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OF THE STATE OF UTAH

UTAH PUBLIC
SERVICE COMMISSION

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|-----------------------------------|---|----------------------------|
| IN THE MATTER OF THE APPLICATION |) | |
| OF UTAH POWER & LIGHT COMPANY AND |) | |
| PC/UP&L MERGING CORP. (TO BE |) | POSITION STATEMENT OF |
| RENAMED PACIFICORP) FOR AN ORDER |) | AMAX MAGNESIUM CORPORATION |
| AUTHORIZING THE MERGER OF UTAH |) | IN SUPPORT OF ITS PETITION |
| POWER & LIGHT COMPANY AND |) | TO INTERVENE |
| PACIFICORP INTO PC/UP&L MERGING |) | |
| CORP., AUTHORIZING THE ISSUANCE |) | CASE NO. 87-035-27 |
| OF CERTIFICATES OF PUBLIC |) | |
| CONVENIENCE AND NECESSITY AND |) | |
| AUTHORITIES IN CONNECTION |) | |
| THEREWITH |) | |

AMAX Magnesium Corporation ("AMAX") hereby submits its Position Statement in support of its petition to intervene in the above-captioned matter.

POSITION STATEMENT

AMAX is a [Delaware] Corporation with a unique interest in the proposed merger. Because it has negotiated a special contract rate directly with UP&L for the purchase of great quantities of electrical power, it is a single member of a unique category of UP&L customers. Because it stands alone in its category, AMAX's interest in the merger cannot possibly be protected by any other intervenor.

Under Utah Code Annotated § 63-46b-9 (1987), any person not a party to proceedings may intervene upon a showing that the petitioner's legal rights or interests are substantially affected by the adjudicative proceeding. AMAX has a contract interest in these proceedings that may be

substantially impacted by the proposed merger, as explained more fully below. Because of this legal interest in the merger, AMAX is a proper party for intervention in these proceedings.

The merger has been presented as having great prospects for significant rate reductions for Utah ratepayers. Because AMAX has a separate contract with UP&L dictating the manner in which AMAX's energy costs will be determined, AMAX is in the unique position such that rate reductions realized by ratepayers generally may not accrue to AMAX's benefit; rather, rate reductions may, in fact, increase AMAX's costs.

For example, AMAX pays Operations and Maintenance expenses of UP&L's baseload coal plants. If the utilization of those plants is significantly reduced as a result of the merger, the impact upon AMAX may be a significant increase in the cost of power under the contract, even in the face of rate reductions for all other ratepayers.

AMAX does not suggest that this constitutes a barrier to approving the merger. What AMAX does suggest is that by its participation, the potential for such an anomaly--or other anomalies not presently identified--may be isolated and appropriately provided for in any Order approving the merger. In this manner, unintended, or unrecognized, consequences are not created by any Order approving the merger.

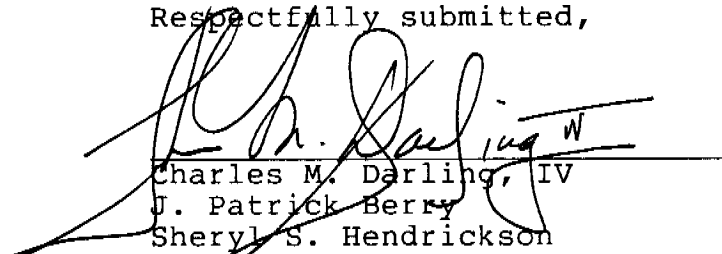
AMAX suggests that it is the only party that can provide the necessary input on this. At the same time, the public interest is served by allowing unintended consequences to be recognized and guarded against during the proceedings instead of after the approved merger. This is particularly the case where the user is one of the largest on the UP&L system, employs hundreds of Utah residents, contributes tens of millions of dollars to the State economy, and is currently in economic duress due to competitive conditions created in part by the lower electrical costs realized by its competitors. In these circumstances, it serves Utah's interest to assure that AMAX's rates are not inadvertently increased by a proposal that otherwise lowers overall rates.

It is difficult to determine at the outset of these proceedings how it will be impacted by the proposed merger. Accordingly, AMAX seeks to intervene in this matter to monitor and assess what potential impact, if any, will be felt. It will be impossible for AMAX to assess what impact there will be, and to protect itself from any negative impact, if it is not permitted to intervene in these proceedings.

AMAX does not foresee that its involvement will broaden the issues brought before the Commission in this matter; it seeks only to protect itself from potential prospective harm from which it could not otherwise be protected if not a party to these proceedings.

If granted intervention in this matter, AMAX will exercise due diligence to ensure that an expeditious resolution of this matter may be effected.

Respectfully submitted,



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Dated: October 16, 1987

CERTIFICATE OF SERVICE

I hereby certify that I have this 16th day of October, 1987 caused copies of the foregoing document to be served by first class mail, postage prepaid, to the parties listed below on the designated service list:

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