



MAGNESIUM CORPORATION OF AMERICA

238 North 2200 West - Salt Lake City, UT 84116-2921

801/532-2043 - 800/262-9624 - FACSIMILE 801/534-1407

May 3, 2000

Utah Public Service Commissioners

RE: May 10, 2000 Update on Magcorp Power Contract Negotiations - Heber M. Wells Bldg.
Room 427 at 9:00am

Dear Commissioners,

Thank you for your continuing interest in the survival of our company. As you know, we have been pursuing a new contract on comparable terms to our existing service for the past fourteen months. Scottish Power has shown little interest in our predicament and has aggressively taken steps that will force us to close our doors in the near future.

We have been attempting to bring them to the negotiation table for over a year. Frustrated in our attempts to open substantive discussions, we are taking the first steps to putting the matter before the Public Service Commission. Scottish Power's various positions on this matter have caused such confusion that I have asked the nationally recognized energy expert, Robert McCullough, to review the cost and revenue issues for the Governor's office, key members of the legislature, and staff from the Commission and the Committee.

Mr. McCullough will discuss a number of important issues including the competitive position of MagCorp regionally and internationally, Scottish Power's cost structure, and the impacts on other rate payers.

Mr. Scott Muir, Consultant with Tooele County will address Tooele County's concerns about the economic development impacts of Scottish Power's plans. He estimates that the loss of MagCorp will eliminate over \$125,000,000 in economic benefits to the State of Utah. It also signals the risk to Utah's economic development in general as foreign corporate decision making takes precedence over Utah employment and economic development.

Your attendance and attention by yourself and/or key staff to this very important matter is greatly appreciated. Other key members of the legislature are being invited to attend and participate as well.

Sincerely,

Lee R. Brown
Vice President
Magnesium Corporation of America

