

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

PACIFICORP, dba UTAH POWER &
LIGHT CO.,

Petitioner,

vs.

US MAGNESIUM LLC,

Respondent.

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Docket No. 04-035-20

AMENDED DIRECT TESTIMONY

OF

GLENN BROOKS

JULY 27, 2004

1 **Q. Please state your name, business address and position with PacifiCorp dba Utah**
2 **Power & Light Company (the Company).**

3 A. My name is Glenn Brooks. My business address is 825 NE Multnomah Street, Suite
4 1800, Portland, Oregon. I am Manager of the Company's Corporate Credit
5 Department.

6 **Qualifications**

7 **Q. Please briefly describe your education and business experience.**

8 A. I hold a Bachelor of Science degree from Oregon State University and have 35 years
9 of commercial, industrial, and utility credit experience. I have worked in credit with
10 the Company and its affiliates for 19 years.

11 **Q. Have you previously appeared in any regulatory proceedings?**

12 A. I have not.

13 **Purpose of Testimony**

14 **Q. What is the purpose of your testimony?**

15 A. The purpose of this amended testimony is to correct some small mathematical errors
16 that appeared in the testimony I submitted on July 22, 2004. In my July 22 testimony,
17 approximately \$1,500 of total billings from the June 30, 2002 to July 31, 2002 period
18 were misallocated to billings for June 25, 2002 through June 30, 2002. These errors
19 did not affect total the dollar amount owed to the Company by US Magnesium LLC
20 (US Mag). The underlying purpose of my testimony remains the establishment of the
21 basis for the Company's claim that US Mag owes the Company approximately

1 \$479,000 for electrical service provided by the Company to US Mag and its
2 predecessor Magnesium Corporation of America (Magcorp).

3 **Discussion of Amounts Owed by US Mag**

4 **Q. In its Request for Agency Action, the Company claims that US Mag owes**
5 **\$431,469.43, plus \$4,361.46 for each month since and including February 2004**
6 **and continuing through December 2004. What is the basis for the claim that US**
7 **Mag owes \$4,361.46 per month for February through December 2004?**

8 A. The \$4,361.46 per month for February through December 2004 is simply a monthly
9 amortization of \$47,976.01, which is the amount underpaid for power provided to
10 Magcorp during the period of May 1, 2002 through June 24, 2002. Pursuant to the
11 terms of its purchase agreement with Magcorp, US Mag is responsible for this
12 underpayment.

13 Specifically, total billings for May 1, 2002 through May 31, 2002 equaled
14 \$791,149.97. Payment received was \$485,000. Total billings less payment received,
15 plus a credit balance of \$127,644.54 from April 30, 2002, left an account balance on
16 May 31, 2002 of \$178,505.43. Total billings from May 31, 2002 through June 24,
17 2002 equaled \$721,602.93. Total payments received were \$852,132.35, received as
18 follows: 6/5/02 \$485,000.00; 6/17/02 \$208,979.96; and 7/16/02 \$158,152.39. Total
19 billings added to the May 31, 2002 account balance, less payments received, left an
20 account balance of \$47,976.01. US Mag has never paid this outstanding balance.
21 The billing information providing support for the Company's claim in this regard is
22 provided as Confidential Exhibit 1.

1 The eleven-month amortization period reflects the fact that PacifiCorp
2 identified the \$47,976.01 amount owing, and demanded the same from US Mag, in
3 February 2004. The monthly payment of \$4,361.46 would allow US Mag to pay the
4 balance of the \$47,976.01 over the remaining term of the May 15, 2003 Electric
5 Service Agreement, which expires in December 2004. This straight-line amortization
6 is consistent with the Commission's November 13, 2003 order in Docket No. 01-035-
7 38.

8 **Q. What is the basis for the Company's claim in its Request for Agency Action that**
9 **US Mag owes an additional \$431,469.43?**

10 **A.** The \$431,469.43 identified in the Company's request reflects the amount US Mag
11 underpaid for electrical service provided to US Mag (not Magcorp) from June 25,
12 2002 through July 31, 2002. During this period US Mag applied credits from the
13 period January 1, 2002 through June 24, 2002 that would have existed had the rate of
14 \$18 MWh applied, rather than the proper rate of \$21 MWh. When the proper \$21
15 MWh rate is applied to the prior period, after properly applying all credits, US Mag
16 had an outstanding balance of \$431,469.43 for the electrical service PacifiCorp
17 provided.

18 Specifically, total billings for June 25, 2002 through June 30, 2002 equaled
19 \$184,990.32. The Company received no payments for this invoice. Total billings for
20 June 30, 2002 through July 31, 2002 equaled \$1,208,030.11. Payment of \$485,000.00
21 was received on 7/9/02. Appropriate credits to the account were \$11,162.00, which
22 reflected interest from a deposit of \$485,000 that was moved from the Magcorp

1 account to the US Mag account, QF Energy Purchase for June 2002 (\$200,422.15),
2 and QF Energy Purchase for July 2002 (\$264,966.77). Total billing, less payment and
3 credits, left an unpaid balance for July 2002 of \$246,479.19.

4 The unpaid balance for June 2002 plus the unpaid balance for July 2002
5 equals \$431,469.51. US Mag has never paid this outstanding balance. The billing
6 information providing support for the Company's claim in this regard is provided as
7 Confidential Exhibit 2. Just as with the \$47,976.01, the Company believes it
8 appropriate to amortize the \$431,469.51 over the remaining term of the May 15, 2003
9 Electric Service Agreement.

10 **Q. So what is the total dollar amount that US Mag has underpaid for electrical**
11 **service provided by the Company?**

12 A. \$479,445.44.

13 **Q. Does this conclude your testimony?**

14 A. Yes it does.