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Department of
Commerce

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Memorandum

To: Public Service Commission
From: Division of Public Utilities
Judith Johnson, Interim Director
Energy Section
Artie Powell, Technical Consultant
Andrea Coon, Utility Analyst
Date: October 10, 2003
Subject: Docket 03-035-19: Application of US
Magnesium LLC for Determination of
Long-Term Economic Development
Rates and Conditions of Interruptible
Service.

I Issue

On September 12, 2003, US Magnesium (US Mag) filed a request for the Commission to set “just and reasonable long-term economic development rates and conditions” to take effect following the expiration of the current contract.¹ The Division of Public Utilities received an action request from the Commission on September 15, 2003. The Division has examined the filing and offers the following initial comments and recommendations to the Commission.

II Analysis

The US Mag filing does not provide sufficient clarity and specificity in several areas to allow the Division to make a meaningful analysis. First, US Mag has requested an economic development rate without defining what is meant by the term “economic development”. The filing mentions that in the past, US Mag has been granted discounts from firm service rates, but does not specify what if any discount from a firm service rate is being sought.² Second, US Mag has requested a 10-year contract without properly identifying the manner in which they are requesting said contract to be priced.³ Specifically, the application fails to provide a pricing request; there are also no specifications regarding whether or not the request for a “fixed rate” is associated with any form of indexation. Third, the filing fails to specify how long US Mag has been in negotiations with PacifiCorp over this issue and whether these negotiations have now failed. As a consequence, the application fails to clearly state what role the Commission is being asked to play in this contracting process.

¹ US Magnesium petition, September 12, 2003, page 1.

² Ibid, page 3.

³ Ibid, page 2.

III Recommendation

Without further clarification and specification from US Mag on the issues outlined above, the Division is unable to proceed with substantive analysis. We therefore recommend that the Commission not move forward with this docket until US Mag provides the necessary details.

CC. US Magnesium, Gary Dodge
PacifiCorp, Tim Hunter
Committee of Consumer Services
Klare Bachman, Executive Director
Dennis Miller