



GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

State of Utah

DEPARTMENT OF COMMERCE

Office of Consumer Services

MICHELE BECK
Director

To: The Public Service Commission of Utah

From: The Office of Consumer Services
Michele Beck, Director
Cheryl Murray, Utility Analyst

Date: May 14, 2019

Subject: Office of Consumer Services Initial Comments. Docket No. 19-035-09, In the Matter of the Application of Rocky Mountain Power for Approval of the Master Electric Service Agreement Between PacifiCorp and Utah Refractories Corporation

Introduction

On March 13, 2019, Rocky Mountain Power (Company) filed with the Public Service Commission of Utah (Commission) a request for an order approving the Master Electric Service Agreement (MESA) between PacifiCorp and Utah Refractories Corporation (Utah Refractories) dated March 6, 2019.

On March 14, 2019, the Commission issued a Notice of Scheduling Conference setting March 21, 2019, as the scheduling conference date. The Commission, on March 22, 2019, issued a Scheduling Order and Notice of Hearing establishing May 16, 2019 and June 12, 2019, as the date by which interested parties are to provide comments and reply comments, respectively. A hearing on the matter is scheduled for June 25, 2019.

The following comments represent the views of the Office of Consumer Services regarding the requested approval of the MESA.

General Information

Utah Refractories is a Rocky Mountain Power customer currently served under Electric Service Schedule 9A - General Service - High Voltage Energy Time-of-Day Option (Schedule 9A).¹ In the April 11, 2019, technical conference the Company stated that Utah Refractories has been receiving electric service under Schedule 9A since February 2001. The tariff for Schedule 9A reads, in part, "This Schedule is for alternating current, three-phase electric service supplied at approximately 46,000 volts or 69,000 volts or greater, through a single point of delivery." The monthly customer charge and facilities charge are

¹ Schedule 9A is closed to new service.

the same for Schedule 9A and Schedule 9. Also, surcharge adjustments identified on Schedule 80 apply to both Schedules. Other charges and provisions vary between the two schedules.

Need for the MESA

In describing the reason for the MESA Rocky Mountain Power states that it is beginning to upgrade the transmission facilities from which Utah Refractories takes service from 46 kilovolts (kV) to 138 kV. Lehi City requested the upgrade through PacifiCorp's transmission group and OATT to accommodate load growth within its jurisdiction.

Due to the change in transmission, it will be necessary to install substation facilities to replace the existing 46 kV transformer in order for Utah Refractories to take service from the 138 kV transmission line. The Company states that the cost of the substation is prohibitive when considering Utah Refractories' current usage and given the possibility that Lehi City may annex the area where it is located or the property may be sold.

As an alternative to installing substation facilities, the Company proposes to provide service that will meet Utah Refractories' power requirements at a lower voltage level of 12,470 volts from the distribution system. This can be accomplished at a much lower cost than adding substation facilities. Because Utah Refractories will take service at approximately 12,470 volts, which is lower than the provisions of Schedule 9A (46,000 or 69,000 volts or greater), the MESA contains a provision that provides an exception from tariff 9A voltage requirements and allows the Company to continue to serve Utah Refractories under Schedule 9A.

The Office recognizes that Utah Refractories is in a somewhat unique situation. While the lower voltage level does not meet the specifications of Schedule 9A, the cost associated with installing the necessary substation facilities versus the cost to allow Utah Refractories to take service from the distribution system at the lower voltage is a mitigating factor². The Office believes that approval of the MESA is in the best interest of Utah Refractories and rate payers. This is particularly important in light of the issues mentioned above, the potential annexation of the area by Lehi City and/or the potential sale of the facility.

Term of the MESA

The proposed term on the MESA "begins upon approval by the Commission for one year, with automatic renewals from year to year unless either party submits a written termination notice not less than 30 or more than 60 days prior to expiration of the initial term or any renewal term provided that Utah Refractories may not terminate the Agreement so long as it is receiving electric service from Rocky Mountain Power."³

The Office asserts that it is inappropriate to include a potentially never-ending term in the MESA and that the Company should be required to modify it to include a provision that if

² Although no specific pricing information was provided as part of the filing in the technical conference, the Company indicated a range of the potential cost of the two options. The substation option was estimated at over four times the cost of the voltage adjustment option.

³ Application page 3 at 6.

the MESA continues to be renewed, then five years following Commission approval the Company must provide justification for Utah Refractories to continue receiving service under Schedule 9A and request approval to renew the MESA.

Jurisdiction of Regulatory Authorities

Article VIII of the MESA includes the following statement: "Customer acknowledges that it is familiar with the Electric Service Schedule and Electric Service Regulations and agrees to abide by them and all amendments and changes thereto so approved by the Commission."

The Office asserts that this is an essential element of the MESA as it acknowledges that Utah Refractories is subject to future modifications to rates and regulations as approved by the Commission.

Recommendation

The Office recommends that the Commission approve the MESA between the Company and Utah Refractories with the condition that it be modified to include a provision that if the MESA is renewed annually the Company must request approval for renewal after five years.

CC: Chris Parker, Division of Public Utilities
Jana Saba, Rocky Mountain Power
Daniel Solander, Rocky Mountain Power