

1 PREPARED DIRECT TESTIMONY OF GREG SHEPLER  
2 ON BEHALF OF  
3 THE STAFF OF MAGNOLIA ELECTRIC POWER ASSOCIATION  
4

5 1. Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

6 A. My name is Gregory A. Shepler. My business address is:

7 4170 Ashford Dunwoody Road, Suite 550

8 Atlanta, Georgia 30319.  
9

10 2. Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

11 A. I am a Principal Consultant for EnerVision, Inc. (EnerVision), a utility consulting  
12 firm that specializes in providing business, management, and technical services to  
13 electric utilities. EnerVision primarily focuses on providing consulting services  
14 to electric cooperatives.  
15

16 3. Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL  
17 BACKGROUND.

18 A. I received a Bachelor of Business Administration from the University of Toledo  
19 in 1982 and a Master of Business Administration from Wake Forest University in  
20 1989. I have over 18 years of experience with the utility industry, having  
21 consulted with over 70 utilities – IOUs, cooperatives, and municipals. I have  
22 developed a broad range of expertise in the strategy and management of utilities  
23 including financial forecasting/budgeting, merger and acquisition analysis and

1 support, asset valuation, wholesale power supply, generation and T&D  
2 benchmarking, management reorganization design/implementation, process  
3 improvement, and energy efficiency/demand side management (DSM) program  
4 design and evaluation. Most recently, I have been involved in supporting  
5 EnerVision's power supply practice area, evaluating and optimizing the wholesale  
6 power supply contracts and portfolios of clients. I currently head EnerVision's  
7 energy efficiency practice area and am leading EnerVision's support for our  
8 clients in their PURPA compliance activities.

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10 4. Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

11 A. The purpose of my testimony is to discuss the new Public Utility Regulatory  
12 Policy Act (PURPA) standards for electric utilities as set forth in the Energy  
13 Independence and Security Act of 2007 (EISA). Specifically, I will address the  
14 effects of these new standards on Magnolia Electric Power Association  
15 (Magnolia) and comment on the positions of Magnolia staff with respect to each  
16 of the new standards.

17  
18 PURPA states that "each state regulatory authority (with respect to each electric  
19 utility for which it has ratemaking authority) and each nonregulated electric utility  
20 shall consider each standard" and then "make a determination concerning whether  
21 or not it is appropriate to implement such standard." These requirements apply to  
22 Magnolia, since it is a nonregulated utility with greater than 500 million kilowatt-  
23 hours in annual retail sales. With respect to the criteria to be used in this process,

1 PURPA emphasizes that any determination should be made in light of the three  
2 (3) purposes for which PURPA was enacted: “to encourage (1) – the  
3 conservation of energy supplied by electric utilities; (2) the optimization of the  
4 efficiency of use of facilities and resources by electric utilities; and (3) equitable  
5 rates to electric customers.”  
6

7 **New PURPA Standard on Integrated Resource Planning (PURPA Section 111(d)(16))**

8 5. Q. PLEASE DESCRIBE THE NEW PURPA STANDARD ON INTEGRATED  
9 RESOURCE PLANNING.

10 A. This new PURPA standard requires affected utilities to consider and determine if  
11 it is appropriate to fully evaluate energy efficiency alternatives in the same  
12 manner as other resources in the utility’s integrated resource planning (IRP)  
13 process, and whether cost-effective energy efficiency alternatives should be  
14 established as a “priority” resource. Designating certain types of resources as  
15 “priority” in the planning process means that these resources are considered for  
16 inclusion in the utility’s supply/demand equation (i.e., to meet the future capacity  
17 and energy needs of the utility) prior to other types of resources. Note that a  
18 system’s demand and supply equation (load/resource balance) typically is  
19 developed by utilities that are directly supplying power to other utilities and/or  
20 customers, and is not usually developed by, or required of, distribution utilities.  
21 In the case of Magnolia, this load/resource plan is developed by its full  
22 requirements power supplier, South Mississippi Electric Power Association

1 (SMEPA), a generation and transmission cooperative (G&T) of which Magnolia  
2 is a member.

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4 6. Q. PLEASE DESCRIBE SMEPA'S CURRENT LOAD/RESOURCE PLANNING  
5 PROCESS.

6 A. SMEPA periodically develops a Power Supply Options Study (PSOS) in which  
7 the system's future capacity and energy needs are assessed along with various  
8 least-cost options for meeting those needs. Potential energy efficiency and DSM  
9 programs are evaluated as alternatives that would serve to reduce future capacity  
10 and energy needs, while potential new generation/resource options (including  
11 renewables) are evaluated on the supply side. The previous PSOS was completed  
12 in April 2005 and was updated in August 2006 – and a new Study is scheduled to  
13 be completed sometime in the first half of 2009.

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15 7. Q. HOW ARE ENERGY EFFICIENCY RESOURCES INCORPORATED INTO  
16 THE CURRENT PROCESS?

17 A. As was the case with the 2005 PSOS and 2006 Update, SMEPA engaged Burns &  
18 McDonnell (B&McD) to compile the PSOS using data/information from SMEPA.  
19 Three key components that are supplied by SMEPA that are incorporated into the  
20 PSOS are: (1) a Siting Study, which includes the feasibility and cost of  
21 developing and constructing various types of generating facilities to meet future  
22 needs, (2) an evaluation of various solar, wood waste, and other renewable  
23 resources/projects to be considered for incorporation into the PSOS, and (3)

1 results of analyses performed on potential energy efficiency and DSM programs  
2 to be considered for inclusion in SMEPA's future load-resource balance equation.  
3 Since all of these are provided as inputs prior to B&McD performing any analyses  
4 and/or running any scenarios for the PSOS, all are treated as equivalent load-  
5 resource options. Options are considered on a least-cost basis and there is no  
6 preference or bias toward demand-side (energy efficiency/DSM programs) or  
7 supply-side alternatives.

8  
9 It is also important to note that historical reductions in load that have occurred and  
10 been realized over time (e.g., from the Comfort Advantage program and,  
11 previously, from the Good Cents program going back as far as 1988) – are  
12 automatically factored into the equation. Current demand levels and forecasted  
13 growth rates for Magnolia and other SMEPA members would be much higher had  
14 these programs not been in place.

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16 8. Q. WHAT IS MAGNOLIA STAFF'S POSITION ON THIS STANDARD?

17 A. Recognizing that the load/resource planning process is largely a function of the  
18 G&T, Magnolia staff commends SMEPA in its efforts to ensure that energy  
19 efficiency measures are appropriately evaluated and incorporated into its least-  
20 cost planning efforts, and encourages SMEPA to continue to fully incorporate  
21 cost-effective energy efficiency resources prior to considering more costly supply  
22 side resources.

23

1 9. Q. IS MAGNOLIA STAFF’S POSITION CONSISTENT WITH THE THREE  
2 PURPOSES OF PURPA?

3 A. Yes, by continuing to encourage cost-effective energy efficiency, energy supplied  
4 by the utility will be conserved, utility facilities and resources will be optimized,  
5 and Magnolia members/customers will continue to enjoy low, equitable rates.

6

7 **New PURPA Standard on Rate Design Modifications (PURPA Section 111(d)(17))**

8 10. Q. PLEASE DESCRIBE THE NEW PURPA STANDARD ON RATE DESIGN.

9 A. This new PURPA standard requires affected utilities to consider and determine  
10 whether it is appropriate to use retail rates that “(i) align utility incentives with the  
11 delivery of cost effective energy efficiency; and (ii) promote energy efficiency  
12 investments”. PURPA specifically requires the following six policy options to be  
13 considered:

- 14 1. Removing the throughput incentive and other regulatory and management  
15 disincentives to energy efficiency.
- 16 2. Providing utility incentives for the successful management of energy  
17 efficiency programs.
- 18 3. Including the impact on adoption of energy efficiency as one of the goals  
19 of retail rate design, recognizing that energy efficiency must be balanced  
20 with other objectives.
- 21 4. Adopting rate designs that encourage energy efficiency for each customer  
22 class.
- 23 5. Allowing timely recovery of energy efficiency related costs.

1                   6. Offering home energy audits, offering demand response programs,  
2                   publicizing the financial and environmental benefits associated with  
3                   making home energy efficiency improvements, and educating  
4                   homeowners about all existing Federal and State incentives, including the  
5                   availability of low-cost loans, that make energy efficiency improvements  
6                   more affordable.

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8       11. Q.     WHAT IS MAGNOLIA STAFF’S POSITION ON THIS STANDARD?

9           A.     Magnolia management and staff fully supports member implementation of energy  
10           efficiency measures and technologies, provides reasonable incentives to  
11           encourage member investment in cost-effective energy efficiency, and is moving  
12           further toward a rate design strategy that is consistent with their philosophy of  
13           promoting energy efficiency. Magnolia will continue to consider changes in its  
14           rate schedules to further promote energy efficiency and expects to review and  
15           (likely) adjust many of its rate schedules accordingly in 2009 (pending an ongoing  
16           cost of service study and approval by the Magnolia Board of Directors).

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18       12. Q.     EXPLAIN HOW EACH POLICY OPTION HAS BEEN ADDRESSED OR  
19           WILL BE CONSIDERED BY MAGNOLIA.

20           A.     Policy Option 1 – Removing the Throughput Incentive, etc. It should first be  
21           noted that, as a member-owned cooperative, Magnolia does not have an inherent  
22           motivation to make a profit. Rather, it is management’s responsibility to provide  
23           safe and reliable electric service at the lowest possible cost, and thus provide

1 value to its members. Management actually has an incentive, and a responsibility  
2 to its members, to invest in energy efficiency technologies and programs  
3 wherever cost-effective. Therefore, by definition, distribution cooperatives such  
4 as Magnolia do not have fundamental regulatory or management disincentives to  
5 investing in energy efficiency.

6  
7 Magnolia, like most electric distribution utilities, does not have complete  
8 alignment of costs and rates. In many of its rate classifications there is a portion  
9 of fixed cost that is recovered through the energy component of the rate (the  
10 energy charge). Magnolia does, however, have a strategy in place to more closely  
11 align their rates with their actual costs. Since about 1990, their approach has been  
12 to gradually increase the monthly customer charge for residential and other  
13 general service customers until the appropriate amount of fixed costs are included.  
14 Currently, the monthly residential customer charge recovers approximately 40%  
15 of fixed costs, while this PURPA standard contemplates full fixed cost recovery  
16 through this rate component. Similarly, on the commercial and industrial side,  
17 some portion of fixed cost is recovered through the energy charges. Once results  
18 from the next cost of service study are available, Magnolia plans to evaluate how  
19 to restructure its rate schedules to recover a greater share of its fixed costs through  
20 the fixed rate components in each customer class.

21  
22 Policy Option 2 – Providing Program Incentives, etc. Magnolia actively  
23 participates in programs designed to promote the efficient use of energy. As an

1 example, through the Comfort Advantage program, Magnolia offers rebates to  
2 customers that incorporate energy efficient measures into their home – up to \$500  
3 for a Comfort Advantage home (with greater levels of energy efficiency) with an  
4 additional \$150 per qualified heat pump system.

5  
6 Policy Options 3 and 4 – Rate Design Goals, Structure, etc. Magnolia’s rate  
7 design strategy over the last several years has included energy efficiency as one of  
8 the main objectives. A move toward increasing the amount of fixed costs  
9 included in the customer charge and demand charge components is one example,  
10 as described in the response to Policy option 2. Another example is the relatively  
11 low level of usage required to get to the lowest-priced energy block (for those rate  
12 schedules that contain more than one energy block). For example, Magnolia’s  
13 two residential rate schedules each have two energy blocks. The first is for the  
14 first 500 kWh of monthly usage, which is less than half that of the average  
15 residential customer in Mississippi (average is 1,261 kWh based on 2007 Energy  
16 Information Administration data). For practical purposes, these schedules could  
17 be considered as single block rates, since the threshold usage will almost always  
18 be exceeded by residential customers on a normal basis. The lower price for the  
19 second energy block should not be construed as significantly incenting additional  
20 energy usage by consumers. Magnolia expects to continue evaluating the  
21 customer, demand, and energy charges as well as the energy blocks associated  
22 with its various rate classes in future years as it continues to implement its rate  
23 design strategy.

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Policy Option 5 – Timely Cost Recovery, etc. This Policy Option primarily applies to the state commissions that regulate investor-owned utilities (IOUs) and allow IOUs to earn a regulated rate of return on assets in order to provide a return to shareholders. For this policy option, commissions are to consider whether to allow regulated utilities to recover their costs associated with energy efficiency investments/programs in a timely manner. As described in Policy Option 1, Magnolia is owned by its member-customers. All of Magnolia’s costs must be recovered by its customers in a timely manner, including investments/programs associated with energy efficiency, if Magnolia is to provide maximum value to its members.

Policy Option 6 – Program Offerings, Promotions, Education, etc. While some of this is addressed in Policy Option 2, Magnolia does more than provide financial incentives to consumers in order to promote energy efficiency. Magnolia offers free energy audits to all members upon request, and Magnolia member service representatives actively work with those members who want to lower their energy use and their electricity bills. In addition to services, Magnolia provides information on the benefits of energy efficiency and educational tools to assist members as they seek to use electricity more wisely. The following are examples of how Magnolia promotes energy efficiency:

- Website links to the Comfort Advantage program

- 1 • Website links to multiple energy calculators that show energy savings  
2 associated with improvements in the home, lighting, televisions, and  
3 appliances
- 4 • The *Today in Mississippi* monthly publication (with circulation of over  
5 50,000) features articles on members who have used the Comfort  
6 Advantage program to save electricity and money
- 7 • Website link to an Energy Guide to help members lower their power bills  
8 via improvements in duct sealing, air sealing, insulation, etc.

9

10 13. Q. ARE MAGNOLIA STAFF’S POSITION AND THEIR CONSIDERATION OF  
11 THIS STANDARD CONSISTENT WITH THE THREE PURPOSES OF  
12 PURPA?

13 A. Yes.

14

15 ***New PURPA Standard on Smart Grid Investments (PURPA Section 111(d)(18))***

16 14. Q. PLEASE DESCRIBE THE NEW PURPA STANDARD ON SMART GRID  
17 INVESTMENTS?

18 A. This new PURPA standard is directed at states (i.e., regulatory agencies). They  
19 are to consider whether it is appropriate: (1) to require utilities to consider smart  
20 grid investments before investing in any grid technology, (2) to authorize  
21 recovery of capital and O&M expenditures related to smart grid deployments, and  
22 (3) to authorize timely recovery of the remaining book value of any equipment  
23 rendered obsolete as a result of deployment of a qualified smart grid system.

1 Obviously, as drafted, the legislation cannot be implemented by cooperatives that  
2 are unregulated and do not have investor return concerns.

3  
4 15. Q. HOW IS “SMART GRID” DEFINED?

5 A. While “smart grid” is not defined in the legislation, there are several  
6 characteristics identified that provide a further understanding of the types of  
7 investments that are to be considered. For example, EISA characterizes the smart  
8 grid as one that reflects:

- 9 a. an increased use of digital information and controls technology,
- 10 b. dynamic grid optimization,
- 11 c. deployment and integration of distributed resources and generation  
12 (including renewables),
- 13 d. development and incorporation of demand response, demand-side  
14 resources, and energy efficiency resources,
- 15 e. real-time, automated, interactive technologies that optimize the physical  
16 operation of appliances and consumer devices, etc.,
- 17 f. integration of “smart” appliances and consumer devices,
- 18 g. deployment and integration of advanced electricity storage and peak  
19 shaving technologies, including plug-in hybrids,
- 20 h. timely information and control options provided to consumers,
- 21 i. development of standards for communication and interoperability of  
22 appliances and equipment interconnected with the distribution grid.

1 The National Rural Electric Cooperative Association (NRECA) recently offered a  
2 good definition in a webinar presentation related to the new PURPA standards.  
3 They defined smart grid as: “a collection of technologies including AMI and  
4 distribution automation integrated through an effective communications  
5 infrastructure and software tools to provide enhanced value and services to  
6 members.”  
7

8 16. Q. WHAT IS MAGNOLIA STAFF’S POSITION ON THIS STANDARD?

9 A. While Magnolia is not capable of implementing this standard as drafted (since the  
10 standard is directed at the states), Magnolia is in favor of employing smart grid  
11 technology wherever it is cost-effective. With respect to the first consideration to  
12 be made by the states, Magnolia currently evaluates all technologies, including  
13 smart grid technologies, prior to making any investments. Magnolia staff fully  
14 intends to continue this practice. While this does not guarantee that smart grid  
15 technologies will be selected, Magnolia has fairly evaluated and implemented  
16 smart grid technologies in the past whenever it was reasonable to do so. To date,  
17 Magnolia has not found it cost-effective to implement technologies broadly across  
18 its service territory, but has time of use (TOU) meters in place at selected large  
19 commercial and industrial member facilities. Additionally, Magnolia has plans to  
20 implement SCADA at the substation level with a pilot program scheduled for  
21 2009. A more comprehensive implementation of an automated meter reading  
22 (AMR) system is currently being evaluated with the potential to begin  
23 implementation in the 2010-2011 timeframe. With respect to the second and third

1 considerations to be made by the states (recovery of new investment and recovery  
2 of stranded investment), as a member-owned cooperative Magnolia does not have  
3 a profit motivation or investors that desire/require a rate of return on equity.  
4 Ultimately, Magnolia's members are the only source of money to fund new  
5 investments (or to pay for stranded investments) and, therefore, decisions on  
6 when and where to implement smart grid technologies must be made based on the  
7 overall interests of, and benefits provide to, the membership.  
8

9 17. Q. IS MAGNOLIA STAFF'S POSITION CONSISTENT WITH THE THREE  
10 PURPOSES OF PURPA?

11 A. Yes. By definition, appropriately utilized smart grid technologies will promote  
12 conservation and the efficient use of facilities (the first two purposes).  
13 Implementation of smart grid technologies will continue to promote equitable  
14 rates (the third purpose) provided that the costs and benefits of the respective  
15 smart grid investments are borne by the same group of members.  
16

17 **New PURPA Standard on Smart Grid Information (PURPA Section 111(d)(19))**

18 18. Q. PLEASE DESCRIBE THE NEW PURPA STANDARD ON SMART GRID  
19 INFORMATION.

20 A. This new PURPA Standard requires that affected utilities consider and determine  
21 whether their electricity customers (and other interested persons) should be  
22 provided direct written or electronic access to information concerning time-based  
23 electricity prices – at the wholesale and retail levels – and that customers be

1 provided information about their usage on at least a daily basis. This new  
2 PURPA Standard also requires affected utilities to consider and determine  
3 whether customers (and other interested persons) should be provided data  
4 concerning the sources of power provided by the utility, including the greenhouse  
5 gas (GHG) emissions associated with each type of generation.  
6

7 19. Q. WHAT ISSUES EXIST WITH RESPECT TO PROVIDING THE VARIOUS  
8 PIECES OF INFORMATION?

9 A. EISA requires that utilities consider that customer-specific information be  
10 provided to purchasers (customers) and all of the other types of information be  
11 provided to purchasers (customers) and “other interested persons.” This raises  
12 issues with respect to other interested persons’ need to know and the investment  
13 that may be required, at member’s expense, to provide them that information.  
14

15 With respect to time-based electricity prices in the wholesale market, there is not  
16 an organized hourly electricity market in the Southeastern United States like there  
17 is in many other parts of the country. Additionally, Magnolia, like most  
18 cooperatives, obtains their power through long-term contractual arrangements  
19 under which wholesale pricing information is confidential and is not to be  
20 disclosed to the public. Providing real-time retail price information becomes  
21 problematic for utilities where there is no real-time wholesale market, and can  
22 only be practically implemented by each such utility as it relates to time-based  
23 retail rate schedules that they may have in place for certain of their customers.

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Information about sources of power/generation, including greenhouse gas emissions is generally not tracked by distribution cooperatives due to the fact that most have long term requirements contracts for most, if not all, of their power needs. While some distribution cooperatives may choose to estimate this information and provide it to customers as suggested by PURPA, in most cases the cooperative has minimal opportunity to impact the sources of generation – and information is often provided by their primary power supplier within the context of their annual financial and operational reporting requirements.

Perhaps the most significant issue with respect to providing much of the information is related to the technology necessary to efficiently and effectively do so. A broad deployment of sophisticated metering and communication technology is required to collect, store, and provide the customer and pricing data contemplated by this standard. While advances in AMR/AMI technology are making this possible for more utility systems, an investment in this equipment may or may not make sense for an individual utility, depending on the nature of their service territory, member/customer demographics, and existing technology situation.

20. Q. PLEASE DESCRIBE MAGNOLIA’S CURRENT SITUATION AND PLANS RELATIVE TO THE REQUIRED TECHNOLOGY.

1           A.     Magnolia has been investing in new technology that will support the promotion of  
2                   energy efficiency programs and efficiently providing information to their  
3                   members in an effort to help them make appropriate consumption and  
4                   conservation decisions. Over the next few years, Magnolia anticipates making  
5                   additional investments in enabling technologies. For example, there are plans to  
6                   implement a SCADA system at the substation level, with a pilot program  
7                   beginning in 2009 for monitoring purposes. Magnolia is also currently evaluating  
8                   beginning an AMR deployment in the 2010-2011 timeframe, but this is just in the  
9                   planning stages at this time.

10  
11         21. Q.    WHAT IS MAGNOLIA STAFF’S POSITION ON THIS STANDARD?

12           A.     Magnolia continues to fully support providing its members/customers all of the  
13                   data and information necessary for them to make informed decisions regarding  
14                   their consumption and conservation of electricity. While some of the information  
15                   to be considered is not provided in the exact form as contemplated by PURPA,  
16                   the following information is made available to Magnolia members/customers on a  
17                   timely basis:

- 18                   a.    Usage information for each customer (in each customer class, regardless  
19                           of rate schedule) is available on Magnolia’s website. This same  
20                           information is provided on the customer’s bill for the current month,  
21                           previous month and for the same month in the previous year for  
22                           comparison purposes. Additionally, a graph depicting each month’s usage  
23                           for the previous 12 months is printed on the bill for comparison purposes.

1           b. Magnolia’s wholesale power supplier, SMEPA, provides summary level  
2           information on its controlled/owned sources of generation in the financial  
3           supplement to their Annual Report. The greenhouse gas emissions  
4           associated with each source of generation (by fuel type) can be reasonably  
5           estimated using this information.

6  
7           Magnolia will continue to evaluate providing additional information to its  
8           members/customers whenever it is practicable and economic. While it is not  
9           currently practicable to provide additional data/information at this time, this  
10          consideration will occur if and when fundamental changes take place (e.g., once  
11          AMR/AMI has been largely deployed throughout the system). Likewise, if and  
12          when a real-time market is developed in the Southeastern US, Magnolia may  
13          determine at that time that it makes sense to begin providing additional wholesale  
14          pricing data/information to customers (or ensure such data/information is made  
15          available by the market operator).

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17          22. Q.    IS MAGNOLIA STAFF’S POSITION CONSISTENT WITH THE THREE  
18                   PURPOSES OF PURPA?

19           A.    Yes it is. Magnolia intends to continue providing customers with appropriate  
20           data/information in order to promote conservation and, hence, result in more  
21           efficient use of facilities and resources. However, Magnolia will not provide  
22           data/information in any way that is not cost-effective or discriminatory to any  
23           member or group of members.

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*New Standard on Industrial Waste Energy*

23. Q. PLEASE DESCRIBE THE NEW STANDARD ON INDUSTRIAL WASTE ENERGY.

A. EISA contained another standard to be considered by states and nonregulated utilities, although this is not an amendment to PURPA. While it is not associated with PURPA, many of the provisions for consideration are similar to those required by PURPA. With respect to the standard itself, it is intended to encourage waste energy recovery – generally from industrial processes – that could generate net excess power (i.e., electricity that exceeds the amount needed by the facility/site and can be supplied to the grid). States and nonregulated utilities must consider providing the owner/operator of a waste energy recovery project one of four options for dealing with the net excess power from their project.

24. Q. WHAT ARE THE FOUR OPTIONS TO BE CONSIDERED?

A. While there are some very specific options in the statute, the utility actually has a great deal of latitude in the implementation. The four options are;

- a. Sale of net excess power to the utility – the utility purchases power from the facility and the parties enter a contract to that effect.
- b. Transport by utility for direct sale to third party – the utility essentially “wheels” the power to up to three locations on its system for sale to a third party at those respective locations.

- 1 c. Transport over private transmission lines – the project or third party may  
2 construct, own, and operate a private transmission line to allow for  
3 transport of the power to up to three purchasers within a three mile radius.  
4 d. Agreed on alternatives – whatever arrangement the utility and project  
5 owner can agree to.  
6

7 25. Q. MUST MAGNOLIA CONSIDER THIS ADDITIONAL STANDARD ALONG  
8 WITH THE FOUR NEW PURPA STANDARDS?

9 A. No. In fact, this standard does not need to be considered unless and until the  
10 utility (Magnolia, in this case) is approached by a project that is listed on a  
11 “registry” to be developed and maintained by the Environmental Protection  
12 Agency. Once approached by such a facility, however, the utility has 180 days in  
13 which to consider and determine whether to accommodate the facility, and how.  
14 No action must be taken, nor should any action be taken by Magnolia on this  
15 standard at this time.  
16

17 26. Q. DOES THIS CONCLUDE YOUR TESTIMONY?

18 A. Yes it does.