

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of)
PacifiCorp and Scottish Power plc for an) Docket No. 98-2035-04
Order Approving the Issuance of) Stipulation and Settlement of Issues Related
PacifiCorp Common Stock) to Low-Income Customers

This Stipulation (“Stipulation”) is entered into among PacifiCorp, Scottish Power plc, Crossroads Urban Center (“Crossroads”), and Salt Lake Community Action Program (“CAP”) (together, the “Parties”).

The purpose of this Stipulation is to resolve all issues in this Docket relating to the impact of the merger of PacifiCorp and ScottishPower plc on low-income customers. PacifiCorp and ScottishPower have publicly committed to funding certain kinds of programs on a system-wide basis, as set out in direct testimony of Mr. Jack Kelly filed on February 26, 1999. In this Stipulation, ScottishPower and PacifiCorp agree to actions specifically applicable to the Utah jurisdiction in respect of those testimony commitments, as a negotiated resolution of issues between the parties.

1. Terms of Stipulation

The terms and conditions of this Stipulation are set forth below. Upon acceptance of these terms and conditions by PacifiCorp/ScottishPower, CAP and Crossroads will, as soon as possible within the procedural limits of this Docket, recommend that the Commission approve the Application in this docket, in so far as low income issues are concerned and shall not adversely comment on any other issue in this Docket. CAP and Crossroads will include this

recommendation in its prefiled direct testimony and will support its recommendation in this Docket.

2. Background

In Utah PSC Docket No. 97-035-01, CAP and Crossroads proposed implementation of a lifeline rate for certain low-income customers and asked that the Utah Public Service Commission institute a Docket to address other issues related to low-income customers of PacifiCorp. In its Order, the Commission established a Low-Income Task Force to address a number of issues related to problems of low-income customers. The Commission also concluded that it had the authority to adopt a lifeline rate and identified four criteria that a lifeline rate would have to meet to satisfy the Commission that it was in the public interest. In addressing each of the four criteria, the Commission observed that there was no evidence that the proposed lifeline rate was not in the public interest and concluded that “a lifeline rate may be in the public interest.” However, it had several unanswered questions that were referred to the Low-Income Task Force to provide recommendations to the Commission.

3. Lifeline Rate

As a participant on the Utah Low-Income Task Force, PacifiCorp will support the implementation of a lifeline rate in the Utah jurisdiction, either the rate proposed by Crossroads and CAP in Utah PSC Docket No. 97-035-01, or some appropriate rate agreed by the parties, to be funded by ratepayers. PacifiCorp will also support extension of the lifeline rate in Utah to provide an additional discount to disabled and other vulnerable customers, both in the Utah Low-Income Task Force and any future Utah PSC docket in which such an extension is introduced.

ScottishPower shall support PacifiCorp in these regards.

4. Low-Income Task Force

PacifiCorp will be an active participant in the Utah Low-Income Task Force to seek means of initiating appropriate programs that will make electric utility service more affordable for low-income customers in Utah. ScottishPower shall support PacifiCorp in this regard.

5. Low Income Programs

PacifiCorp/ScottishPower are committed to working with the appropriate partners to identify innovative, cost-effective programs that provide sustained benefit to low income customers through decreasing energy usage and improving their ability to pay current and past electric bills.

To this end, PacifiCorp, supported by ScottishPower, will work with the Task Force to identify programs that incorporate a range of measures including:

Energy Efficiency Advice

Budget management & Debt Counseling plus

Implementation of energy efficiency measures

The objective of PacifiCorp/ScottishPower, is to deliver real benefit (i.e. reducing the energy used; increasing comfort; lowering the total cost of energy and/or reducing debt burden) to Low Income and other vulnerable customers by accomplishing the following to the extent practicable:

Helping to stimulate the provision of cost-effective programs.

Identifying the objectives of each program and how achievement of objectives can be measured

Identifying the customer groups who will benefit from each individual program.

Identifying possible sources of funding which can provide additional leverage.

Identifying the most effective method of funding, managing and delivering each program.

Establishing pilot projects to prove the effectiveness of appropriate programs.

Identifying the data required to confirm the effectiveness of pilot programs and whether they should be rolled out.

Provided the appropriate programs can be identified, developed and financially structured to ensure they are cost-effective and meet all regulatory and business requirements, PacifiCorp/ScottishPower will make additional funds available. This commitment of additional funding will be shareholder's funds to the value of \$300,000 per annum in Utah for three years after approval of the merger, over and above what was spent on similar programs in the State of Utah in 1998. After this 3 year period this funding shall be subject to review by the parties. All parties will use their reasonable endeavors to work together and identify appropriate programs for this funding as set out in this paragraph.

6. General Terms and Conditions

a. The Parties agree that this Stipulation represents a compromise in the positions of the Parties. As such, evidence or conduct or statements made in the negotiation and discussion phases of this Stipulation shall not be admissible as evidence in any proceeding before the Commission or a court. All negotiations relating to this Stipulation are privileged and confidential.

b. The Parties have negotiated this Stipulation as an integrated document. Accordingly, the parties recommend that the Commission adopt the Stipulation in its entirety.

c. The Parties shall cooperate in submitting this Stipulation promptly to the Commission for acceptance, and shall support adoption of the Stipulation in prefiled testimony

submitted in this proceeding. If a hearing is scheduled for presentation of the Stipulation, each Party shall make available a witness in support of the Stipulation. At which time other parties to the proceeding would have an opportunity to cross-examine such witness. In the event the Commission rejects all or any material portion of this Stipulation or imposes additional material conditions in approving the Application, each Party reserves the right, upon written notice to the Commission and all parties to the proceeding within 15 days of the date of the Commission's Order, to withdraw from this Stipulation. In such case, no Party to this Stipulation shall be bound or prejudiced by the terms of this Stipulation and each Party shall be entitled to seek reconsideration of the Commission Order, file any testimony it chooses, to cross-examine witnesses and in general to put on such case as it deems appropriate.

d. The Parties agree that this Stipulation is in the public interest and that all of its terms and conditions are fair, just and reasonable.

e. No Party shall be bound by any position asserted in the negotiations, except to the extent expressly stated in this Stipulation. Execution of this Stipulation shall not be deemed to constitute an acknowledgment by any Party of the validity or invalidity of any particular method, theory or principle of regulation, and no Party shall be deemed to have agreed that any method, theory or principle of regulation employed in arriving at this Stipulation is appropriate for resolving any issue in any other proceeding. No findings of fact or conclusions of law other than those stated herein shall be deemed to be implicit in this Stipulation.

Dated: June _____, 1999

Community Action Program

Its: _____

PacifiCorp

By: _____

By: _____

Its: _____

Crossroads Urban Center

By: _____

Its: _____

Scottish Power plc

By: _____

Its: _____