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UTAH
SERVICE COMMISSION

April 19, 1988

Public Service Commission of Utah
160 East 300 South
Fourth Floor
Salt Lake City, UT 84111

RE: Application of Utah Power & Light Company
and PC/UP&L Merging Corporation,
Case No. 87-035-27

Dear Sir:

Enclosed for filing in the above-referenced proceeding are an original and nineteen (19) copies of the Summary of Prepared Direct Testimony Provided by John J. Reed on Behalf of AMAX Magnesium Corporation.

Also enclosed are two additional copies to be time stamped and returned in the self-addressed stamped envelope.

Thank you for your attention to this matter.

Very truly yours,

J. Patrick Berry
J. Patrick Berry

Attorney for
AMAX Magnesium Corporation

cc: Service List

Enclosures

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BEFORE THE
PUBLIC SERVICE COMMISSION OF UTAH APR 20 A9:11

UTAH PUBLIC
SERVICE COMMISSION

In the Matter of the Application)
of Utah Power & Light Company)
and PC/UP&L Merging Corp. (to be)
renamed Pacificorp) for an Order)
Authorizing the Merger of Utah)
Power & Light Company and Pacifi-)
Corp into PC/UP&L Merging)
Corporation and Authorizing the)
Issuance of Securities, Adoption)
of Tariffs, and Transfer of Cer-)
tificates of Public Convenience)
and Necessity and Authorities)
in Connection Therewith)

Case No. 87-035-27

SUMMARY OF PREPARED DIRECT TESTIMONY PROVIDED BY
JOHN J. REED ON BEHALF OF
AMAX MAGNESIUM CORPORATION

As part of its public interest determination, the Public Service Commission of Utah ("Commission") must consider the impact of the proposed merger between Utah Power & Light Company ("UP&L") and Pacific Power & Light Company ("PP&L") on all customers in the State of Utah. As the merger is currently structured, AMAX and other interruptible customers located in Utah stand to be significantly harmed.

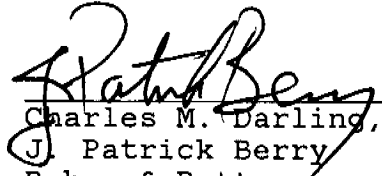
The interruptible customers, including AMAX, will be harmed by the stated policy of the merged company to aggressively pursue firm off-system sales. While this may benefit the firm ratepayers and stockholders of UP&L, it may adversely affect both the priority of and cost of power to AMAX and other interruptible customers. The prospect of

periodic sales of large blocks of power raises the uncertainties associated with any interruptible purchase contract to unanticipated, unpredictable, and unacceptable levels. AMAX, for one, is placed in a very precarious position vis a vis its existing contract service.

Should the Commission decide to approve the merger, it should be conditioned to preclude these adverse impacts on interruptible customers from occurring. The simplest solution to the problem would be for the Commission to order AMAX and other existing interruptible customers of UP&L to be dispatched before--not after--any new off-system sales, including firm sales, that the merged company may make. While this is the most direct approach, there are other alternatives the combination of which could be structured to achieve a comparable result. These include the establishment of a set of ground rules for the approval of future off-system sales which address the interruptible customers' concerns, the participation by interruptible customers in any allocation of cost savings or revenues from

off-system sales, and offering interruptible customers the right of first refusal on all off-system sales.

Respectfully submitted,



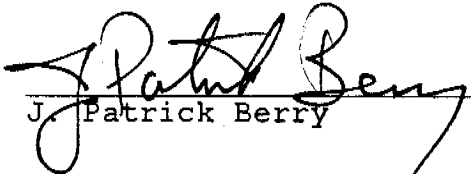
Charles M. Darling, IV
J. Patrick Berry
Baker & Botts
555 13th Street, N.W.
Suite 500 East
Washington, D.C. 20004-1109

Attorneys for
AMAX MAGNESIUM CORPORATION

Dated: April 19, 1988

CERTIFICATE OF SERVICE

I hereby certify that I have this the 19th day of April, 1988 caused copies of the foregoing document to be served by first-class mail, postage prepaid, on the parties designated on the official service list.


J. Patrick Berry