

-BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH-

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

The Committee of Consumer Services (Committee) now files its response to the Applicants' Issues Memorandum (Memorandum) submitted to the Utah Public Service Commission (Commission) on 12 April, 1999.

DATED this 29th day of April, 1999.

By _____
Dan Gimble
Energy Group Manager
Committee of Consumer Services

Based on our review of the Applicants' Memorandum, the Applicants largely concur that the issues raised by the Committee are "core" issues for consideration in this proceeding. The Applicants carry the burden of proof on these core issues. However, there are various issues raised by parties where the Applicants propose to shift the burden of proof. In addition, there appears to be some confusion on the part of the Applicants relating to environmental concerns raised by the Committee. We comment on those issues below.

1. Fair Market Value of PacifiCorp's Facilities (Memorandum, pg. 6)

Emery County raises a potentially significant issue relating to the impact of the merger on property tax levels. Specifically, there is the distinct possibility that the premium (i.e., acquisition adjustment) paid by ScottishPower in acquiring PacifiCorp assets may increase property valuations and, in turn, property taxes. The Applicants surely have the burden to show that the premium associated with this transaction will not have a detrimental effect on Utah ratepayers. The Committee recommends that this issue be included in the core category.

2. Work Force/Local Control/Economic Development/Coal Company (Memorandum, pg. 6-7)

What this issue boils down to is the impact of the merger on the Utah economy. The level of electricity rates, reliability and quality of service are clearly important factors underlying a vibrant Utah economy. In particular, the further erosion of local control may have a profound impact on rate and service quality levels. The Committee strongly urges the Commission to include the issue of local control in the core category.

3. Environmental Issues (Memorandum, pg. 7)

The Applicants indicate that the Committee has raised major environmental issues

in this proceeding (regional haze, carbon emissions, etc.). A review of the Committee's issues list confirms that is simply not the case. We are chiefly concerned with ScottishPower's environmental track record in the U.K. and the potential implications for Utah ratepayers.

4. Discovery (Memorandum, pg. 10)

The Applicants have alleged that certain parties (singling out the Committee and Emery County) have included what amounts to discovery questions as part of their issues lists. The Applicants assert that these "discovery questions" are not issues for which the Applicants carry the burden of proof. Moreover, the Applicants fail to identify those issues which they construe as discovery.

The Committee believes that the vast majority of the issues we have raised for consideration are relevant to a proper examination of this proposed merger. For example, within the general category of financial issues we have raised specific issues such as cost-of-capital impacts, access to capital markets, tax effects, currency exchange impacts, financial and business risks, and so forth. With the exception of issues pertaining to electric restructuring (see Committee Issues List, Issue #10), we strongly recommend that the Commission include all remaining issues raised by the Committee in the core category.

CERTIFICATE OF SERVICE

I hereby certify that on this 29th day of April, 1999, I caused to be mailed first class, postage prepaid, a true and correct copy of the foregoing Response of the Committee of Consumer Services to the Applicants' Issues Memorandum.

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