

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the
Application of Rocky Mountain Docket No. 14-035-107
Power for Approval of Partial
Requirement Master Service
Agreement between PacifiCorp
and Tesoro Refining and
Marketing Company

~~~~~  
HEARING PROCEEDINGS  
CONFIDENTIAL PORTIONS PAGE 6 THROUGH 11 AND PAGE  
18 THROUGH 19 ARE REDACTED AND FILED UNDER SEPARATE COVER  
~~~~~

TAKEN AT: Public Service Commission
Hearing Room 403
160 East 300 South
Salt Lake City, Utah

DATE: Thursday, August 28, 2014

TIME: 1:11 p.m.

REPORTER: Nancy A. Fullmer, RMR

1 APPEARANCES

2 HEARING OFFICER: JORDAN A. WHITE

3 FOR DIVISION OF PUBLIC UTILITIES:

4 JUSTIN C. JETTER

5 ASSISTANT ATTORNEY GENERAL

160 East 300 South, Fifth Floor

6 Salt Lake City, Utah 84114

7 FOR ROCKY MOUNTAIN POWER:

8 YVONNE RODRIGUEZ HOGLE

9 Senior Counsel

201 South Main Street, Suite 2300

10 Salt Lake City, Utah 84111

11 VIA TELEPHONE:

12 FOR TESORO REFINING AND MARKETING COMPANY:

13 WILLIAM J. EVANS

14 PARSONS, BEHLE & LATIMER

201 South Main Street, Suite 1800

15 Salt Lake City, Utah 84111

16 INDEX OF WITNESSES

17 WITNESS	18 PAGE
19 DAVID L. TAYLOR	
20 EXAMINATION	
21 BY-MS.HOGLE	4
22 JUSTIN CHRISTENSEN	
23 EXAMINATION	
24 BY-MR.JETTER	14
25 CHERYL MURRAY	
STATEMENT	16

INDEX OF CONFIDENTIAL TESTIMONY

20	PAGE	LINE
21 Begin confidential testimony	6	22
22 End confidential testimony	11	16
23 Begin confidential testimony	18	21
24 End confidential testimony	19	12

1 PROCEEDINGS

2 THE HEARING OFFICER: Good afternoon.

3 This is the time and place noticed for Commission
4 consideration of an Application of Rocky Mountain
5 Power for Approval of a Partial Requirement Master
6 Electric Service Agreement between PacifiCorp and
7 Tesoro Refining and Marketing Company in Docket
8 No. 14-035-107.

9 My name is Jordan White and the
10 Commissioners have asked that I act as presiding
11 officer for this hearing. Why don't we go ahead
12 and take appearances and we'll start over here
13 with Ms. Murray.

14 MS. MURRAY: Cheryl Murray for the Office
15 of Consumer Services. And I'm appearing today
16 without counsel.

17 MR. JETTER: Justin Jetter representing
18 the Utah Division of Public Utilities. And with
19 me at the table here is Justin Christensen, a
20 utility analyst for the Division of Public
21 Utilities.

22 MS. HOGLE: Yvonne Hogle on behalf of
23 Rocky Mountain Power and with me here today is
24 Mr. Dave Taylor.

25 MR. EVANS: And on the telephone, I'm

1 Bill Evans with Tesoro Refining and Marketing.

2 THE HEARING OFFICER: And, just for a
3 personal record, we've had some discussion off the
4 record previously about the discussion of
5 treatment of confidential information. Following
6 up on that, I'm looking around the hearing room.
7 I don't see anyone that I recognize, at least
8 who's not a--either protected--or allowed to give
9 confidential information under the statute or as
10 part of the Company, so I think we're okay with
11 that. But what we did discuss is that folks, if
12 they're going to get into confidential
13 information, they'll try their best to give
14 forewarning to the court reporter, et cetera, so
15 we can mark those appropriately.

16 Okay. So we've taken appearances. Any
17 other matters of housekeeping before we go ahead
18 and proceed? Okay. This is Rocky Mountain
19 Power's application, and, Ms. Hogle, why don't you
20 go ahead and proceed.

21 MS. HOGLE: Thank you, Your Honor.

22 EXAMINATION

23 BY-MS.HOGLE:

24 Q. Mr. Taylor, can you please state your
25 name and place of employment for the record?

1 A. My name is David L. Taylor, and I'm
2 employed as the manager of Regulatory Affairs for
3 the State of Utah for Rocky Mountain Power. My
4 address is 201 South Main, Suite 2300, Salt Lake
5 City, Utah.

6 Q. And, Mr. Taylor, do you have any comments
7 for the hearing officer today in support of the
8 Partial Requirement Master Electric Service
9 Agreement between PacifiCorp and Tesoro?

10 A. Yes. Just a few brief comments.

11 THE HEARING OFFICER: Sorry.

12 MS. HOGLE: Oh, I believe that he needs
13 to be sworn in.

14 THE HEARING OFFICER: Yeah, why don't we
15 go ahead and do that. Sorry about that. Those
16 are required housekeeping matters. Thank you.

17 Do you solemnly swear to tell the whole
18 truth and nothing but the truth?

19 MR. TAYLOR: I do.

20 DAVID L. TAYLOR,
21 having been first duly sworn, was
22 examined and testified as follows:

23 THE HEARING OFFICER: Thank you. You can
24 be seated.

25 MR. TAYLOR: Thank you. On the 11th of

1 August of 2014, Rocky Mountain Power filed a
2 contract with the Commission between Rocky
3 Mountain Power and Tesoro Refining and Marketing
4 Company, LLC. That contract is for backup and
5 supplemental service. It was necessary that we
6 file a special contract between the Company and
7 Tesoro because the new Rate Schedule 31, which is
8 a partial requirement schedule for general
9 customers, is limited to generators smaller than
10 15 megawatts. Because of that, it was necessary
11 that Tesoro be placed on a special contract
12 outside the terms of that tariff. As a result of
13 that, we negotiated a contract. That contract's
14 been presented before the Commission.

15 Now I will get into some elements of the
16 contract which are unique to this contract and
17 Tesoro and will be confidential.

18 THE HEARING OFFICER: Okay.

19 MR. TAYLOR: So this point on, my
20 comments will be confidential.

21 THE HEARING OFFICER: Thank you.

22 ***BEGIN CONFIDENTIAL TESTIMONY***

23 //
24
25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25



50 West Broadway, Suite 900, Salt Lake City, UT 84101
801-983-2180

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

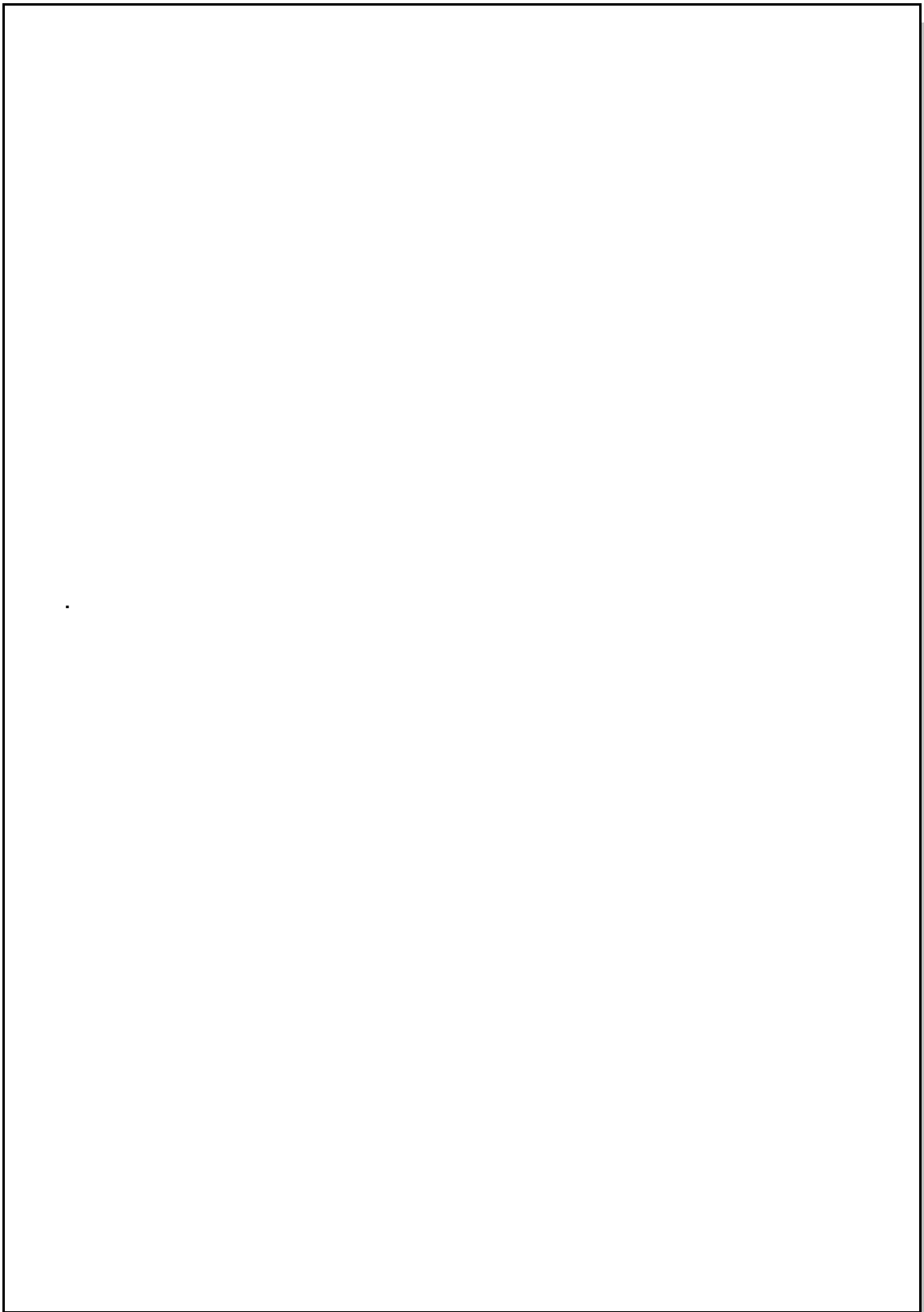
50 West Broadway, Suite 900, Salt Lake City, UT 84101
801-983-2180

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25



50 West Broadway, Suite 900, Salt Lake City, UT 84101
801-983-2180

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25



50 West Broadway, Suite 900, Salt Lake City, UT 84101
801-983-2180

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

//

END CONFIDENTIAL TESTIMONY

THE HEARING OFFICER: Now, we didn't deal with this upfront. Did you want to address the issue of receiving the filing, the agreement, et cetera, in evidence?

MS. HOGLE: Yes. Thank you, Your Honor. The Company moves for the admission of the Company's filing in its entirety into evidence.

THE HEARING OFFICER: Is there any objection? Hearing none, they're received. Okay,

1 thank you.

2 Mr. Evans, I'm aware that you don't have
3 a witness, but I don't know if you have any
4 presentation that you wanted to provide to the
5 Commission.

6 MR. EVANS: Mr. White, can you speak up,
7 please?

8 THE HEARING OFFICER: Yeah. Sorry. Can
9 you hear me now better? Can you hear me?
10 Mr. Evans?

11 MR. EVANS: Yes.

12 THE HEARING OFFICER: Yeah. I'm aware
13 you don't have a witness on the phone, but is
14 there anything you would like to present to the
15 Commission, et cetera, before I move on to the
16 other parties?

17 MR. EVANS: Yes. I don't have a witness,
18 but my comments would be only that the operation
19 of Tesoro's QFs are in the public interest and the
20 contract allows Tesoro the flexibility to operate
21 those units with the greatest efficiency and
22 flexibility. The rates that are in place are just
23 and reasonable and in the public interest and we
24 would request the Commission approve the contract.

25 THE HEARING OFFICER: Okay. Thank you.

1 And I, again, understand that you weren't sworn in
2 and wasn't providing sworn testimony. I'm
3 assuming that none of the parties have cross for
4 Mr. Evans, correct? Okay. With that, why don't
5 we go ahead and move on to Mr. Jetter with the
6 Division.

7 MR. JETTER: Thank you. The Division
8 would like to call and have sworn in our witness,
9 Justin Christensen.

10 THE HEARING OFFICER: Okay. Please raise
11 your right hand. Do you solemnly swear to tell
12 the whole truth and nothing but the truth?

13 MR. CHRISTENSEN: I do.

14 JUSTIN CHRISTENSEN,
15 having been first duly sworn, was
16 examined and testified as follows:

17 THE HEARING OFFICER: Thank you. You can
18 be seated. And just before I move on, so is it
19 safe to say that we are now--can resume our
20 confidential treatment for purposes of the
21 transcript?

22 MR. JETTER: And I don't believe for the
23 Division we will go into confidential territory
24 unless questions come up on cross-examination.

25 THE HEARING OFFICER: Okay. Perfect.

1 Thank you.

2 EXAMINATION

3 BY-MR.JETTER:

4 Q. Would you please state your name and
5 occupation for the record.

6 A. My name is Justin Christensen. I'm a
7 utility analyst with the Division of Public
8 Utility.

9 Q. And have you reviewed the filing--the
10 application made by the Company in this docket as
11 well as the confidential contract?

12 A. I have.

13 Q. And did you prepare the action request
14 response filed by the Division of Public Utilities
15 on August 21, 2014?

16 A. I have.

17 Q. And does the recommendation and the
18 comments made in that document continue to reflect
19 the position of the Division of Public Utilities?

20 A. Yes.

21 Q. And do you believe that the contract in
22 this docket that's been applied for should be
23 approved and that the terms contained therein are
24 just, reasonable, and in the public interest?

25 A. I do.

1 MR. JETTER: Thank you. I have no
2 further questions. He's available for
3 cross-examination. Thank you.

4 THE HEARING OFFICER: Thank you.
5 Ms. Hogle, any questions?

6 MS. HOGLE: I have none.

7 THE HEARING OFFICER: Mr. Evans?
8 Mr. Evans?

9 MR. EVANS: Sorry, what was that?

10 THE HEARING OFFICER: Mr. Evans, do you
11 have questions for Mr. Christensen?

12 MR. EVANS: No, no questions.

13 THE HEARING OFFICER: Okay. Thank you.
14 And, Ms. Murray?

15 MS. MURRAY: No questions. Thank you.

16 THE HEARING OFFICER: Okay. Thank you.
17 With that--I'm sorry?

18 MR. JETTER: Just one more item. I would
19 just like to move that the comments from the
20 Division be entered into the record.

21 THE HEARING OFFICER: Okay. Perfect.
22 Any objections to the receipt of those? Okay.
23 With that, they are received.

24 Ms. Murray, do you solemnly swear to tell
25 the whole truth and nothing but the truth?

1 MS. MURRAY: Yes.

2 CHERYL MURRAY,
3 having been first duly sworn, was
4 examined and testified as follows:

5 THE HEARING OFFICER: Okay. You can be
6 seated. Thank you.

7 MS. MURRAY: My name is Cheryl Murray.
8 I'm the utility analyst with the Office of
9 Consumer Services. The Office prepared and
10 submitted a four-page memo with confidential and
11 redacted versions on August 22, 2014, and we would
12 like that memo entered into the record.

13 THE HEARING OFFICER: Okay. Is there any
14 objection to the receipt of that evidence?
15 Hearing none, it's received.

16 MS. MURRAY: The Office--

17 MR. EVANS: No objection here.

18 THE HEARING OFFICER: Okay. Thank you,
19 Mr. Evans. And, again, just a reminder, we're
20 still in nonconfidential territory, but if you can
21 give us a heads up, that would be great. Sorry to
22 interrupt.

23 MS. MURRAY: That's all right.

24 THE HEARING OFFICER: Please proceed.

25 MS. MURRAY: The Office of Consumer

1 Services is responsible for assessing the impact
2 of utility rate changes and regulatory actions
3 upon residential and small commercial customers.
4 And it's with that responsibility in line that we
5 have analyzed the proposed Application and Master
6 Service Agreement between PacifiCorp and Tesoro.

7 Additionally, the Office met with the
8 Company, the Division of Public Utilities, and a
9 representative of Tesoro to address questions we
10 had related to the agreement. The agreement is
11 necessitated because Tesoro's onsite generation is
12 beyond the limit allowed for a customer taking
13 service--to take backup service or partial
14 requirements under Schedule 31. Therefore, to
15 obtain backup service, Tesoro must enter into a
16 separate contract.

17 As stated in our comments of August 22,
18 2014, the Office's primary concern is that the
19 terms of the contract do not result in cautious
20 from the contracting party, Tesoro, to other
21 customers of Rocky Mountain Power. The length of
22 this contract, five years, creates additional
23 concerns--

24 THE HEARING OFFICER: Sorry, can I stop
25 you?

1 Mr. Evans, can you hear this okay? I
2 just want to make sure--again, I know--are you
3 able to hear Ms. Murray well enough?

4 MR. EVANS: Just barely, but I can hear
5 mostly what she's saying, yes.

6 THE HEARING OFFICER: All right. I
7 understand this--I recognize this is the Tesoro's
8 comments. I just want to make sure that you have
9 the opportunity to let us know otherwise. I
10 apologize.

11 MS. MURRAY: I did carefully verify that
12 five years was in the application.

13 THE HEARING OFFICER: No problem. I
14 apologize. I don't mean to keep interrupting you.
15 You're doing great. Thanks.

16 MS. MURRAY: I am now going to be in the
17 confidential section--

18 THE HEARING OFFICER: Okay. Perfect.
19 Thank you.

20 MS. MURRAY: --so that was a good break.

21 ***BEGIN CONFIDENTIAL TESTIMONY***

22 //

23

24

25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

//

END CONFIDENTIAL TESTIMONY

MS. MURRAY: Okay. It makes no specific reference to Tesoro's responsibility for surcharges. In the aforementioned meeting, the Company assured us and they have stated today they talked about Commission approved surcharges being applied to Tesoro's bills in the same manner they would apply to other customers.

The Office is satisfied that this is the Company's intent. However, to eliminate any question, the Office recommends that in its order the Commission should specifically require that Tesoro is subject to Commission approved surcharges, Schedules 91, 94, 98, 193, and 195, as

1 well as any subsequent surcharges that may arise
2 over the five-year term of the agreement. With
3 that specification, it is the Office's judgment
4 that the agreement is just and reasonable in
5 result and we recommend that the Commission
6 approve it. That concludes my testimony.

7 THE HEARING OFFICER: Thank you,
8 Ms. Murray.

9 Ms. Hogle, do you have anything for
10 Ms. Murray?

11 MS. HOGLE: I do not.

12 THE HEARING OFFICER: Mr. Jetter?

13 MR. JETTER: No questions from the
14 Division.

15 THE HEARING OFFICER: Mr. Evans?

16 MR. EVANS: No questions.

17 THE HEARING OFFICER: Okay. With that,
18 thank you. Those who have been sworn in are
19 excused.

20 I recognize that the date is approaching
21 soon on the expiration of this contract. I'm
22 assuming that it's the parties--or the Company's
23 request for a bench ruling. Okay. I thought that
24 was the case. With that, why don't I go ahead and
25 take a very brief recess. I know we have time

1 constraints here, but it shouldn't be long if you
2 could hold tight. Thank you.

3 (Recess taken.)

4 THE HEARING OFFICER: I appreciate your
5 patience. Before we address the request we
6 mentioned, I just want to address something with
7 the parties here. There was a--at least in my
8 mind, I guess there was some question based upon
9 the comments and the initial application of, I
10 guess, the force and effect of a bench ruling.
11 The initial bench ruling was made on--you know,
12 back in June 30th at the stipulation hearing.

13 I just want to make sure that if we're
14 going to make a bench ruling today, is it the
15 parties' belief that that would be the effective
16 date of that--of the Commission's order? And
17 that's our intent. But I just want to make sure
18 that's the understanding of parties.

19 MR. EVANS: I'm sorry, can you repeat
20 that a little louder, please?

21 THE HEARING OFFICER: Yeah. Sorry. What
22 my point is is that if we're going to make a--if
23 the Commission's going to make a bench ruling
24 today, I just want to make sure everyone's on the
25 same page. It will have the same--the full force

1 and effect of the order and it will be effective
2 this date. Because, as I mentioned, there seemed
3 to be some implicit, you know, question, I guess,
4 in folks' mind what the effective date of the
5 Commission's ruling--bench ruling--on June 30,
6 2014 with respect to the stipulation in Docket
7 13-035-196. So I just want to make sure that as
8 we go forward, we're all on the same page with
9 respect to what a bench ruling, I guess,
10 ultimately means. So it sounds like we're all on
11 the same page.

12 So with that, based upon the Commission's
13 review of the application, the comments filed in
14 this docket, and the statements and testimonies
15 made at hearing this afternoon, the Commission
16 approves the Application of Rocky Mountain Power
17 for Approval of a Partial Required Master Electric
18 Service Agreement between PacifiCorp and Tesoro
19 Refining and Marketing Company in Docket No.
20 14-035-107. The Commission will issue a written
21 order memorializing this bench ruling in due
22 course.

23 With that, are there any other issues of
24 housekeeping, et cetera, that we need to address
25 before we go? And, again, I appreciate


1 everyone's--and I know this is a little bit
2 expedited. I appreciate everyone's
3 professionalism in working together and doing a
4 thorough review. And with that, we're adjourned.
5 Thank you.
6 (Hearing concluded at 1:35 p.m.)
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

1 CERTIFICATE

2 This is to certify that the foregoing
3 proceedings were taken before me, NANCY A.
4 FULLMER, a Registered Merit Reporter and Notary
5 Public in and for the State of Utah;

6 That the proceeding was reported by me in
7 stenotype and thereafter caused by me to be
8 transcribed into typewriting, and that a full,
9 true, and correct transcription of said testimony
10 so taken and transcribed is set forth in the
11 foregoing pages;

12 I further certify that I am not of kin or
13 otherwise associated with any of the parties to
14 said cause of action, and that I am not interested
15 in the event thereof.

16
17 
18 Nancy Fullmer, RMR

