

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of)	
PacifiCorp and Scottish Power plc for)	DOCKET NO. 98-2035-04
an Order Approving the Issuance of)	
PacifiCorp Common Stock.)	STIPULATION
)	
)	

This Stipulation (“Stipulation”) is entered into between PacifiCorp (“PacifiCorp”), Scottish Power plc (“ScottishPower”) and Deseret Generation and Transmission Cooperative, Inc. (“Deseret”). PacifiCorp, ScottishPower and Deseret are referred to collectively as the “Parties”. PacifiCorp and ScottishPower are referred to jointly as “Applicants”.

BACKGROUND

A. PacifiCorp is an Oregon corporation and an electric public utility in the state of Utah. PacifiCorp provides retail electric service in the states of California, Idaho, Oregon, Utah, Washington and Wyoming.

B. Scottish Power is a public limited company in Scotland. Scottish Power provides retail electric service in the United Kingdom and, through its subsidiaries, also provides telecommunications and water and wastewater services.

C. Deseret is a wholesale electric generation and transmission cooperative that provides electric generation, transmission and related services to its rural electric cooperative members in the states of Arizona, Colorado, Nevada, Utah and Wyoming.

D. On June 17, 1999, Deseret filed testimony in this proceeding raising reliability and contract issues and recommending that the Commission reject the proposed merger unless adequate conditions were agreed to by the Applicants.

E. This Stipulation constitutes the negotiated settlement of all the issues raised by Deseret in this docket. Based on the terms of this Stipulation, Deseret recommends that the Commission approve the Application.

TERMS OF STIPULATION

The terms and conditions of this Stipulation are set forth below.

1. Applicants and Deseret agree that they will address the issues raised by Deseret regarding service reliability at the Middleton delivery point or other service reliability issues in Commission Docket No. 99-2035-01 and not in this docket.
2. Applicants agree that, within 30 days after the closing date of the merger, they will meet with representatives of Deseret to discuss and try to resolve service reliability problems at the Middleton delivery point. To the extent the Middleton reliability issues can be resolved or improved through commercially feasible engineering or technical improvements to PacifiCorp's system, PacifiCorp will, upon mutually satisfactory agreement with Deseret regarding payments for the improvements, use its commercially reasonable efforts to pursue those solutions without undue delay.
3. Applicants and Deseret agree that they will evaluate and discuss in good faith with each other all reasonable proposals that provide benefits to the companies and their respective customers.
4. ScottishPower and PacifiCorp agree that the items described in Attachment 1 will not be included in the calculation of the administrative and general expense for Deseret under the provisions of Section 5.3(l) and Exhibit E of the Hunter II

Ownership and Management Agreement (“Agreement”) between Deseret and Utah Power & Light Company.

GENERAL TERMS AND CONDITIONS

1. The Parties agree that this Stipulation has been reached through settlement negotiations. As such, evidence or conduct or statements made in the negotiation and discussion phases of this Stipulation shall not be admissible in any proceedings before the Commission or any other regulatory agency or court.
2. This Stipulation will be submitted to the Commission for filing and not for approval.
3. 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 principle, method or theory 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.
4. While this Stipulation constitutes the negotiated resolution of all issues raised by Deseret in this Docket, this Stipulation is not intended to resolve all issues that exist or which may arise in the future between those parties concerning the Agreement, reliability issues, or otherwise. Each party reserves without limitation or waiver any or all other rights, remedies and defenses otherwise available to each such party at law, pursuant to contract, or in equity except as expressly provided pursuant to this Stipulation.
5. The obligations of the Parties under this Stipulation are subject to the Commission’s approval of the Application in this docket on terms and conditions acceptable to

ScottishPower and PacifiCorp, in their sole discretion, and the closing of the merger between
ScottishPower and PacifiCorp.

Dated: August _____, 1999

**DESERET GENERATION &
TRANSMISSION COOPERATIVE**

By: _____

PACIFICORP

By: _____

SCOTTISH POWER PLC

By: _____