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State of Utah  
DEPARTMENT OF COMMERCE  
Office of Consumer Services

MICHELE BECK  
Director

To: Public Service Commission

From: Office of Consumer Services  
Michele Beck, Director  
Dan Gimble, Manager  
Cheryl Murray, Utility Analyst

Date: August 22, 2014

Subject: In the Matter of the Application of Rocky Mountain Power for Approval of Partial Requirement Master Electric Service Agreement Between PacifiCorp and Tesoro Refining and Marketing Company: Docket 14-035-107.

## Background

On August 11, 2014 Rocky Mountain Power Company (Company) filed with the Public Service Commission (Commission) a request for approval (Application) of a Partial Requirement Master Electric Service Agreement (Agreement or Contract) between PacifiCorp and Tesoro Refining and Marketing Company (Tesoro). The Application was filed pursuant to the Commission's Bench Ruling in Docket No. 13-035-196<sup>1</sup>.

The Company requests expedited review of its Application and following a scheduling conference the Commission, on August 15, 2014, issued a Scheduling Order and Notice of Hearing. To accommodate the request for expedited review, parties are to file comments on August 22, 2014; a hearing on the matter is set for August 28, 2014.

The Agreement between PacifiCorp and Tesoro is confidential in its entirety although some limited information is provided in the non-confidential Application. Accordingly, the Office of Consumer Services, in preparing its comments and recommendations, has referred to certain confidential provisions in the Agreement.

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<sup>1</sup> In the Matter of the Application of Rocky Mountain Power for Approval of Revisions to Back-Up, Maintenance, and supplementary Power Service Tariff, Electric Service Schedule 31.

**Comments**

In order to accommodate the request for expedited review, the Company informally met with the Division of Public Utilities (Division), the Office and a representative of Tesoro to answer a number of questions that were provided by the Office prior to the meeting. During the meeting, the Company took the opportunity to explain and clarify certain aspects of the Agreement.

*Agreement for Partial Requirement Services*

Tesoro's existing agreement expires on August 31, 2014; thus the request for expedited review. Additionally, on July 23, 2014, the Commission issued an order related to the prices and other terms of Schedule 31.<sup>2</sup> While most customers needing partial requirements services must take those services under Schedule 31, customers with on-site generation over 15,000 kW must receive such services by entering into an agreement with the Company. Tesoro represents that it meets the criteria of generating more than 15,000 kW of on-site electricity and therefore requires a separate agreement for partial requirements service.

*Office Concerns*

As with any Company special contract, the Office's primary concern is that the terms of the contract do not result in cost shifts from the contracting party (in this case, Tesoro) to other customers. Because the Tesoro Agreement has a five-year term, it is especially important to the Office that all charges included in the contract appropriately [Begin Confidential] [REDACTED]. [End Confidential]

In the Application the Company states that "The prices set forth in the Agreement were calculated consistent with Schedule 31 prices". Section 4.01 of the Confidential Agreement contains provisions that are especially important to the Office's determination of the reasonableness of the Agreement. That section reads:

[Begin Confidential] "[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]"

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<sup>2</sup> Schedule 31, Back Up, Maintenance and Supplementary Power.



Agreement, the Commission should specifically order that it is appropriate for Tesoro to pay all applicable surcharges [Begin Confidential] [REDACTED] [End Confidential].

The Office further recommends that the Commission require that the Company provide more information explaining complex issues in contract filings. This could be accomplished by providing more details in the cover letter or application and including a confidential version if necessary. Such additional information would be particularly helpful in circumstances like the current docket in which expedited treatment is requested.

Copies To: Rocky Mountain Power  
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