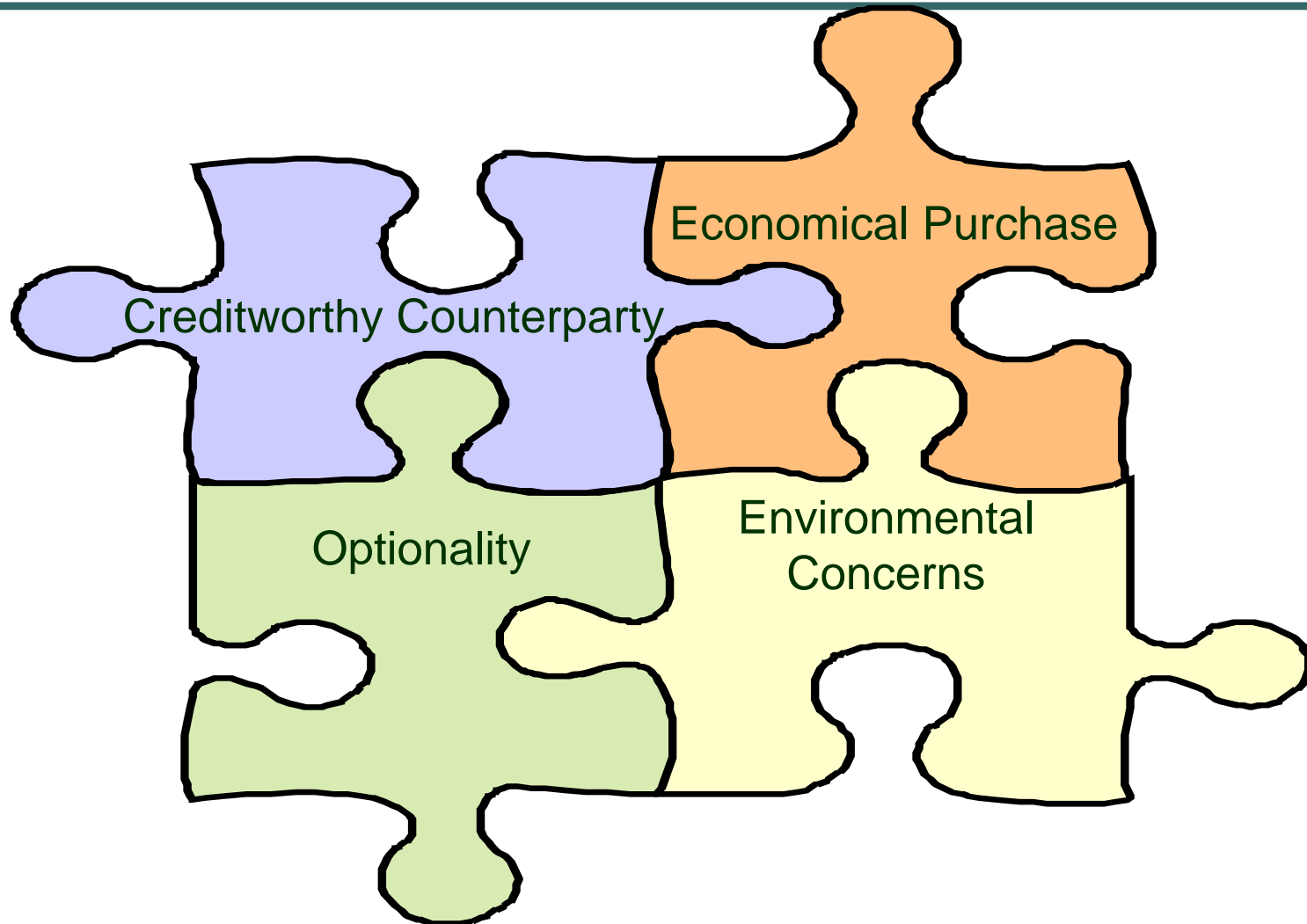


PJM Long Term Contracting Forum

Panel Three: Success Stories

**Mike Hummel
Salt River Project
September 6, 2007**

Successful Long Term Purchase



Success Story #1

Bilateral Purchase

Deal Specifics

- 20+ Year Contract
- 100 MW Capacity
- Demand Charge with Lower Incremental Energy Charge
- Day-Ahead Flexibility
- Real-Time Flexibility

Benefits

- Avoid Unit Contingency Risk
- Long Term Capacity
- Economic Incremental Costs
- Flexibility

Success Story #2

Integrated Resource Purchase

Deal Specifics

- 15+ Year Contract
- 500+ MW Capacity
- Integrated Resources into SRP's System
- Delivery Obligation Associated with this Purchase

Benefits

- Alternative to Building
- Long Term Capacity
- Economic Incremental Costs
- Flexibility Regarding Peaking Capability of Resource
- Long Term Relationship

Success Story #3

Renewable Resource Purchase

Deal Specifics

- Environmentally Desirable Energy
- 100+ MW Capacity
- Premium for Green Energy

Benefits

- SRP is a Steward of the Environment
- Allows Developers to Aggregate Customers for Better Economics
- SRP May Not Be Able to Build Projects in Specific Locations
- Product is Firmed by Another Entity

Success Story #4

Competitive Procurement Purchase

Deal Specifics

- Routinely Allow Others an Opportunity to Sell to SRP
- Staggered Terms
- Staggered Quantities
- Market Prices

Benefits

- Allows SRP to Time Building Assets
- Avoided Unit Contingency Risk
- Long Term Capacity
- Portfolio Approach
- Multiple Providers

Summary

- Successful Long Term Deals Are Available
- Each Deal is Unique and Must Be Evaluated Completely
- Relationship Building is a Key to Success
- A Portfolio Approach Has Been Successful for SRP