Q: Please state your name, occupation and background.

A: Blaine A Newman. I am Business Manager/Financial Secretary for the International Brotherhood of Electrical Workers, Local 57 (Local, herein), located in Salt Lake City, Utah. I have held this position for about 22 years. Previous to that, I was a journeyman lineman for Utah Power and Light for approximately 10 years.

Q: What are your responsibilities for the Local?

A: I manage the affairs of the Local. The Local represents approximately 1,900 employees of PacifiCorp (Company, herein). These employees work in commercial and power operations of the Company. The Local does not represent supervisors and managers. The Local is interested in obtaining and maintaining jobs and career advancement for the bargaining unit employees under fair terms and conditions of employment. In that respect we have negotiated collective bargaining agreements with the Company.

Q: What is your interest in the merger proposal of Applicants Pacificorp and Scottish Power?

A: I am concerned about the welfare, security and safety of employees of the Company as affected by the merger. I am concerned about job opportunities and the loss of the same should the merger be approved without adequate protection benefiting the work force in Utah.

I fear that many good jobs will be lost by reason of the merger and that remaining employees will continue to experience more difficult working conditions. If my fears are justified, the welfare of workers will be damaged. This in turn will adversely effect the local economy and ratepayers.

Q: Do you have evidence to justify your fears?

A: Yes. I understand Mr. Alan Richardson has said that job reductions will be likely as a result of the merger. Page 16 of his direct testimony. Scottish Power has promised to cut 10 million dollars in costs as a benefit of the merger. However other figures, reported by Ronald Burrup in testimony filed on behalf of the Utah State Divisions of Public Utilities, Department of Commerce (DPU herein), estimate Scottish Power could achieve savings of 200 million dollars annually, as a result of the merger. In my experience, costs cuts usually come in the form of fewer jobs. I believe it is reasonable to fear that Applicants' will cut more jobs in Utah. That fear apparently is also shared by Kenneth Powell testifying on behalf of the DPU (page 10, lines 16-20).

Utah employees, since the merger with Pacificorp in 1988, have suffered more proportionately than other states by loss of work. This is the case despite conditions in the 1988 order to protect job loss due to the merger and to assure reductions should not impair the quality of service, maintenance and safety. (1988 order at Section III G Section L¶14a-e). By the Local's count from bump sheets, there were 3,069 bargaining unit jobs in February 1988. This compares to 1,926 in June of 1999. However, jobs in Oregon have essentially remained level same since at least 1995, according to the direct testimony of Richard Anderson for Large Utility Customers (chart at page 23). The chart shows Utah jobs markedly decreased in the same time period. Yet Utah is the largest source of electric revenue for the Company. And just last year, many good jobs in Utah were lost due to the merger when the payroll/accounting department was moved to Oregon.

Q: How do fewer jobs hurt the employees of the utility.

A: Obviously a lost job deprives an individual of their livelihood and career opportunities. While workers may be able to find employment elsewhere, I think it would be difficult to find jobs with comparable wages, benefits, seniority and other provisions nearly as good as what the PacifiCorp provides. This is particularly so in rural communities where much of the work force is located. Employees must start over, perhaps in new fields. Loss of a job can be financially and emotionally devastating to the family and detrimentally impact the community in ways in which the Commission should take notice.

Additionally, job cuts effect employees remaining at work, requiring them to take on greater responsibilities and work more hours for the same pay. Employee morale and loyalty is adversely effected, particularly when there is an ever present threat of job loss.

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high in certain critical areas. For example at the Huntington plant, overtime in the maintenance classifications was on average 10.5 hours per week per man in 1998.

up by 157% in

Power Supply operations, based on figures reported by the Company in the Safety Times (Summer 1999), attached hereto as Exhibit 1. We feel this is directly related to fewer employees working longer hours, particularly since safety programs exist to eliminate hazards.

tion or early

retirements (under threat of layoff), also deprive remaining employees of the ability to advance their careers and train. Under the labor agreement when permanent positions become vacant, due to an employee leaving for whatever reason, other employees may bid for the job. However, the Company routinely has not been filling these jobs, eliminating opportunities to advance careers, develop new skills and increase familiarity with Company operations. Increasingly the Company is becoming more dependant on the skills of fewer people.

Q: Do you believe the merger will benefit the public?

A: This is difficult for me to evaluate. However, I do not see the merger benefiting the employees and this was an important matter of public concern in the last merger proceeding. I do believe benefiting the employees of the Company is in the public's interest and the Commission would be fulfilling its mission by establishing appropriate conditions to affect such a benefit.

Q: Has any party to the proceeding proposed such conditions?

A: Not really. The DPU makes certain recommendations to protect staffing levels but I do not believe they go far enough.

Q: How are they insufficient?

A: They do not propose job protection as conditions of the merger. They merely propose recommendations. The DPU offers only recommendations because it feels it cannot enforce such conditions. This is unsatisfactory. If there is a problem there should be a meaningful solution.

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benefit is realized by reason of the merger. This would also minimize enforcement problems in monitoring job loss due to the merger. If jobs are restored, there is a measurable benefit.

he Commission

protects all jobs from being cut for an appropriate period of time. All cutbacks can fairly be attributed to the merger since they are attributable to Scottish Power. In other words, but for the merger, there would be no Scottish Power to make the changes they plan. Pacificorp has already aggressively cut jobs and plans on turning its business over to Scottish Power. Further cuts by Scottish Power could only be attributable to the merger and SP's evaluation of the business plan.

any after the

1988 merger, attributing all job losses for a substantial period to the merger. By this mechanism, the difficult question of whether a job loss was merger related or not was avoided and jobs were protected.

Q: What conditions should the Commission should establish?

A: What this community needs is more full time regular workers employed by the utility in permanent positions. The DPU would allow the work force to decrease by attrition. The Company's record for service has been brought into question by this proceeding and other evaluations made for the Commission. In our experience work orders are back logged. For example, the Company delays routine maintenance at its power plants and schedules shutdowns farther and farther apart. Then the Company will bringing in hundreds of out of state employees of Irwin Industries

Inc. of Long Beach California, to overhaul the units. It can take 6-8 weeks to overhaul each unit. The Company has 13 units altogether. PacifiCorp employees used to travel from unit to unit doing this work full time in addition to routine maintenance that minimized the number of forced outages.

other states

since the 1988 merger. Good stable jobs benefit the community and raise living standards for everyone. These economic benefits increase the number of ratepayers to defray the Company's cost of service.

be utilized.

However, one hundred (100) more employees could easily be utilized by simply adding one crew member to crafts such as electricians and mechanics maintaining power plant units or linemen working on transmission and distribution lines. The Company could reinstate its construction crew which use to build and maintain substations. The Company could use its own employees to do blue staking instead of contractors. The Company could use its employees exclusively on laying underground cable instead of forcing them to work alongside contractors doing the same work. Customer service staff can be increased. I believe the Company plans to do a good deal of hiring in that area. The mistakes of the past in eliminating certain rural offices and payroll personnel could be rectified, giving the community the opportunity to deal with persons familiar to their needs and circumstances. All this could and should be done if the Company is to make good on its promise to provide better service as a benefit of the merger.

Q: Wouldn't this cost ratepayer more?

A: Not necessarily. The Company has this work anyway and has increasingly utilized subcontractors to do this job. The excessive use of outside contractors in lieu of a stable, skilled and loyal work force, is not in the interest of the public for reasons previously stated. Furthermore this creates problems in the work place when persons are working side by side for different wages and benefits with further threats of job loss looming. Employees feel like the Company is subsidizing these contractors with its equipment and facilities to do the work the employees were hired and trained to do, and paying a premium to do so. It makes for a difficult situation.

the visitors

logs and work orders, not a day goes by when there are on average of about 20 employees of contractors are in the plant working. See Exhibit 2.

extent of the

subcontracting, we believe the Company can furnish this and will request it. However for rate making purposes it appears these costs are rolled in with regular employee costs for determining operating expenses.

Q; What specific conditions should the Commission consider adopting?

A: To assure a net benefit as a result of the merger, Applicants should:

increase the

presence of the Company in Utah and make it more accountable to the public. It would ameliorate the loss of jobs since the last merger to the employees who were hit hardest by the merger. It would provide a measurable benefit to the public that will translate into better service. I believe the customer is willing to pay for this.

nt levels for

five years, replacing employees that have left such jobs for any reason.

U, by Kenneth

Powell, should be made conditions of the merger with the following exceptions.

a. Instead of two years, the employment conditions should be in place for five years, consistent with the Company's promises to provide benefits over that period of time and due to the fact that its analysis of changes will take so much time to complete and to fully effectuate cost savings and service improvements.

b. All jobs lost should be considered as a result of the merger.

the Local and

condition of the merger. This the Company has already agreed to do with the Local and has so represented to the Commission.

Q: Does this conclude your testimony?

A; Yes it does.