Chairman David Rowe, Members of the House Republican Policy Committee, thank you for the opportunity to testify today regarding the opportunities and challenges we face as a major manufacturer in Pennsylvania.

My name is Michael Rossi and I represent Westmoreland Mechanical Testing & Research, Inc. We are a global leader in materials testing, serving the aviation, space, power generation, automotive, racing, and medical industries. Our company employs approximately 260 people, operates in over 300,000 square feet of testing space, and maintains more than 3,000 test frames. Because each of these test frames relies on sensitive electronics and computer systems, our operations require significant and uninterrupted electrical power. We utilize various service entrances and voltages (110V, 220V, and 480V) to accommodate different equipment sizes.

At Westmoreland, our core service is providing test results that determine the life expectancy of materials or confirm a product's compliance with specific manufacturing standards. Because our customers depend on accurate and timely results, consistent and continuous electricity is essential. Any disruption—whether brownouts, blackouts, or voltage fluctuations—risks invalidating long-running tests.

To mitigate such risks, we have invested heavily in backup systems. Each of our buildings has a generator (eight generators in total), and we use uninterruptible power supplies (UPS) to protect critical equipment from power dips until the generators come online. Despite these investments, however, we remain concerned about the broader power infrastructure's reliability. Frequent electrical irregularities strain our production processes, especially where large hydraulic pumps are involved. These pumps cannot realistically be run through a UPS, so any delay (or "lag time") before the generator starts can disrupt or invalidate ongoing tests—particularly tests that can run for weeks at elevated temperatures using specialized furnaces.

Additionally, we have observed changes in the electric utility industry—particularly in infrastructure—that have led to noticeable reliability and availability issues. Deteriorating infrastructure increases the likelihood of outages and power quality problems, posing a continual challenge to our operations.

To provide some context, we currently experience power issues on a monthly basis that require our generators to activate. In some locations, these issues are even more frequent. Our UPS systems, which are highly sensitive to power fluctuations, register these occurrences upwards of 10 times per month. Even minor fluctuations are detected by the UPS, demonstrating the inconsistent power supply we face. In contrast, our UK facility experiences significantly fewer issues, averaging only two power interruptions per year.
We work closely with our local utility provider, and while they acknowledge our concerns, they also recognize the limitations they face with the current infrastructure.

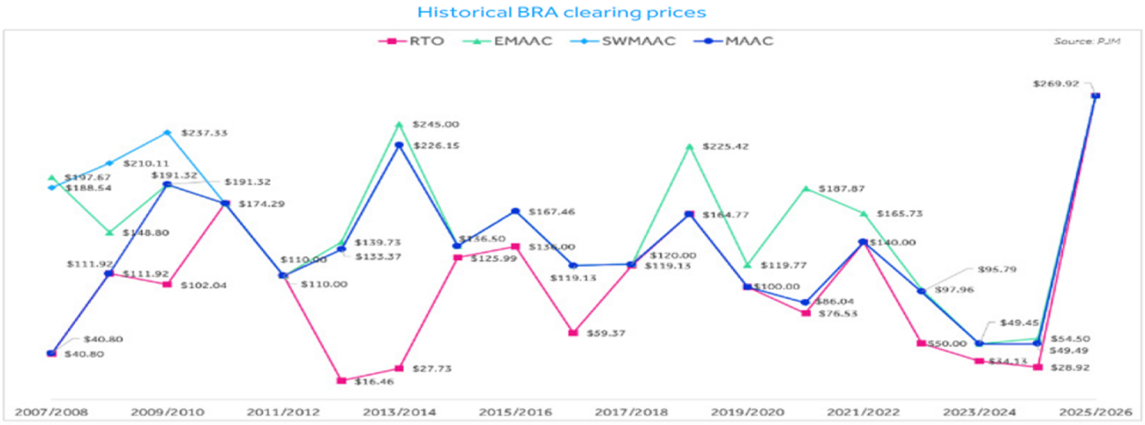
Lastly, we've noticed an increasing number of requests from power suppliers to conserve energy during predicted peak demand periods. On these occasions, we are asked to reduce our load or switch to generator power, with the explanation that "any load reduction you can achieve during these hours may help offset future energy costs." While we understand the rationale, this approach makes it challenging to run our business effectively. In the past, the infrastructure was better equipped to handle such situations without requiring customer intervention.

Utility Costs

Our facility consumes approximately 1300MWH per month, costing around $100,000 per month .We have experienced rising energy rates over the past few years with the worst to start in June of 2025. To manage expenses, we currently use a third-party a gent to source our power as part of a larger group, helping reduce our cost per kWh. We also enter into multi-year agreements to maintain price stability. However, because electricity is effectively traded as a commodity, rates can fluctuate, and we must continually reassess our contracts to secure the best possible pricing. What is most concerning is the projected increase (as show below) that my company is expected to see starting June 1 2025.

2025/26 Capacity Auction Results

- PJM's Capacity auction for 2025/26 settled 9x higher than the current price
  - Decreased supply offers into the due to generator retirements
  - Increase in projected peak load (data centers, bitcoin, etc.)
- Your Capacity rate is based upon how you use electric on the five hottest hours of the five hottest days of the year (resets each January)



Capacity Auction Impact (estimated)

	Auction Clearing Prices ($/MW-Day)		Current Capacity Cost	Capacity Cost starting June 1, 2025	Expected Annual Increase	% increase	Expected Monthly Adjustment
Auction	2025/26	2024/25	$70,238	$655,557	**$585,319**	833.33%	**$48,777**
LDA	$269.92	$28.92					

Capacity tag (KW)	6,654

- Your demand tags (Capacity & Transmission) get reset every year. The only way to reduce this spend going forward, since Demand Response is not an option, is to **manage your electric consumption on peak days**

- Can you utilize your generators for an hour on peak days for capacity & transmission alerts?
  - *Cutting your capacity tag just by 30% = $195,000+ savings*

This charts shows transmission costs and is on top of our MWH usage cost.
As it mentioned Demand response is a way to offset this cost but you must have generators that meet the requirement to do this, out of my 8 generators only 1 of them qualify.

In conclusion, reliable and affordable electricity is critical to our business. We appreciate your attention to these issues and look forward to working with you to ensure Pennsylvania's power infrastructure remains strong, resilient, and competitive. Thank you for your time, and I am happy to answer any questions.