

1 18-20010104-11112724-11142337 (2:56)

2 HOLLY: OK, um, an indicative number for two years out February, starting

3 February 1st –

4 PERSON 2: Uh huh.

5 HOLLY: -- um, would be \$175 a megawatt hour. That's around the clock –

6 PERSON 2: Uh huh, around the clock. OK.

7 HOLLY: \$175 a megawatt hour

8 PERSON 2: OK.

9 HOLLY: That's kind of a ballpark figure. Now, the longer you go, the prices are
10 actually down in the farther out periods?

11 PERSON 2: Uh huh.

12 HOLLY: So if you want to go a longer period, you know, like, a five-year price might
13 be closer to \$100.

14 PERSON 2: Uh huh. I see.

15 HOLLY: Because prices are down in the back part of the –

16 PERSON 2: Yeah.

17 HOLLY: - period. So the longer you wanna, you know, lock in your prices, the
18 lower you can get that overall price to go.

19 PERSON 2: I see, but we would basically have to go through Puget to obtain your
20 services.

21 HOLLY: Well what they basically told me in dealing with another customer of theirs,
22 was that, you know, for me to go ahead and talk to the customer and if, if we decide
23 we want to do something, we go back to them, and then we could, um, execute. So I
24 imagine what would happen if we actually go to the point where you wanted to do
25 this –

26 PERSON 2: Uh huh.

27 HOLLY: -- and you wanted to do this. We would both get on the phone and talk to
28 Puget and say here's the deal we want to do. I would actually transact with Puget
29 and they would pass that on to you in your bill.

1 PERSON 2: I see. I see.

2 HOLLY: What would happen on this, this kind of exchanges, I'd be taking your
3 index and I'd be getting you a fixed price --

4 PERSON 2: Uh huh.

5 HOLLY: -- so you would pay me the fixed price, I would pay you the index price
6 that you paid to Puget.

7 PERSON 2: Uh huh. I see. So you basically, you, you take the index --

8 HOLLY: I take that index --

9 PERSON 2: -- we get a fixed price.

10 HOLLY: You get a fixed price.

11 PERSON 2: Huh, OK, and that's a swap, that's what it's called.

12 HOLLY: Yeah, that's called a financial swap.

13 PERSON 2: A financial swap. OK.

14 HOLLY: So --

15 PERSON 2: Well, you've been most helpful. I'm gonna talk to Mayor, Mayor
16 Maxwell about this.

17 HOLLY: That's probably the best, um, you know, um, type of solution. I mean you
18 could buy call options, but they're too expensive right now.

19 PERSON 2: Uh huh. Uh huh.

20 HOLLY: I mean you could lock in your on peak drives and not your off peak? But
21 right now, the whole market has been so volatile, I think, you know, locking it in, um,
22 is probably not a bad move.

23 PERSON 2: Uh huh.

24 HOLLY: We don't think, um, you know just as far as view of the market, you know,
25 there's no new resources coming on any time soon --

26 PERSON 2: Yeah.

27 HOLLY: --- so we think it, you know, at least the next three of four years, the
28 market's gonna be pretty high and pretty bullish.

29 PERSON 2: *[laughs]*

1 HOLLY: And it's true right now.

2 PERSON 2: Sure was last month.

3 HOLLY: Right, it's down right now, I mean, um, you know, two weeks ago, it was,
4 you know, \$100 higher, so I think, you know, it's, it's fairly good timing right now.

5 PERSON 2: Uh huh.

6 HOLLY: And that might last another week or so.

7 PERSON 2: Great. Well we'll –

8 HOLLY: So, yeah –

9 PERSON 2: -- see if we can't do something. I really appreciate your information.

10 HOLLY: Yeah, and if you want any other time periods to look at or anything like
11 that, just give me a call any time.

12 PERSON 2: OK. Thank you so much Holly.

13 HOLLY: No problem.

14 PERSON 2: OK

15 HOLLY: Bye bye.

16 PERSON 2: Bye bye.

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