

PRESS RELEASE**PUBLIC SERVICE COMMISSION OF UTAH APPROVES THE SCOTTISHPOWER
MERGER WITH PACIFICORP**

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Steve Mecham

Today the Public Service Commission of Utah issued an order approving ScottishPower's merger with Pacificorp. After thoroughly examining all of the issues in the case, the Commission concluded that the application met the required standard of producing net positive benefits to customers and to the state.

During the merger proceeding, ScottishPower, Pacificorp, the Division of Public Utilities, and the Committee of Consumer Services reached a stipulation in favor of the merger which they filed and advocated before the Commission. The stipulation established 51 conditions to ensure customer benefits and to eliminate risks of the merger for customers. None of the transaction costs will be borne by the utility's customers. ScottishPower's original commitments to Utah concerning the utility's performance were included as part of the stipulation.

Condition 43 of the stipulation is a pivotal provision of the agreement and one of the quantifiable benefits of the merger. It creates a \$12 million credit to customers for four years, though the credit can be offset in the third and fourth years by proven savings produced by the merger. Under the terms of the agreement, ScottishPower will file a transition plan within six months that itemizes the savings they will argue are attributable to the merger.

Another important though less quantifiable benefit the merger will bring is new, focused management committed to efficient, reliable electric service. In the hearings, ScottishPower managers expressed their intention to be among the top-ten most efficient utilities in the United States. They also committed to enhance the utility network to improve system reliability. Those commitments will benefit all customers.

"Pacificorp's customers will benefit from the merger," Commission Chairman Steve Mecham said. "They will get the promised credit, reliable utility service, and better customer service. Beyond that, their power service should be just like it is today," he said.

Large industrial customers argued against merger approval on grounds Scottish Power will treat them differently than Pacificorp did. The Commission committed to ensure fair treatment of those customers as well and may consider some of the industrial customers' concerns in the future in separate dockets.

In the order the Commission also adopted four other stipulations ScottishPower reached with other parties to the case: 1) A public purpose settlement that focuses on the environment and renewable energy resources; 2) A stipulation to help low-income customers; 3) An agreement with Deseret Generation and Transmission to work to improve service reliability; and, 4) An agreement with the Department of Community and Economic Development to enhance the company's economic development efforts in Utah.

The merger will take effect five business days following the issuance of the Utah Commission's order.

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