Witness CCS - 2

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

IN THE MATTER OF THE APPLICATION OF US MAGNESIUM LLC FOR DETERMINATION OF LONG-TERM ECONOMIC DEVELOPMENT RATES AND CONDITIONS OF INTERRUPTIBLE SERVICE	**Docket No. 03-035-19**

PREFILED DIRECT TESTIMONY OF PHILIP HAYET

22 OCTOBER 2004

INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. Philip M. Hayet, 215 Huntcliff Terrace, Atlanta, GA, 30350.

Q. WHAT IS YOUR OCCUPATION AND BY WHOM ARE YOU EMPLOYED?

A. I am a utility rate and planning consultant and I am the owner of the firm Hayet Power Systems Consulting, which provides utility rate, planning, and economic consulting services. I am appearing in this proceeding as a witness for the Committee of Consumer Services ("Committee").

Q. PLEASE DESCRIBE THE NATURE OF THE CONSULTING SERVICES PROVIDED BY HAYET POWER SYSTEMS CONSULTING.

A. Hayet Power Systems Consulting provides consulting services in the electric utility industry. The firm provides expertise in system planning, load forecasting, resource analysis, production cost modeling and utility industry policy issues.

Q. PLEASE BRIEFLY DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL EXPERIENCE.

A. I received a Bachelor's degree from Purdue University and a Master's degree from the Georgia Institute of Technology, both in Electrical Engineering. I have more than twenty years of experience in the electric utility industry in the areas of generation resource planning, economic analysis, and rate analysis. In 1995 I formed Hayet Power Systems Consulting and my clients have included global power plant developers, multinational oil and gas exploration and power development companies, state energy offices, staffs of public utility commissions, consumer advocate offices, law firms, and international consulting firms.

Q. HAVE YOU PARTICIPATED IN ANY REGULATORY PROCEEDINGS THAT HAVE INVOLVED PACIFICORP?

A. Yes, I testified in PacifiCorp's ("the Company's") Utah rate case Docket No. 97-035-01, in which I testified in support of the Net Power Cost Stipulation ("1997 Stipulation") on behalf of the Division of Public Utilities ("Division") and the Committee. In PacifiCorp's 1999 Utah rate case (Docket No. 99-035-10), I assisted Committee witness, Mr. Randall

Falkenberg, who testified concerning net power cost issues. I testified in 2001 in PacifiCorp's Utah rate case, Docket No. 01-035-01, regarding PacifiCorp's net power cost model and transmission modeling issues. I participated in PacifiCorp's 2003 Utah rate case proceeding, again analyzing net power issues, and I assisted the Committee with Settlement Discussions. I have also assisted Mr. Randall Falkenberg in a number of PacifiCorp proceedings in other states involving net power cost issues. Finally, I have provided assistance and testimony to the Committee in several other proceedings including the Currant Creek Certification Case, PacifiCorp's IRP, the Hunter Replacement Power Outage Case (Docket No. 01-035-23), the Gadsby Certification Case (Docket No. 01-035-37), and PacifiCorp's Avoided Cost Proceeding for QFs greater than 1 MW in size (Docket No. 03-035-14).

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. The Committee asked me to analyze and respond to the testimony filed by US Magnesium ("US Mag") and PacifiCorp witnesses regarding the rate, terms and conditions applicable to a new special contract for US MAG. Specifically, I have prepared an alternative method for determining the value of interruptibility and reserves provided by US Mag, which is the basis of the Committee's recommended rate in this proceeding.

BACKGROUND

Q. PLEASE SUMMARIZE US MAG'S CURRENT CONTRACT THAT IS SET TO EXPIRE AT THE END OF THIS YEAR.

A. US Mag is a large industrial customer that produces magnesium in an electrolytic process that uses approximately 85 MW of power at a load factor that approaches 100% on an annual basis. Over the past 36 years, US Mag has benefited from a special economic development rate, which in 2002 the Commission fashioned into an "experimental" interruptible energy rate of $21/MWH. In return for this rate, US Mag takes service as an interruptible customer that is expected to curtail load upon PacifiCorp's

request.[1] However, US Mag has a buy-through provision that permits it to continue operating its processes as long as it is willing to buy power based on market prices at the time of the buy-through. This experimental rate is set to expire on December 31, 2004.

Q. WHAT WAS THE PURPOSE OF THE EXPERIMENTAL RATE?

A. To allow the Division and other interested parties to perform a "case study" using the US Mag interruptible contract, which was aimed at determining the benefits of interruptible service. The Division filed a final report on August 31, 2004.

Q. WHAT SIGNIFICANT INFORMATION WAS INCLUDED IN THE FINAL REPORT?

A. First, the report analyzes US Mag's load requirements in 2003. The following data is reported on page 4 of the report, as well as in Attachment A to the report.

Table 1
2003 Operating Characteristics of US Mag Load
Taken from the Division's August 31, 2004 memo to the Commission

Energy purchased outside of interruptible period	572,571 MWH
Energy bought through during interruptible period	42,807 MWH
US Mag consumed energy	615,378 MWH
Energy not consumed due to the interruption of service and not bought through	58.2 MWH
Total US Mag 2003 energy requirement	615,436 MWH
Total US Mag 2003 load factor	615,436/(85 * 8760) = 82.65%

Table 1 above shows that US Mag had a high load factor in 2003, which would have been higher if it had no planned or unplanned outages in its manufacturing processes. US Mag's load factor would have been even higher, if not for the 36 MW of self-generating capacity that can be used to serve some of its own load requirements.

[1] US Mag's operation is subjected to possible interruption of service for the months of June-September for up to six hours per day, between the hours of 1 – 9 pm, during the five weekdays.

Second, based on a contract price of $21/MWH for the non-interruptible hours and varying market prices for interruptible hours when US Mag exercised its buy-through option, the Division determined that US Mag's weighted average 2003 cost of energy was $23.94/MWH.[2] This is significantly lower than the $34/MWH that US Mag would have paid had it purchased energy under Rate Schedule 9 for large industrial customers.

Q. HOW MUCH DID US MAG SAVE DUE TO ITS SPECIAL CONTRACT RATE?

A. According to PacifiCorp witness, Mr. Dave Taylor, in 2003 US Mag would have paid $34/MWH if it had purchased power under Schedule 9. Therefore, at $23.93/MWH, US Mag saved

($34/MWH - $23.94/MWH) * 615,378 MWH = $6,190,703

These savings amount to a 30% reduction in energy costs.

Q. DID THE REPORT PROVIDE ANY OTHER USEFUL INFORMATION?

A. The remainder of the Division's report was focused on deriving alternative methods that could be used to value US Mag's interruptible contract. These methods ranged from comparing the cost of a peaker plant, PacifiCorp's Cool Keeper DSM program, PacifiCorp's Class 1 DSM program, and a method based on PacifiCorp's IRP. In short, the results of the Division's analysis showed a wide variation in values, ranging from $19/MWH to $30.85/MWH.

Q. WHAT CONCLUSIONS AND/OR RECOMMENDATIONS DID THE DIVISION IDENTIFY IN ITS REPORT?

A. First, the Division concluded that large interruptible customers do offer value to the system and to ratepayers, and, therefore, should be entitled to lower rates based on the value provided. Second, while the Division was unable to make a recommendation as to a reasonable rate that US Mag should be charged for interruptible service, it concluded that a rate of $21/MWH is too low. The Division also recommended that additional

[2] Calculation of $23.94 is found on page 4 of the DPU report and equals US Mag's 2003 total cost

tracking of actual results should be performed and additional investigation of the interruptible pricing method should be conducted.

US MAG AND PACIFICORP POSITIONS

Q. PLEASE DISCUSS THE POSITIONS SET FORTH IN THE TESTIMONY FILED BY US MAG AND PACIFICORP.

A. Witnesses for both US Mag and PacifiCorp have filed two sets of testimony. US Mag filed its direct testimony on August 4, 2004, and PacifiCorp filed its direct testimony on August 20, 2004. In its supplemental testimony filed on October 13, 2004, US Mag clarified its position after discussions with PacifiCorp, in which the Division and the Committee also participated. PacifiCorp also clarified its position in its supplemental testimony filed on October 13, 2004. Since the time direct testimony was filed, the parties appear to have narrowed some differences, although significant differences still exist. The key difference relates to the contract rate: PacifiCorp has revised its recommended contract rate to $23.14/MWH; US Mag is still asking for a rate of $21.00/MWH.

Q. WHAT IS YOUR UNDERSTANDING OF HOW US MAG'S POSITION HAS CHANGED?

Initially, US Mag proposed a $21/MWH energy rate, based on 4 hours of interruption during non-holiday weekdays during the months of July through September. However, during June and September, US Mag also wanted to restrict interruptions to only those days when the temperature forecast was expected to be 100 degrees or greater at the Salt Lake International Airport.

In supplemental testimony, US Mag proposes to allow PacifiCorp to interrupt its load during 2 winter months in addition to the 4 summer months. In addition, it offered PacifiCorp the ability to treat US Mag as part of its operating reserves during all hours when US Mag is not treated as

---

to purchase energy of $14,732,149 divided by the total consumed energy of 615,378 MWH.

an interruptible customer. Lastly, US Mag also changed its position concerning its temperature restriction and now proposes that interruptions during the summer months should be restricted to only those days when the forecasted temperature for a day is projected to be higher than the mean historical temperature for that month. During the winter months, US Mag proposes that interruptions should be restricted to only those days when the forecasted temperature for a day is projected to be below the mean historical temperature for those months.[3]

Q. WHAT IS YOUR UNDERSTANDING OF HOW PACIFICORP'S POSITION HAS CHANGED?

In his direct testimony, Mr. Taylor relied on a cost-of-service approach and determined that the cost to serve a Rate Schedule 9 industrial customer was $34/MWH. Based on the interruptible terms that US Mag proposed, Mr. Taylor determined that $29/MWH was a reasonable contract rate price (see Mr. Taylor's direct testimony, page 13, line 19). In its supplemental testimony, PacifiCorp is now recommending a rate of $23.14/MWH.

Q. WHAT ADJUSTMENTS DID PACIFICORP MAKE TO ARRIVE AT A RECOMMENDED RATE OF $23.14/MWH?

A. PacifiCorp makes three adjustments that modify its original recommendation of $29/MWH: 1) a proposed change in the curtailment period; 2) an incremental value for physical curtailment; and 3) a separate operating reserve agreement.

Q. PLEASE EXPLAIN THESE ADJUSTMENTS.

A. The first two adjustments are explained at length in Mr. Taylor's supplemental testimony. Mr. Taylor recommends changing the curtailment period from six hours a day, four months of the year to four hours a day, six months of the year. Under this scenario, US Magnesium will experience approximately the same number of curtailment hours, but

[3] Mr. Swenson's wording is different concerning the temperature restriction during the summer months versus the winter months and should be clarified. In the case of the summer restriction he says "mean historical temperature for that month", and in the case of the winter restriction he says "average mean historical temperature for those months". During the winter months does he propose to average all winter month hours together, and in the summer months does he propose to average just the hours in the individual summer months?

will have a lower cost basis for their service. Removing their load from system peak for the additional two winter months (December and January) produces a cost of service for US Magnesium that is $3/MWH lower than the $29/MWH cost of service initially provided by PacifiCorp in direct testimony. This method also provides benefits to the system as it allows the Company to receive offsetting commercial value.

The second adjustment is an additional $0.16 per MWH discount off of the cost of service rate to reflect the incremental value of a physical curtailment requirement (no buy through option) when the temperature is above 100 degrees.

Q. WHAT IS THE FINAL ADJUSTMENT?

A. The final adjustment can be found in Mr. Griswold's supplemental testimony. Mr. Griswold proposes that US Mag have two agreements, a power sales agreement for the electric service to US Magnesium and an operating reserve agreement that run concurrently. The operating reserve agreement would require that US Mag provide 85MW of contingency non-spin operating reserves as defined by the Western Electricity Coordinating Council, under the following conditions:

- All hours outside of power supply agreement curtailment hours are available for reserves;
- US Mag can be interrupted three (3) times in any four (4) hour period;
- Cumulative limit of three (3) hours per day; and
- Limited to 100 hours per year.

Under these conditions, US Mag's rate would be further offset by $2.64/MWH, for a final adjusted rate of $23.14/MWH.

Q. PLEASE COMPARE US MAG'S AND PACIFICORP'S CURRENT POSITIONS.

A. Table 2 below delineates US Mag's and PacifiCorp's latest positions.

Table 2

Current Positions of Parties

Position	US Mag	PacifiCorp
Interruption months	June – September, December and January	Accepts these interruption months
Hours of interruption	Limited to 4 weekday, non-holiday hours per day	Accepts these interruption hours
Temperature restriction – summer	Interrupt only when daily forecasted temp is above mean historical temperature for that month.	Does not accept this restriction
Temperature restriction – winter	Interrupt only when daily forecasted temp is below average mean historical temperature for those months.	Does not accept this restriction
Buy-through provision	US Mag has the right to continue to purchase through the interruption request, but is required to pay the hourly shaped firm Dow Jones on-peak Palo Verde Index price for the energy bought	Accepts this provision
Temperature restriction – no buy-through provision	Does not accept this restriction	Interruption is mandatory if the forecast temperature exceeds 100 degrees for the four-hour period.
Term	10 years	5 years
Rate Increases	Accepts rate increases tied to increases in Schedule 9, but not above the rates paid by other special contract customers.	Accepts rate increases tied to increases in Schedule 9, but rejects the notion that a restriction should be implemented that would limit the rate to be below that paid by other special contract customers.
Operating Reserve	▪ Contingency non-spin operating reserves ▪ Called upon to drop load within 10 minutes ▪ Be off for up to 1 hour. ▪ All hours other than interruptible hours ▪ Outages could occur for up to 3 hours in any 4 hour period ▪ Limit of three per day ▪ Limited to 100 hours per year ▪ The value of this resource was calculated to be $2.92/MWH based on using 94% of the year as non-buy through available hours and the pricing for reserves as established in the Monsanto	Accepts these terms

	case of $2.06/kw month and a 91% load factor. This calculation is reflected in Exhibit USM 1S.4.	
Requested Rate	$21.00/MWH	$23.14/MWH

COMMITTEE'S POSITION

Q. WHAT IS THE COMMITTEE POSITION CONCERNING THE TERMS AND CONDITIONS FOR US MAG'S INTERRUPTIBLE SERVICE?

A. From Table 2 above, with regard to Interruption months and hours of interruption, the Committee believes that an interruption scenario of six months for up to four hours per day is reasonable.

Q. PLEASE EXPLAIN THE COMMITTEE'S POSITION CONCERNING US MAG'S PREFERENCE FOR SUMMER AND WINTER TEMPERATURE RESTRICTIONS?

A. The Committee disagrees with US Mag's position for a temperature restriction during the summer and winter periods. On page 9 of Mr. Swenson's supplemental testimony, he cites an example in which there may be a day in the summer where the temperature is forecast to be 70 degrees. Mr. Swenson questions PacifiCorp's need to interrupt on a day when the temperature is only 70 degrees.

The Committee has three responses to Mr. Swenson's example. First, the Committee believes that there may be days during the summer where the temperature is abnormally low (70 degrees), yet it would still be beneficial to PacifiCorp to be able to interrupt US Mag's load. Power costs in the summer months are typically higher than other times of the year and there could be a substantial disparity in costs to serve loads on a 70-degree day in July versus a 70-degree day in April. Second, if US Mag believes that on a 70 degree summer day that power costs will likely be low, it can simply buy-through the interruption and secure replacement energy at low market prices. Third, there may be a day in which the temperature is forecast to be 90 degrees, or slightly below the monthly average of, for

example, 92 degrees, but PacifiCorp would be restricted from interrupting US Mag's service.

For the above reasons the Commission should reject the summer and winter temperature restrictions proposed by US Mag.

Q. PLEASE EXPLAIN THE COMMITTEE'S POSITION CONCERNING PACIFICORP'S 100-DEGREE TEMPERATURE RESTRICTIONS.

A. PacifiCorp's proposes to restrict US Mag's right to buy through an interruption on summer days where the temperature exceeds 100 degrees. It is not an uncommon event that temperatures will rise above 100 degrees in the summer and PacifiCorp should have the right to restrict a buy through only under emergency conditions. Thus, the Committee recommends that the contract specify that PacifiCorp can restrict US Mag's buy through request, and fully curtail US Mag.s load, only during times of system emergency.

Q. PLEASE EXPLAIN THE COMMITTEE'S POSITION CONCERNING THE TERM OF THE CONTRACT.

A. Western energy markets have experienced considerable price volatility in recent years and there is no reason to expect that this pattern will cease. In addition, PacifiCorp's IRP calls for the addition of significant new resources to the Company's generation portfolio. Thus, the Committee believes that a term between 3-5 years is appropriate for the US Mag contract.

Q. WHAT DO US MAG AND PACIFICORP PROPOSE CONCERNING FUTURE RATE INCREASES?

A. Both PacifiCorp and US Mag support a clause to allow escalation of the contract price based on increases in Schedule 9 rates in future PacifiCorp rate cases.

Q. DO THEIR POSITIONS DIFFER?

A. Yes. While US Mag agrees that its rate should increase commensurate with increases to Schedule 9, Mr. Swenson proposes that such increases

"should not be allowed to increase US Mag's rate above the lowest-price special contract customer in the State of Utah or Idaho".

Q. WHAT IS THE COMMITTEE'S POSITION?

A. The Committee believes the rate that US Mag should pay should reflect the cost of serving a typical Schedule 9 customer in Utah, but should be adjusted to reflect the value that an interruptible customer offers to PacifiCorp. As the cost of serving Schedule 9 customers in Utah goes up, so too would the cost of serving an interruptible customer such as US Mag. To artificially add the requirement that any increase in costs in Utah would have to be compared against other special contract customers in Idaho, defeats the purpose of tying the cost increases for US Mag to those of other Schedule 9 customers in Utah.

COMMITTEE'S VALUATION METHOD FOR US MAG'S SPECIAL CONTRACT

Q. PLEASE DISCUSS THE METHOD THAT THE COMMITTEE RECOMMENDS FOR DETERMINING TH RATE FOR US MAG'S CONTRACT.

A. The Committee recommends using a "top down" approach and adopts PacifiCorp's $34/MWH cost of service rate for Schedule 9 customers as the starting point for valuing interruptible and operating reserve services that US Mag proposes to provide to PacifiCorp. In determining a recommended contact rate, the Committee applied three "credits" to the $34/MWH rate, including one for interruptible energy, another for interruptible capacity, and a third for operating reserves.

Q. PLEASE EXPLAIN YOUR CALCULATION OF THE INTERRUPTIBLE ENERGY CREDIT.

A. Using PacifiCorp's Production Cost Model (GRID) setup for the April 2005 – March 2006 test year period, the Committee was able to estimate the net power cost savings that result when PacifiCorp interrupts US Mag's load. Two production cost runs are performed: (1) a run in which US Mag's load is interrupted by 85 MW during the applicable summer and

winter hours; and (2) a run with no interruptions allowed. The difference in net power costs between the two runs results in an interruptible energy benefit of $2,634,762. This figure is then divided by US Mag's 2003 energy consumption to derive an energy credit. In its August 31, 2004 Interruptible Task Force report to the Commission, the Division reported that in 2003, US Mag consumed 572,571 MWH of energy (not including buy-through energy). The resulting interruptible energy credit is $4.60/MWH ($2,634,762 / 572,571). The above analysis is included in Committee Exhibit CCS-1.

Q. PLEASE EXPLAIN YOUR CALCULATION OF THE INTERRUPTIBLE CAPACITY CREDIT.

A. The Committee relies on a peaker method to determine the interruptible capacity credit and compares the cost of a peaking resource to the US Mag contract.

As shown in Exhibit CCS-1, the annual fixed cost associated with a peaking unit is $61.94/kw-yr. This value was then adjusted by 40% on the basis that an interruptible contract is worth less than a peaking unit owned and operated by PacifiCorp. The 40% is computed by taking the ratio of the number of proposed interruptible hours in the US Mag contract compared to the hours that a peaking unit can operate. US Mag's interruptible contract can be "dispatched" for 520 hours per year, while a peaking unit typically operates for about 15% of the hours in the year or for 1314 hours per year (15% of 8760 = 1314 hours). This 40% adjustment figure is derived by dividing 520 hours by 1314 hours. CCS-1 The 40% adjustment factor results in an interruptible capacity value of $3.64/MWH.

Q. PLEASE EXPLAIN YOUR OPERATING RESERVE CREDIT.

A. The Committee initially accepts PacifiCorp witness Griswold's estimate for the cost of operating reserves. However, the Committee may revise the value of the operating reserve credit when it receives all supporting workpapers requested from PacifiCorp.

Mr. Griswold determined that the value of US Mag's operating reserves on an annual basis was worth $1,407,600. By dividing this by US Mag's energy, the value of the operating reserve credit is $2.46/MWH.[4] US Mag derived a higher value equal to $2.92/MWH based on the assumption that it would be entitled to a similar value to what Monsanto received as a credit, despite the fact that Monsanto's load characteristics are different than US Mag's. The Committee supports Mr. Griswold's calculation of an operating reserve credit as it uses the specific characteristics of US Mag's load.

ADDITIONAL ISSUES

Q. IS THERE ANY OTHER MAJOR ISSUE OF CONCERN TO THE COMMITTEE REGARDING US MAG'S SPECIAL CONTRACT?

A. Yes. According to Mr. Griswold's direct testimony, PacifiCorp has been treating US Mag as a firm customer for planning purposes, even though US Mag is an interruptible customer. When PacifiCorp calculates load and resource balances for planning purposes, it still assumes it has to build capacity to serve US Mag's load. This contradicts the premise that an interruptible customer relieves the utility of the obligation of having to plan capacity to meet the interruptible customer's load requirement. Thus, PacifiCorp should stop including US Mag in its load and resource balance calculation.

Q. DOESN'T THE FACT THAT US MAG HAS A BUY THROUGH PROVISION MEAN THAT PACIFICORP SHOULD STILL HAVE TO PLAN FOR US MAG'S LOAD?

A. No it does not. The buy-through provision should not impact reliability considerations. Anytime there is a potential reliability concern, PacifiCorp should have the absolute right to curtail US Mag's load, regardless of US Mag's request to buy-through an interruption. My understanding from participating in various meetings where these issues have been

[4] Mr. Griswold computed an amount of $2.64/MWH, which is slightly greater than the $2.46/MWH value that the Committee calculated. The reason for this difference relates to slightly different assumptions for the estimates of US Mag's annual energy.

discussed, is that US Mag concurs with this position, and has been quite vocal that PacifiCorp should not be building any capacity resources to serve its load.

Q. WOULD THE COMMITTEE'S RECOMMENDATION BE THE SAME IF PACIFICORP DOES NOT CHANGE THIS PLANNING PRACTICE?

A. The Committee's recommended cost for US Mag's contract would indeed change if PacifiCorp continues to plan capacity to serve US Mag's load. In that case, the Committee would not include an Interruptible Capacity credit of $3.64/MWH, and therefore, the Committee's recommendation for a Special Contract rate would increase from $23.30/MWH to $26.94/MWH. Furthermore, the Committee recommends that if a condition is not already in the contract, one should be added specifically stating that in the event of a system emergency, PacifiCorp has the absolute right to interrupt, even during a buy-through period.

Q. ARE THERE ANY TECHNICAL REQUIREMENTS THAT WILL HAVE TO BE ADDRESSED BY PACIFICORP AND US MAG IN ORDER FOR US MAG TO PROVIDE OPERATING RESERVES?

A. Yes. Mr. Griswold delineates these requirements in his direct testimony. On page 5, he first explains that US Mag has never been relied on for non-spinning reserves. Then he explains the capabilities that are required in order to be in a position to be able to provide non-spinning reserves. Mr. Griswold also states that he does not believe that US Mag is set-up with the protocol and procedures for providing reserves. Although, US Mag and PacifiCorp appear to be satisfied that US Mag will be able to comply with the requirements, none of the US Mag or PacifiCorp witnesses provided any assurance in their supplemental testimony that US Mag will be able to comply with all of the requirements. Should US Mag decide that for any reason it is unwilling to comply with the requirements, then the Committee would remove the $2.46/MWH credit from US Mag's special contract rate.

Q. PLEASE PRESENT YOUR RECOMMENDATIONS.

A. Given the service that US Mag receives today, the Committee, Division and PacifiCorp are all in agreement that US Mag pays a rate below the cost to serve US Mag's load. Based on the Committee's proposed interruptibility energy and capacity credits, along with the operating reserve credit proposed by the Company, we recommend that the Commission set the rate for the new US Mag contract at $23.30/MWH. In addition, the Committee proposes that a term of 3-5 years be established for the contract.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.