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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

IN THE MATTER OF THE APPLICATION OF PACIFICORP AND SCOTTISH POWER PLC FOR AN ORDER APPROVING THE ISSUANCE OF PACIFICORP COMMON STOCK	DOCKET NO. 98-2035-04
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**BRIEF OF THE DEPARTMENT OF COMMUNITY AND ECONOMIC
DEVELOPMENT AND THE BOARD OF BUSINESS AND
ECONOMIC DEVELOPMENT**

In the 1988 Utah Power / Pacific Power merger, the Utah Public Service Commission noted that the possible loss of Utah control of its major electric utility was a key potential detriment and found that the importance of the local control issues was “central, not peripheral” to the Commission’s determination of whether the merger was in the public interest. The Commission stated that their concern about the loss of local control was one of the primary reasons that the Commission’s approval of the Utah Power and Light merger was based on conditions.¹

In assessing whether the merger requested by Applicants herein will result in a net positive benefit, the potential detriment of loss of local control is manifestly and significantly greater, and would have significantly greater negative weight, than in the Utah Power merger because of the possibility that the governing board and upper management will be even further removed from Utah and much less accessible. To address concerns raised by DCED and the DBED Board in that regard, and in regard to Utah receiving fair treatment by PacifiCorp in corporate giving, citizenship, and other matters, Scottish Power made the commitments listed in the letter agreement between Scottish Power, DCED, and the DBED Board that Mr. Richardson referred to in his direct testimony and that was admitted into evidence as Exhibit SP 1R.1. Mr. Richardson testified that the commitments made by Scottish Power in that letter were intended to turn those potential detriments into a net positive benefit.²

DCED and the DBED Board agreed that in exchange for those commitments they would

¹See P.S.C. Case No. 87-035-27, Order Identifying General Issues dated November 30, 1987 at p. 7 and 97 PUR 4th at page 109.

²TR, Wednesday August 4, 1999, p. 648.

recommend approval of the proposed merger transaction as it relates to issues raised by DCED and the DBED Board. DCED and the DBED Board now make such recommendation.³

DCED and the DBED Board believe that the representatives of Scottish Power are people of integrity and that the commitments made by them will be honored and faithfully fulfilled. However, DCED and the DBED Board also believe that the commitments made by Scottish Power in the letter agreement should be incorporated in the Commission's order if the application is approved so that the public may be more aware of Scottish Power's commitment to fairness and to Utah, so that any interested person can find the commitments made by Scottish Power without having to review the entire record in this proceeding, and so that appropriate personnel in the PacifiCorp and Scottish Power organizations, who have not been part of this proceeding, may be made more aware of the commitments made to Utah. Additionally, and more importantly, any order of this Commission that does not address the significant potential detriment issue of further and more distant loss of local control, an issue that is "central, not peripheral" to a determination of whether the merger is in the public interest, would be incomplete. DCED and the DBED Board therefore respectfully request that the terms of the letter agreement be incorporated in the Commission's order if the merger is approved.

DATED this 3rd day of September, 1999.

By _____
Brian L. Farr
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CERTIFICATE OF SERVICE

³DCED and the DBED Board also had concerns about, and involvement in, other issues than those raised in their pre-filed testimony, but believe these issues were adequately addressed in the D.P.U. Stipulation.

I hereby certify that I caused the foregoing Brief of the Department of Community and Economic Development and the Board of Business and Economic Development to be served upon the following persons by mailing a true and correct copy of the same, postage prepaid, to the following on the _____ day of September, 1999:

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