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-BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH-

In the matter of the Application of)	DOCKET NO. 98-2035-04
PACIFICORP and SCOTTISH POWER PLC)	
for an Order Approving the Issuance of)	COMMITTEE OF CONSUMER
PACIFICORP Common Stock)	SERVICES' STATEMENT OF
)	ADDITIONAL ISSUES

Pursuant to the Commission's Order in this docket, the Committee of Consumer Services (the "Committee") submits this statement identifying additional issues to be considered in this matter.

Since filing of the parties' original issues lists, the Committee, and its recently retained consultants, have had the opportunity to analyze the direct testimony of the Applicants, and pursued a fair amount of discovery, and have met with representatives of the Applicants. Based on these steps the Committee and its consultants believe that at least two additional issues need to be raised: (1) the adequacy of the Applicants' initial filing; and (2) the proper burden of proof in this matter.

The Applicants' initial filing is almost completely devoid of any analysis of the magnitude of the alleged benefits and costs. Only two items are quantified: \$55 million in additional costs for customer service and system improvements over five years, and \$10 million

in corporate management savings. The \$55 million in additional costs was also proffered without any cost/benefit analysis, and ScottishPower has indicated that it cannot produce any plans as to how the \$55 million will be spent. That does not appear to be a net positive benefit. The Applicants have alleged that there will be other benefits and cost reductions, but have failed to quantify or analyze those alleged benefits and savings in any way. In response to numerous data requests on these subjects, the Applicants (primarily Scottish Power) have stated that they have not done the requested cost/benefit analysis, or do not have access to the data required to do the analysis.¹ The Applicants have therefore failed to quantify merger benefits in any meaningful way.

The repercussions of the deficiencies in the Applicants' filings are serious. First, if not corrected, the burden of proof may inappropriately switch to those parties examining the merits of the proposed merger. The Applicants have the burden to show net positive benefits, but if the deficient filings and lack of substantive responses to data requests are not remedied, the other parties will essentially be forced to disprove the unsupported assertions of the Applicants. That is not proper. Second, the parties are left without the ability to analyze this merger application to determine if it will produce net positive benefits. In the case of the Committee, it is seriously hampered and perhaps prohibited from doing its statutory duty to represent the interests of the

¹ For example, discovery requests regarding total costs of the merger (CCS 3.6), effect on PacifiCorp's bond rating and access to capital markets (CCS 3.3, 3.4), power supply changes (CCS 4.15, 4.16), compensation issues (CCS 4.13), transition plans (CCS 4.11, 4.12), manpower changes (CCS 4.9), and customer service technology implementation and costs (CCS 7.2, 7.4), all received responses indicating that no analysis had been done or could be done, and would not be done until after the merger. Perhaps the best example is CCS 3.12, seeking quantification of merger-related changes on PacifiCorp's annual, total budget for domestic (regulated) electric operations. A copy of the response, which states that it is not possible to quantify merger-related changes, is attached hereto as Exhibit "A".

majority of PacifiCorp's residential and small business customers in Utah.

It is the Committee's understanding that the Scheduling Order in this matter allows the Applicants to remedy deficiencies in their initial testimony by filing additional testimony on April 14, 1999. The Committee requests that the Commission direct the Applicants to file testimony containing concrete cost/benefit analysis of all costs and benefits the Applicants claim will result from this merger. The Committee also requests direction to the Applicants to provide substantive responses, including cost/benefit analysis when appropriate, to data requests dealing with issues identified in this matter.

If the Applicants can remedy the deficiencies in their initial filing, the following additional issue should also be addressed: For each of the benefits claimed, why could those benefits not be obtained through actions other than the merger? That is, the Applicants should demonstrate in detail, and with concrete numerical analysis, whether some or all of the alleged benefits could be achieved by means other than the merger.

Dated this 31st day of March, 1999.

Douglas C. Tingey
Assistant Attorney General
Committee of Consumer Services

CERTIFICATE OF SERVICE

I hereby certify that on this 31st day of March, 1999, I caused to be mailed first class, postage prepaid, a true and correct copy of the foregoing Committee of Consumer Services Statement of Additional Issues.

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