 the Utah Industrial Energy Consumers. I believe that

1 that's it.

2 MR. PETERS: Your Honor, with regard to  
3 Emery County's, we filed a petition to intervene, and  
4 within the petition, we identified the issues.

5 CHAIRMAN MECHAM: Okay.

6 MR. PETERS: I probably should have  
7 captioned it Position to Intervene and Statement of  
8 Issues. It was filed on February 3rd.

9 CHAIRMAN MECHAM: I've seen a petition for  
10 intervention, and so I'm sure it's on the file.

11 MR. PETERS: We didn't identify it as a  
12 Statement of Issues.

13 CHAIRMAN MECHAM: All right. Thank you for  
14 that correction. Did anyone else file that I didn't  
15 name?

16 MR. FARR: We did the same thing as Emery  
17 County. Community and Economic Development.

18 CHAIRMAN MECHAM: Okay. As we've reviewed  
19 these individually, it appears, and you can correct

20 me if I'm wrong, that there seems to be agreement  
21 among parties that the standard by which the  
22 Commission should judge this merger is whether or not  
23 there are benefits to the customer. And if I'm not  
24 mistaken, even the company agrees with that. Mr.  
25 Hunter?

1           MR. HUNTER: Absolutely correct that we  
2   pled -- in the application, the company agreed that  
3   it would show benefits in this proceeding. We are  
4   also aware that the Commission in the past has  
5   adopted the positive benefits standard in merger  
6   cases.

7           As the Commission is also aware, in those  
8   cases, we filed pleadings disagreeing with your view  
9   on that standard. What we're hoping is, unlike past  
10  cases, that's not an issue we have to brief right  
11  now. At the end of the proceeding, if it's  
12  necessary, and it has not been in the past, to brief  
13  the issue, then we'll certainly be willing to do  
14  that.

15          Our position is that it is the standard  
16  that's previously been adopted by the Commission, it  
17  will show positive benefits. We don't, however,  
18  believe that's a standard a court would adopt in the  
19  state of Utah.

20           COMMISSIONER WHITE: What do you think is  
21 the standard a court would adopt?

22           MR. HUNTER: No harm.

23           COMMISSIONER WHITE: When you say benefits  
24 or positive benefits, you mean benefits from the  
25 merger over and above what would be without the

1 merger?

2 MR. HUNTER: In the last Commission order  
3 adopting a standard, the position the Commission took  
4 was that they would weigh the costs of the merger  
5 against the benefits of the merger and look at the  
6 net to determine whether or not there were benefits  
7 in the public interest. And that is the standard  
8 that we're proceeding with.

9 CHAIRMAN MECHAM: Mr. Ginsberg, did you  
10 have something?

11 MR. GINSBERG: No. It seemed that that was  
12 a reasonable way to approach it as opposed to writing  
13 briefs and having the Commission rule on it now.  
14 Since they have pled that they will show positive  
15 benefits.

16 The only time the issue would come up would  
17 be if the Commission found there was no harm and no  
18 benefit; that the merger was clearly not in the  
19 public interest. It would be denied.

20        So it seems that if -- what I understand the  
21 company is doing is preserving an issue that they  
22 might wish to raise at some later stage in the  
23 proceeding.

24        COMMISSIONER WHITE: There's a lot of -- in  
25 these issue statements about public interest, that is

1 intended to be synonymous with the positive benefits  
2 standards, or is it something different?

3 MR. GINSBERG: The public interest is the  
4 statutory standard that's included within the section  
5 of the statute that they filed under.

6 COMMISSIONER WHITE: I understand that.  
7 I'm trying to get at what the parties think is the  
8 definition of public interest, or how is it measured,  
9 or what does it constitute? In the parties' view, is  
10 that the same thing as the benefit standard, or is it  
11 something additional?

12 MR. GINSBERG: I think it would be the same  
13 thing. That in order to show positive benefits, it  
14 has to be in the public interest. In the public  
15 interest would encompass all of the various positive  
16 benefits that would flow from the merger. From the  
17 transaction. I'm not sure -- I'm not sure I follow  
18 exactly what you're asking.

19 COMMISSIONER WHITE: I may not be sure what

20 I'm asking.

21 MR. GINSBERG: Probably everyone's  
22 definition of what's included within a relevant  
23 consideration of the public interest might be  
24 different.

25 CHAIRMAN MECHAM: Mr. Burnett?

1           MR. BURNETT: I would just concur with what  
2 Mr. Hunter has related. We would intend to reserve  
3 this issue until a subsequent time. We see no reason  
4 to argue it at this point.

5           CHAIRMAN MECHAM: Mr. Reeder, do you have a  
6 view on this standard?

7           MR. REEDER: It would seem there are a  
8 number of paths that could lead to the conclusion  
9 there is a net positive benefit. One of them could  
10 well be economic, traditionally looking at a  
11 financial test to see if there was financial benefit.

12          There may be evidence in this case and other  
13 cases to suggest there would be other reasons that it  
14 would be a net positive benefit other than a  
15 financial outcome.

16          So I would expect during the course of this  
17 hearing, the outcome will be whether or not there  
18 will be a net positive benefit. The paths to get to  
19 that conclusion may differ among those of us who

20 present evidence that there is or is not a net

21 positive benefit.

22 But I think at the end of the day, with that

23 standard net positive benefit, to measure whether or

24 not it's in the public interest, you've got the

25 correct standard. But I would expect to see

1 different paths to get to that conclusion.

2           COMMISSIONER WHITE: I have one question of  
3 the parties. Is it everyone's expectation that all  
4 of the issues in the issues list will be argued, or  
5 does any party have objections to any of the issues  
6 filed by other parties, believing that they're  
7 improper or irrelevant or something, and what's the  
8 best way to get at that problem?

9           MR. HUNTER: We do object to some of the  
10 issues. What we'd prefer to do, with your  
11 indulgence, is briefly attempt to group the issues  
12 that we find objectionable, explain to you why we  
13 find them objectionable, and perhaps make some  
14 suggestions.

15           CHAIRMAN MECHAM: Go ahead.

16           MR. HUNTER: There are a number of the  
17 issues that we don't think are relevant. But what  
18 we've attempted to do is limit our objections to the  
19 issues which would expand the scope of this case

20 beyond its legitimate bounds.

21       The first group is the public power, private

22 power issues. In the last merger proceeding, the

23 Commission stated that this case will not become a

24 battlefield for public versus private controversy.

25 We think without some Commission action, there's a

1 chance that that will happen this time.

2 Under that category, the issues raised by  
3 UAMPS -- for example, UAMPS has stated that this  
4 somehow is the ideal time in which the Commission  
5 should determine the pricing, timing, and other  
6 related issues vis-a-vis PacifiCorp facilities that  
7 serve customers in annexed areas.

8 We point out to the Commission, the  
9 Legislature has already determined the form in which  
10 those disputes will be resolved, the standard under  
11 which those decisions will be made, fair market  
12 value, and the analysis that has to be attempted each  
13 time that happens.

14 The courts in Strawberry and Logan have  
15 already said it's a case-by-case, fact-specific  
16 analysis in which you do a takings analysis. You  
17 determine what facilities were taken, what their  
18 value was. Under some circumstances, you may be able  
19 to get lost profits. Under most circumstances, you

20 probably will not.

21 But it is not an issue in which this

22 Commission could look at it without going through

23 that fact-specific analysis, which would take a long

24 time. Assuming the Commission had the jurisdiction.

25 So we suggest that that's not an appropriate issue

1 for this proceeding.

2 Similarly, UAMPS has raised issues about  
3 acquisition adjustments and reliability issues. We  
4 agree that both are legitimate issues for this  
5 proceeding in the context of their impact on retail  
6 customers over whom this Commission has jurisdiction.

7 And as you can tell from our testimony, we've  
8 addressed those issues. We've taken the position  
9 that acquisition adjustment will not be recovered  
10 from Utah customers. We've also taken the position  
11 that the liability standard should be adopted as a  
12 condition of this merger.

13 What we are concerned about is if that  
14 position was broadened to take into account the  
15 impact on municipal customers, UAMPS customers, or  
16 other customers inside or outside the state who were  
17 served at wholesale. We don't think that we can do  
18 anything useful before this Commission on those  
19 issues, and we don't think they should be before the

20 Commission.

21       DG&T has a similar issue. DG&T thinks this  
22 is the case in which the Commission should determine  
23 whether or not certificates should be transferred  
24 from the company to DG&T.

25       We also think that their procedures -- it's

1 clearly within the Commission's jurisdiction. But  
2 there are statutory and case law guidelines on how  
3 that's done. Also fact-specific.

4 Those should be done before the Commission in  
5 a case brought by DG&T in which they can meet the  
6 standards and provide the evidence that shows why  
7 those certificates should be transferred. It  
8 shouldn't be part of a merger proceeding.

9 In fact, based on an earlier meeting with  
10 DG&T, our perception is the reason it's being brought  
11 is they think it gives them leverage to get, as a  
12 condition of this merger, something they couldn't get  
13 otherwise. We don't think it's an appropriate issue  
14 that should be before the Commission in this case.

15 Issues raised by the Utah League of Cities  
16 and Towns that could fall under the rubric of  
17 municipalization. Also to the extent that  
18 self-determination involves issues that involve  
19 annexation, the valuation of property for the

20 purposes of acquisition by municipal power entities  
21 or entities that are thinking about becoming  
22 municipal power entities, to the extent that it  
23 involves issues that have been assigned to other  
24 forums for resolution, we don't think those issues  
25 are before the Commission.

1        We hasten to add, however, that the League  
2 has legitimate concerns that involve issues that  
3 should be before this Commission. We are involved in  
4 discussions with the League right now, have been for  
5 some time.

6        As a result of those, we have adopted certain  
7 positions that were advanced by the League. The  
8 reliability standards that are in our testimony, for  
9 example, are a result of some of those discussions.  
10 Those have been helpful.

11        To the extent the parties, the League and the  
12 company reach further agreement, we'll bring those to  
13 the Commission and present those to the Commission.  
14 But to the extent that municipalization, annexation,  
15 options, sole aggregation issues are involved in the  
16 League's issues statement, which isn't clear, then we  
17 think those aren't appropriate issues before the  
18 Commission.

19        The other broad category of issues is

20 deregulation. As the Commission knows, as well as we  
21 do, that issue is currently before the Legislature.  
22 We've had extensive hearings before this Commission.  
23 To the extent conclusions can be drawn, we've drawn  
24 them.

25       There is not a plan to proceed with

1 deregulation in the state of Utah. Deregulation  
2 should not be an issue before this Commission. There  
3 is nothing useful we can do on that subject. To the  
4 extent that parties have evidence to provide, they  
5 provide it at other forums and will continue to  
6 provide it in other forums. It simply expands the  
7 scope of this hearing beyond what it should be.

8       Then on the -- in the category of dogs and  
9 cats, one of the Division issues involves shareholder  
10 benefits. Since the shareholders are going to have a  
11 chance to vote on this transaction, and will  
12 determine whether or not, in their view, it's in the  
13 public interest, I don't think that's a useful issue  
14 before the Commission.

15       We point out in the last proceeding,  
16 shareholder issues were not adopted by the Commission  
17 as an issue. The Division provided testimony that  
18 looked at related issues, such as whether or not the  
19 merger adversely impacted the utility's ability to

20 raise capital. But shareholder issues have not in  
21 the past been adopted by this Commission as issues.

22       The several parties have raised a divestiture  
23 issue. We agree it's an appropriate issue before the  
24 Commission. We point out, though, that -- and we  
25 don't want to be in the position of arguing it --

1 that the Commission has rules already on divestiture  
2 of assets. We'll continue to be subject to those  
3 rules. So we assume that one can be relatively  
4 easily resolved.

5       There is -- several parties have raised  
6 special contracts issues. We believe it's an  
7 appropriate issue to decide whether or not prices  
8 will be adversely affected by the approval of the  
9 transaction.

10       We don't, however, want to get in the  
11 position where it turns into a rate design, special  
12 contract proceeding. The Commission's just issued an  
13 order in which those issues are going to be -- some  
14 of those issues will be dealt with in the context of  
15 a task force, as we think they should be dealt with  
16 there rather than before the Commission.

17       And then one relatively recent issue. DCED  
18 and BBED raised the issue involving Scottish Power's  
19 ownership of nuclear facilities and how the

20 liabilities associated with that would be handled.

21 Scottish Power owns nuclear facilities, so we don't

22 think that's an appropriate issue before the

23 Commission.

24 We think it would be helpful if, as a result

25 of these hearings or the additional hearings on April

1 2nd, if the Commission would issue an order giving us  
2 some guidance on the public power and deregulation  
3 issues, at least.

4 And also, if in that order they would give us  
5 some guidance on whose burden it is to pursue those  
6 issues. To the extent that the Commission decides  
7 some of those issues are appropriate issues before  
8 the Commission, they should specify who bears the  
9 burden.

10 Obviously, we think in the context of  
11 deregulation, for example, to the extent the  
12 Commission wanted to adopt that issue, that should be  
13 someone else's burden. To the extent they think  
14 deregulation is an appropriate issue, they should  
15 have the burden to show what that relevance is to  
16 this proceeding and how it should be handled.

17 Thank you.

18 CHAIRMAN MECHAM: Mr. Burnett?

19 MR. BURNETT: Thank you. I thought I'd

20 follow up on a couple of things. A couple of issues  
21 were raised by the Division, for example, their 1-B  
22 talks about will the proposed parent company meet all  
23 the traditional and legal financial requirements.  
24 For example, PacifiCorp in this particular  
25 situation is going to stay in place as the regulated

1 entity. It's really a stock issue. So we think  
2 issues like this, for example, aren't really relevant  
3 to the proceeding. And we don't think -- and we have  
4 not chosen to address each issue.

5 Obviously, we hadn't had this hearing before  
6 we filed our testimony. But our position is we filed  
7 the prima facie case showing positive benefits. And  
8 we don't necessarily think, of the hundreds of issues  
9 mentioned in here, that we should have to address  
10 each one.

11 Some of them are, in fact, discovery  
12 requests, and have been subsequently put into  
13 discovery requests. And we're happy to answer those,  
14 but we don't think, necessarily, that the proceeding  
15 should be drawn out to address each individual issue,  
16 and we don't think we have a burden, as Mr. Hunter  
17 mentioned, to disprove some of the issues which are  
18 raised by other parties.

19 For example, one of the Division's issues,

20 2-F, discusses whether or not -- what would be the  
21 effect if the Public Utility Holding Company Act was  
22 rescinded or was terminated?  
23       Again, issues similar to this, we shouldn't  
24 have to respond to. I mean, we have a hard enough  
25 time figuring out what the law is that we're

1 currently subject to, let alone speculating about  
2 what the impact of rescission of the Public Utility  
3 Holding Company Act may be.

4       There was a suggestion made by UAMPS that we  
5 spend some time, some of the Commission's valuable  
6 time, looking at and taking evidence on PacifiCorp's  
7 conformance and compliance with the prior merger  
8 conditions that happened in the '80s.

9       We don't think it's an efficient use of  
10 Commission time to focus on a case that happened over  
11 a decade ago. This is Scottish Power who's coming in  
12 and purchasing the stock. The focus of the  
13 Commission's time and the resources ought to be on  
14 this particular transaction and what happened here.

15       And PacifiCorp remains in place, and the  
16 conditions are what they are. We're not changing the  
17 Commission's jurisdiction over PacifiCorp; we're not  
18 changing PacifiCorp. It remains in place as the  
19 regulated entity. We don't think it's efficient use

20 of the Commission's time to focus on that. We think  
21 the focus should be on this particular transaction.

22       Again, I would just like to -- well, let me  
23 mention one more issue. A couple more issues,  
24 actually. DG&T's raised issues relating to Hunter II  
25 costs. Those are subject to contract.

1        Supporting what Mr. Hunter has said  
2 previously, we don't think that this hearing and this  
3 proceeding and this docket should go astray and lead  
4 off into roads that are nonproductive. And focusing  
5 on something that's covered by contract or focusing  
6 on something that's handled in the courts, outside  
7 the Commission's jurisdiction, we don't think would  
8 be a productive use of time.

9        Some folks have mentioned, like the Land and  
10 Water Fund, some environmental issues. We in our  
11 testimony have mentioned we're environmentally aware,  
12 we're interested in these issues, we have certainly  
13 an aggressive agenda to try to comply with  
14 environmental laws.

15        I would mention again and reiterate that  
16 PacifiCorp remains in place. It is -- it continues  
17 to be subject to all federal, state, and local  
18 environmental laws. And we don't necessarily think,  
19 other than what we have mentioned in our testimony,

20 that we need to spend the Commission's resources and  
21 hearing time arguing about what our policies are  
22 going to be on regional haze, for example, and those  
23 types of things.  
24       So -- and we don't necessarily intend to  
25 focus on, as I mentioned previously, a lot of

1 ancillary issues. Our focus is we put forth a prima  
2 facie case showing positive benefits of this merger.  
3 We think we ought to focus on that. Some things,  
4 obviously, we're not going to object to them.

5 Parties are able to bring them up. We don't think  
6 that they're necessarily relevant to the proceeding.

7 We should focus on those than be led astray.  
8 Otherwise, the proceeding will be drawn out, and  
9 we'll lose sight of our end goal.

10 With that, I will just submit it. Thank you.

11 CHAIRMAN MECHAM: Thank you. Mr. Ginsberg,  
12 did you have any comment on these issues?

13 MR. GINSBERG: Yes. I guess I'd like to  
14 start by reading to you a portion of the -- it's the  
15 November 3rd -- 20th, '87 order that issued in the  
16 PacifiCorp merger case that somewhat dealt with, I  
17 think, what we're doing here.

18 It said, with respect to consideration  
19 outside of our normal regulatory jurisdiction and

20 enforcement powers -- for example, the health of the  
21 coal mining industry, antitrust effects, etcetera --  
22 which nevertheless bear on the public interest,  
23 applicant bears no affirmative burden to demonstrate  
24 benefits or even an absence of harm. In those areas,  
25 other parties will carry the burden of demonstrating

1 either some benefit or some substantial harm by  
2 reason of the merger.

3 And maybe a lot of the broader issues that  
4 PacifiCorp brought up fall within that category.

5 The Division generally believes that this  
6 case should not turn into a proceeding of debating  
7 public versus private power, annexation issues,  
8 restructuring issues.

9 In the last merger case, even though public  
10 and private power issues existed at that time, the  
11 merger case did not focus on those issues. If those  
12 issues did exist, it seems that what -- the kind of  
13 ruling you made in the last merger case would apply  
14 to those, that somebody else would have to come  
15 forward and say what they are looking for and why it  
16 fits into this.

17 With respect to the issues the company raised  
18 relating to the Division's -- the one dealing with  
19 the shareholders was within the Division's statement

20 as 4-H. And it may be inartfully worded.

21 But in the last merger order, the Commission  
22 indicated, it says, the question to be answered by  
23 this Commission, as we have stated previously, is the  
24 extent to which merger benefits will accrue to the  
25 ratepayers, shareholders, employees, and generally to

1 the state of Utah. Is there a net positive benefit?

2 We included the shareholders, and maybe we  
3 included them a little too broadly in there. Because  
4 statutorily and for other reasons, the Commission  
5 needs to look at the financial health of the utility,  
6 not only today but the long-term financial health  
7 that will result as a result of this merger.

8 In the last case, the Division looked at the  
9 long-term financial forecast of the merged company  
10 and presented that type of evidence to the Commission  
11 which deals not only with the financial health the  
12 utility will have once they operate, Scottish Power,  
13 but also affects the long-term effect those benefits  
14 will have to whoever happens to be the shareholder,  
15 not only today but in the future.

16 So I don't think we met it within the sense  
17 of we understand the shareholders are voting, but  
18 more in the sense of the financial long-term and  
19 short-term benefits that are going to flow to

20 ratepayers and to the owners of the company.

21 The certificate issue that they raised, we

22 understand that the certificate is not transferring

23 in the technical sense, like it did in the PacifiCorp

24 case, but when the Commission listed certificates and

25 basic qualifications as being an issue in the last

1 case, they cited the Mountain Fuel proceeding which  
2 was the proceeding that related to the acquisition of  
3 Southern Utah. Docket 86-057-03. And that listed  
4 six factors which were to be considered in these type  
5 of proceedings.

6 And although we understood the certificate  
7 would not be transferred, the basic factors that go  
8 into whether a certificate would be issued or not  
9 issued we felt were relevant. The financial health,  
10 the effect that this may have on other suppliers, the  
11 effect it has on ratepayers.

12 We did not mean it in the technical sense of  
13 the certificate would be transferred to Scottish  
14 Power. The certificate would still remain in the  
15 name of PacifiCorp.

16 So those were the bases of the -- what would  
17 be included within our issue statement.

18 CHAIRMAN MECHAM: Okay. Mr. Tingey?

19 MR. TINGEY: Quickly, if I could.

20 CHAIRMAN MECHAM: Go ahead.

21 MR. TINGEY: And to be very quick, we are  
22 in general agreement with what Mr. Ginsberg said. So  
23 I won't repeat that.

24 Also, from what I've heard from Mr. Hunter,  
25 no specific issues of the Committee have been

1 challenged, with the possible exception of one of the  
2 topics that he brought up was about divestiture.  
3 Maybe that shouldn't be an issue, and we believe it  
4 should.

5 That the analysis in this case is going to be  
6 based on the company as it is, and if there are net  
7 positive benefits based on that company, we ought to  
8 make sure that company stays that company. So we  
9 believe that is an issue, that conditions may be  
10 necessary in that area.

11 The only other issue is this burden idea.  
12 And there have been discussions about whose burden it  
13 is. And I believe that everybody is in agreement, at  
14 least on the core issues, that the net positive  
15 benefits and the issues such as the Committee raised,  
16 that the burden is on the applicants to show those  
17 net positive benefits.

18 CHAIRMAN MECHAM: Thank you. How about a  
19 brief response from Mr. McNulty, Mr. Allred, if you

20 have one, and Mr. Crabtree, since your issues were  
21 squarely challenged?

22 MR. MCNULTY: Well, Commissioner, at the  
23 risk of being the redhead stepchild in these  
24 proceedings, as politically incorrect as that is, let  
25 me respond to what Mr. Hunter said.

1           But I have one question. And that is, as I  
2 understand PacifiCorp's position, they believe  
3 they're going to present a case that shows that there  
4 is positive benefit to this transaction. But they  
5 reserve the right to argue later that the standard  
6 really should be no harm.

7           I guess I have a general procedural question,  
8 and that is, which is it? Which is the law of the  
9 case, if you will, for these proceedings? Because I  
10 suspect that the standard is a bit different. UAMPS,  
11 for its part, will proceed as if the positive  
12 benefits standard is the law of the case.

13          But I want -- I guess I'd like it made clear  
14 in my mind, anyway, at some point, are we going to be  
15 finding ourselves arguing that the goal line changed  
16 somewhere along? If it does, I guess I'd like to  
17 know pretty quickly up front when that takes place.  
18 I raise that only as a procedural issue.

19          Responding to the specific concerns that Mr.

20 Hunter raised, it is not a UAMPS intention in any way  
21 to make this a public power versus a private power  
22 issue. I'm a bit confused. If that is suggested or  
23 stated in our intervention, that is a draftsman  
24 error, and I take responsibility for that. We never  
25 intended this to be a public power versus private

1 power issue, and I'm confused where that is in our

2 Statement of Issues.

3       Having said that, the annexation question of  
4 whether this is the appropriate forum to discuss fair  
5 market value for properties that may or may not need  
6 to be condemned within annexed areas, I am heartened  
7 to hear PacifiCorp acknowledges that the Logan case  
8 and the Strawberry case seem to establish how you go  
9 about and what the value -- the process is for  
10 condemning, and that it is fair market value.

11       We were simply seeking an analysis process  
12 that would prevent, if you will, the constant need to  
13 litigate on a piecemeal basis rather small -- small  
14 from certainly PacifiCorp and Scottish Power's  
15 standards -- small issues. A distribution line that  
16 might support four or five customers. A distribution  
17 line that might support 30 customers.

18       It, quite frankly, is impossible to get  
19 negotiations moving forward with the company, and

20 then to establish a protocol for those negotiations,

21 and then to arrive at a fair market value.

22 Litigation is always the result.

23 I suggest to you that that is expensive, not

24 only to UAMPS customers but to PacifiCorp customers

25 in the end, and to the shareholders.

1        We were simply seeking some guidance from the  
2 Commission identifying how pricing or timing or other  
3 issues ought to be addressed by a new merged entity  
4 when, clearly, they're operating within annexed areas  
5 and cities or attempting to condemn within those  
6 areas. We're not talking about large areas, we're  
7 talking about relatively small portions.

8        As to the acquisition adjustment, I called it  
9 an acquisition premium. I'm obliged that is not  
10 going to be passed along.

11       As to the divestiture question, which I guess  
12 we have raised as well, it is our position under your  
13 statutory grant of authority that you have wide  
14 authority, a great deal of authority. And as we  
15 noted in our Statement of Issues, we think it runs  
16 beyond the geographic boundaries of the state of  
17 Utah.

18       Now, it does that because PacifiCorp is  
19 currently a vertically-integrated utility. You can

20 order something here in the state of Utah that may

21 require a fix outside with transmission or

22 generation, that may require a fix secondarily

23 outside of your -- of our geographic boundaries.

24 That's a powerful tool.

25 And we wanted to make sure that there's not a

1 great deal of divestiture at the end of the day, or  
2 if there is going to be divestiture, we want you to  
3 put some initial rules in the order about divestiture  
4 so you don't lose that rather grand authority that  
5 you currently have. Because it is a  
6 vertically-integrated utility.

7 I agree that, in fact, there are rules, there  
8 are statutes about the process of how you divest the  
9 properties of the utility. It's clear.

10 What we suggest, if you do it on a piecemeal  
11 basis without ever -- next year, three years from  
12 now -- without ever having entered an order now, you  
13 sort of have what I guess the politicians talk about  
14 as mission creep. You never have the full look at  
15 the issue that you have before you now. Because  
16 you're only talking about small pieces or small  
17 portions of a company. But if you establish the rule  
18 now, you avoid the mission creep, if you will.

19 Finally, as to the question of whether --

20 what happens. The questions we raised about what  
21 happens with the merger, the 10-year-old merger now.

22 We believe that we can learn a great deal by  
23 going back and reviewing the sort of issues that were  
24 raised in 1989. Promises that were then made, and  
25 whether those promises were fulfilled.

1        Now, Mr. Burnett is quite correct. This is  
2 Scottish Power. This is not -- this is a different  
3 entity. The fact remains, we will end up with many  
4 of the same bases, many of the same people in  
5 positions of authority and positions that impact  
6 whether promises have been kept at the end of a  
7 merger between Scottish Power and PacifiCorp.

8        So ability, willingness to follow through on  
9 promises made 10 years ago, does have an impact on  
10 ability, will, to follow through on promises made at  
11 this juncture.

12        We would submit it at that. Unless you have  
13 questions for me.

14        CHAIRMAN MECHAM: Not at the moment, thank  
15 you. Mr. Allred?

16        MR. ALLRED: Yes. I'd like to respond to  
17 comments of both Mr. Hunter and Mr. Ginsberg. Mr.  
18 Hunter raised the issue of municipalization. Perhaps  
19 rather than take issue with his comment, I'll simply

20 clarify it from our position.

21       It is correct to say that early on in our  
22 analysis of where we were going to be in this  
23 application, we discussed the possibility of  
24 municipalization.

25       After rather extended discussions with the

1 applicants, we concluded that there was a likelihood  
2 that municipalization as we viewed it may have some  
3 negative impacts on the ultimate merger itself. And  
4 have at least tentatively concluded that the merger,  
5 in light of our other requests and issues, probably  
6 is a better thing to happen than not.

7       Having said that, I want to make it clear  
8 that what we have and still seek to do through  
9 discussions that Mr. Hunter mentioned is to seek some  
10 of the benefits of municipalization without the  
11 actual transfer of ownership that is implicit in  
12 municipalization.

13       And we think that is possible. We think it  
14 is possible in a form extraneous to these  
15 proceedings, but hopefully will be folded in at such  
16 time as there was concurrence. We are proceeding to  
17 do that. We've had meetings, will continue to have  
18 meetings, and I am optimistic that that can take  
19 place.

20        Having said that, I wouldn't want to suggest  
21 that if Utah League of Cities and Towns does not have  
22 the benefits that they intend to from this, it  
23 certainly should not be surmised that we would not  
24 pursue the other alternative of municipalization.

25        The issues Mr. Ginsberg raised I think on

1 their face may appear to be matters that are outside  
2 of the merger. But let me suggest that 54-4-25  
3 suggests that certificates of convenience are, in  
4 fact, dependent upon franchise agreements or other  
5 consents being given by local entities.

6 I think it is very important for the merged  
7 company to understand what its service area will be  
8 and what its conditions will be.

9 That being the case, we think that this  
10 process provides a forum for an orderly and timely  
11 development of some of those issues that are  
12 franchise oriented, yet dependent upon the issuance  
13 of a certificate of convenience.

14 We believe the issues that have been  
15 presented are not only important issues to the Utah  
16 League of Cities and Towns but important issues to  
17 the orderly and timely development of any merger  
18 proposal.

19 CHAIRMAN MECHAM: Thank you. Mr. Crabtree?

20 MR. CRABTREE: Very briefly. I guess, as  
21 PacifiCorp expressed its objections, if you will, to  
22 the issues raised, as far as Deseret's issues are  
23 concerned, I heard two specific references.  
24 One I think is simply a misreading of the  
25 issues we intended to raise. It's not Deseret's

1 intention to bring in this proceeding any sort of  
2 specific request for an extrinsic transfer of  
3 certificate as to any particular piece of the  
4 testimonies involved.

5       It is, however, our contention that a truly  
6 full and adequate exposition of the public interest  
7 impacts of this merger cannot be accomplished without  
8 a careful consideration of possible disparate impacts  
9 that the merger might have in the rural areas,  
10 especially those areas where Deseret and its members  
11 share resources with PacifiCorp or where the service  
12 areas are so intertwined geographically that they  
13 really are sort of a spotted pattern of the same  
14 strategic areas.

15       I think those disparate impacts are or may be  
16 close issues as to the net positive benefits, if any,  
17 that may be derived from the merger. Those close  
18 issues may be resolved or mitigated, ameliorated,  
19 through appropriate value and conditions placed on  
20 the applicant -- the application.

21       And in our view, it would be premature and  
22 improper to foreclose the possibility of perhaps  
23 ameliorating or resolving some of those close issues  
24 by looking at resolving disparate impacts through  
25 adjustments to certificated areas, if that's one

1 possible approach. It just simply isn't our intent  
2 to make it the focus of this proceeding. It won't  
3 extend or protract the proceeding in any way.

4 As to the Hunter II issues, there are certain  
5 issues governed by contract in respect to the Hunter  
6 II cost issues. But there are also issues that will  
7 be simply impacted by virtue of the merger.

8 Deseret picks up and absorbs G&A expenses and  
9 other costs that would be associated and affected by  
10 this merger. How those costs would be affected, and  
11 in so affecting those costs how they'll be passed on  
12 to the ultimate consumer in rural Utah, is very  
13 appropriate for this Commission's consideration in  
14 the context of this merger.

15 That's not to say that there aren't  
16 additional contract issues, which there very well may  
17 be. But it just is simply too broad a statement to  
18 exclude entirely those types of cost considerations  
19 and cost impacts of the merger on those costs.

20 Thanks.

21 CHAIRMAN MECHAM: Thank you. Mr. Dodge or

22 Mr. Reeder, both of you suggested an issue we might

23 take up is the impact of the merger on restructuring.

24 That's been challenged. Either one of you can

25 respond.

1           MR. REEDER: Let me address it initially.

2 First, from the 30,000-foot view, this transaction is  
3 a transaction of some potential significant  
4 consequence. We're going to have new management,  
5 we're going to have management that's going to come  
6 from an arena where competition exists today, we're  
7 going to have management that exists in an  
8 environment maybe better, maybe not, than the  
9 environment we exist in today.

10          Our job, as we see it, is to anticipate where  
11 the changes might occur and ensure those changes are  
12 for the better, not for the worse.

13          Our ability to foresee what those changes  
14 will be and what the consequences of them might be,  
15 given the enormity of the potential change, is fairly  
16 limited. None of us have very good foresight.

17          So I would encourage you to keep the inquiry  
18 as broad as you possibly can so that we might  
19 hopefully discover in a broad inquiry where, if there

20 are issues that will adversely affect us, those  
21 issues might be, and we can guard against them in  
22 this transaction in some way.

23 Scottish Power comes from a competitive  
24 arena. And they existed in that competitive arena,  
25 and their behavior in that competitive arena I think

1 is an important question as we talk about our path  
2 forward.

3 I think we all believe that at some point, we  
4 may disagree about how long, but at some point, there  
5 will be a change in the way electricity is marketed.

6 The behavior of the persons who are going to  
7 be in charge of this entity ought to add a net  
8 positive benefit in the movement forward to that  
9 competition, not reflect a step back or steps back.

10 Competition exists at some levels today.  
11 Competition between the municipals you've heard about  
12 here for a few minutes. Competition within the  
13 municipals, competition with self-generation.  
14 Competition is there.

15 I think it's a fair inquiry that needs to be  
16 a subject of consideration by the Commission about  
17 whether or not this transaction adversely affects  
18 that.

19 I don't think anyone is going to argue they

20 ought to be compelled to divest the generation into  
21 bundles so that we can solve the horizontal market  
22 power problem that exists from the concentration and  
23 generation, nor do I think we're going to argue the  
24 HHI index has increased, that the concentration in  
25 the market is so increased that action ought to

1 occur.

2 But we all know that FERC is going to put its  
3 competitive glasses on this merger and ask what it  
4 can do in this merger to further competition. I  
5 think that would be a fair inquiry for this  
6 Commission so that after the FERC order, we don't  
7 have to go back and look again and say, how are we  
8 going to respond to FERC's aggressive competitive  
9 activities such as they may be in this case?

10 CHAIRMAN MECHAM: Thank you. Mr. Dodge?

11 MR. DODGE: Mr. Chairman, I'd like to  
12 respond. Your task in this case statutorily is to  
13 look at pluses and minuses and ultimately take the  
14 state's public interest into account and decide  
15 whether this is a good thing.

16 In doing that, the only thing that should  
17 disqualify an issue, if you will, is if there's no  
18 nexus to the merger. The burden of anyone raising an  
19 issue should be to show that the issue they're

20 raising is somehow impacted by the merger.  
21 The merger affects deregulation or  
22 competition or it affects special contracts or it  
23 affects municipalization or any other issue. Here's  
24 the effect, and here's why we think there's an  
25 effect.

1           And you as Commissioners ought to take into  
2 account whether that's a negative or positive and how  
3 it weighs in the ultimate scheme of things. To  
4 broadly eliminate categories I think would be  
5 shunning your obligation to look at all issues in the  
6 public interest.

7           Again, I think all parties should be more  
8 than happy to assume the obligation to convince you  
9 there is a nexus between the issue they raise and the  
10 merger. Then you should consider and give it  
11 whatever weight that it deserves. Thank you.

12           CHAIRMAN MECHAM: Thank you. Are there  
13 other brief statements that any of the parties would  
14 like to make with respect to the issues?

15           MR. MOQUIN: Yes. I agree with the nexus  
16 analysis. And I think that if you looked at the  
17 testimony filed by Scottish Power and PacifiCorp,  
18 they have made the environment a very important  
19 issue.

20 I wanted to make -- clarify that that should  
21 be considered a core issue, if we're going to place  
22 the burden on non-core issues on the party raising  
23 them.

24 CHAIRMAN MECHAM: Thank you, Mr. Moquin.

25 Ms. Walker?

1 MS. WALKER: Scottish Power suggested that  
2 the environmental concerns raised by the LAW Fund  
3 were somehow covered, because state and federal law  
4 applies. But actually, most of the issues we raised  
5 are directly relevant to a determination of the  
6 public interest. And they're not governed by state  
7 and federal law, environmental laws.

8 Because, for example, we are encouraging a  
9 choice for the customer to choose green or offer  
10 green power, something not governed by state and  
11 federal law.

12 So the idea that somehow our concerns are  
13 irrelevant, because of course PacifiCorp is going to  
14 comply with the law, isn't really a valid argument  
15 against dealing with these issues.

16 CHAIRMAN MECHAM: Thank you. Others? Mr.  
17 Hunter?

18 MR. HUNTER: Just a brief response. Using  
19 the nexus analysis of what's an appropriate issue

20 before the Commission, there literally could be  
21 anything. I have no doubt that people have the  
22 creativity to come up with many ways in which the  
23 merger can affect every interest they have in common.  
24 The parties know the Commission can grant the  
25 Commission jurisdiction it doesn't have. For

1 example, the annexation of property values, the  
2 courts have determined that will be done in a  
3 different context. Bringing that into the merger, as  
4 you've gotten a flavor from Mr. McNulty and I, is  
5 going to broaden the proceedings.

6 It's going to result in a lot of testimony,  
7 if you potentially do it, where both parties have  
8 different economic interests about whether or not  
9 it's appropriate to sell utility property and at what  
10 price. It's a very contentious issue. It will  
11 continue to be a contentious issue.

12 Scottish Power, and I'll let their counsel  
13 speak, has taken the position this is not a  
14 proceeding and this is not a case and this is not a  
15 transaction in which they're buying PacifiCorp in  
16 order to turn around and sell it or transfer it to  
17 another entity. That's not the purpose of this case.  
18 That's not an appropriate issue before this  
19 Commission.

20 Mr. Crabtree started out by saying they had  
21 no intention of suggesting certificates would  
22 transfer as a result of this case; then at the end,  
23 he talks about imposing as a condition, if  
24 appropriate, transfer of certificates. Once again,  
25 that's not an issue before this proceeding.

1           To the extent there are rural reliability  
2 issues, those are, of course, appropriate issues  
3 before this Commission, should be dealt with, and the  
4 Commission should make a determination whether or not  
5 the proposed transaction adversely affects them or  
6 not.

7           But once again, delving into whether or not  
8 property should be transferred to another public  
9 utility as a result of this proceeding would turn  
10 this into a very contentious, very long proceeding,  
11 without providing any benefits.

12          The deregulation issue. Competition in Utah  
13 is going to occur in accordance with the  
14 Legislature's desires and, potentially, the federal  
15 government's desires. It's not going to be  
16 determined in this proceeding. It's not an issue  
17 worthy of the Commission's attention in this  
18 proceeding. And it will have no impact on the  
19 ultimate result of those discussions.

20       The Hunter II issues -- and I address them  
21 only for the purpose of making a distinction. This  
22 is not a case in which the company's rates will be  
23 determined. This isn't a case in which the rate  
24 treatment of any of the merger expenses will be  
25 determined.

1           You're not going to determine in this case  
2 how allocation will be done, you're not going to  
3 determine in this case a lot of issues that will be  
4 reserved for a future appropriate proceeding.

5           Under those circumstances, it seems  
6 relatively silly to argue that Hunter II, a matter  
7 that's resolved by contract, could be an appropriate  
8 issue in this proceeding based on ratemaking  
9 treatment of merger costs which will not be  
10 determined in this proceeding.

11          To the extent there will be an impact on  
12 rates as a result of this Commission's determinations  
13 about O&M allocations, that will be done at a  
14 different time. This isn't a rate case, shouldn't be  
15 turned into one. Thank you.

16          CHAIRMAN MECHAM: Anything further?

17          MR. BURNETT: I wanted to take issue with  
18 something Mr. McNulty said about redheaded people.

19          (Laughter.)

20 MR. BURNETT: Anyhow, let me follow up on a  
21 couple of things that Tim Hunter had discussed and  
22 were mentioned by the other parties.

23 First of all, on divestiture, as that's  
24 characterized as deregulation, we don't think that's  
25 appropriate or relevant. We've stated Scottish Power

1 has no plans to come in and sell off the assets of  
2 the utility. Scottish Power wants to run the  
3 utility, is interested in its assets, and so we have  
4 no plans to come in and divest ourselves of assets of  
5 PacifiCorp. Like selling off all the generation  
6 units, for example.

7 In regards to the Land and Water Fund, we  
8 have had discussions with them. We want to -- we  
9 think that those have been fruitful. We want to  
10 reiterate, they're an important player, and these  
11 issues are important issues for the Commission.

12 What we don't want to have happen is to spend  
13 a significant amount of time, hearing time, talking  
14 about regional haze, the risk of CO2 controls,  
15 etcetera, in the hearing.

16 We are good environmental stewards, we have a  
17 good environmental track record, and we think we put  
18 forth a prima facie case that talks about  
19 environmental issues. We don't necessarily intend to

20 spend a lot more time in our testimony discussing  
21 those particular issues, unless the Commission  
22 desires. But we would recommend that our hearing  
23 time would be better spent doing something else.  
24       In Mr. Richardson's testimony that we filed  
25 last Friday, in regards -- in reference to

1 deregulation or competition, basically he says we are  
2 prepared to contribute to the debate with the benefit  
3 of our experience, and if the policymakers decide to  
4 open up electricity markets, we intend to be a  
5 quality provider of competitive services.

6       So we don't -- but we don't come in with a  
7 banner saying we must deregulate. We're here to  
8 contribute to that discussion if the Commission  
9 desires, but we don't think this is the forum to talk  
10 about competition and deregulation. Thank you.

11       CHAIRMAN MECHAM: Anything further?

12       MR. MCNULTY: I have a question whether Mr.  
13 Burnett has standing to talk about the redheaded  
14 issue, but I'll have to take that up with him.

15       CHAIRMAN MECHAM: It's not as red as it  
16 used to be.

17       MR. BURNETT: It's getting more gray all  
18 the time.

19       (Laughter.)

20 MR. BURNETT: When I started doing this, I

21 was considered to be a redhead, long ago.

22 CHAIRMAN MECHAM: Off the record just a

23 minute.

24 (Whereupon a recess was taken.)

25 CHAIRMAN MECHAM: Back on the record. If

1 there's nothing further, we will, as a Commission,  
2 meet together and make certain preliminary decisions  
3 to give guidance. We'll keep it open enough,  
4 however, if the Committee has additional issues you  
5 need to raise on April 2nd, we'll entertain them.

6 Do we need to do anything further this  
7 morning?

8 MR. DODGE: Mr. Chairman, one issue. Is  
9 the invitation to raise additional issues limited to  
10 the Committee? I think the order actually said that,  
11 but that isn't what I had understood had been agreed  
12 to. I thought it was other parties who were hiring  
13 consultants also could identify other issues.

14 MR. HUNTER: We went through the transcript  
15 of the proceeding before we submitted the order, and  
16 I apologize, I should have submitted the order to you  
17 so you had a chance to look at it.

18 In the transcript, the purpose of having the  
19 additional proceeding was specifically because the

20 Committee, as a named entity, was going to hire a  
21 consultant. And as a result of that, needed some  
22 additional time. So at least in the transcript, it  
23 was limited to the Committee.

24 MR. DODGE: In the meeting back there, the  
25 informal meeting where we set the schedule, I

1 specifically said, "We're hiring a consultant too, we  
2 may have issues." I assumed that would apply to us.

3 MR. HUNTER: I apologize. I didn't hear or  
4 understand that.

5 CHAIRMAN MECHAM: If your consultant comes  
6 up with additional issues, we'll entertain them. The  
7 sooner the better, of course, so that we can be  
8 prepared for the 2nd.

9 MR. DODGE: Thank you.

10 CHAIRMAN MECHAM: All right. If there's  
11 nothing further, we'll adjourn.

12 (Whereupon the proceedings were  
13 adjourned at 10:50 a.m.)

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1 STATE OF UTAH )  
 ) SS.  
2 COUNTY OF SALT LAKE )

3

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4 Registered Professional Reporter and Notary Public  
5 in and for the State of Utah do hereby certify:

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17 19\_\_\_\_.

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MARY D. QUINN CSR, RPR

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My Commission Expires 1/5/2002

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