

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

Application of Rocky Mountain Power for
Approval of the Master Electric Service
Agreement between PacifiCorp and Utah
Refractories Corporation

DOCKET NO. 19-035-09

ORDER APPROVING
ELECTRIC SERVICE AGREEMENT

ISSUED: August 9, 2019

SYNOPSIS

The Public Service Commission (PSC) approves the master electric service agreement (“MESA”) between Rocky Mountain Power (RMP) and Utah Refractories Corporation (Utah Refractories), as amended on August 7, 2019.

PROCEDURAL HISTORY

On March 13, 2019, RMP filed an application for approval of a MESA between RMP and Utah Refractories (“Application”). On April 23, 2019, the Division of Public Utilities (DPU) filed comments. On May 14, 2019, the Office of Consumer Services (OCS) filed comments. On June 12, 2019, RMP filed reply comments.

The PSC held a hearing on June 25, 2019 to consider the Application at which witnesses for RMP, the DPU, and the OCS testified. On August 7, 2019 RMP filed an amendment to the MESA (“MESA Amendment”) executed by RMP and Utah Refractories.

DISCUSSION, FINDINGS, AND CONCLUSIONS

A. The MESA

Utah Refractories operates a silica brick manufacturing facility in RMP’s service territory in Lehi, Utah. Utah Refractories currently takes service under RMP’s Tariff P.S.C.U. No. 50 Electric Service Schedule 9A, General Service High Voltage Energy Time-of-Day Option

(Schedule 9A).¹ According to its terms Schedule 9A is for alternating current, three-phase electric service supplied at approximately 46 kilovolts (kV) or 69 kV or greater, through a single point of delivery.

Under the MESA, RMP will provide Utah Refractories with electric power and energy from its distribution system under Schedule 9A at 12.470 kV as long as the service under Schedule 9A is available, or as long as the existing Utah Refractories facility remains in use, subject to PSC approval.

The term of the MESA begins upon PSC approval and is 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. Utah Refractories may not terminate the MESA as long as it is receiving electric service from RMP.

B. Parties' Positions

1. RMP

RMP states it is beginning to upgrade the transmission facilities from which the Utah Refractories facility takes service from 46kV to 138kV. RMP asserts the cost to install substation facilities to allow Utah Refractories to take service from the new 138 kV transmission line is prohibitive given the facility's current usage. Further, RMP asserts there is a possibility that Lehi City may annex the area where the Utah Refractories facility is located or the property may be sold. Based on Utah Refractories' usage over the past several years, RMP states it is able to provide service to meet Utah Refractories power requirements at a lower voltage from its

¹ Schedule 9A is closed to new service.

distribution system. RMP agrees to continue to provide Utah Refractories with retail full requirements service of electric power and energy under Schedule 9A at a voltage level of 12.470 kV, notwithstanding the Schedule 9A voltage requirements.

RMP testified the MESA is just, reasonable, and in the public interest and recommends the PSC approve it.

2. DPU

The DPU recommends the PSC approve the MESA as being just and reasonable and in the public interest with the condition that five years from the date of its approval, if Utah Refractories is still receiving service under the MESA, the MESA should be reopened for review to determine whether it is still appropriate for Utah Refractories to continue to receive power under Schedule 9A.

The DPU believes it is reasonable and in the public interest to allow a period of “grandfathering” of service for Utah Refractories under Schedule 9 given that Utah Refractories has been on Schedule 9A since 2001. Further, RMP is initiating the proposed changes to its system and the DPU asserts it is less costly to connect Utah Refractories to the lower voltage distribution line.

3. OCS

The OCS recommends the PSC approve the MESA with the condition that RMP must modify it to include a provision that if the MESA continues to be renewed, then five years following PSC approval, RMP must provide justification for why Utah Refractories should continue to receive service under Schedule 9A and request approval to renew the MESA. With

this modification, the OCS testified that the PSC's approval of the MESA is reasonable and in the public interest.

The OCS asserts that the cost associated with installing the necessary transmission substation facilities versus the cost to allow Utah Refractories to take service from the distribution system at the lower voltage is a mitigating factor in allowing Utah Refractories to continue to take service under Schedule 9A. However the OCS asserts it is inappropriate to include a potentially never-ending term in the MESA.

4. RMP's Response

RMP agrees to include a provision in the MESA that if Utah Refractories is still a customer in five years from the date of PSC approval and is still taking service as specified in the MESA, RMP will file with the PSC for approval to continue the agreement. At hearing, RMP testified that Utah Refractories did not oppose the DPU's and the OCS's recommendations and stated that it was preparing to execute and file a MESA Addendum with the recommended provisions. RMP also testified that it assumes the obligation to initiate the MESA renewal process or to file any updates concerning the MESA. In its August 7, 2019 filing of the MESA Amendment, RMP states it is authorized to represent that the MESA Amendment resolves the DPU's and the OCS's stated concerns.

C. Findings and Conclusions

Based on RMP's representation, we find the MESA Amendment addresses the concerns raised by the DPU and the OCS. We find RMP's commitment to initiate the MESA renewal process or to file updates concerning the MESA, as needed, is reasonable. We also find it is

reasonable to grant Utah Refractories limited grandfathering under Schedule 9A given RMP's testimony that it is cost prohibitive to install transmission substation facilities to replace the existing 46 kV transformer to Utah Refractories given its current usage.

Based on the foregoing and RMP's Application, the MESA, the MESA Amendment; the filed comments, and testimony at hearing, we find the prices, terms and conditions of the MESA, as amended, are just, reasonable, and in the public interest.

ORDER

1. We approve the MESA, as amended, between RMP and Utah Refractories effective the date of this order.
2. We approve RMP's commitments pertaining to MESA renewal and update reporting.

DATED at Salt Lake City, Utah, August 9, 2019.

/s/ Thad LeVar, Chair

/s/ David R. Clark, Commissioner

/s/ Jordan A. White, Commissioner

Attest:

/s/ Gary L. Widerburg
PSC Secretary
DW#309490

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Notice of Opportunity for Agency Review or Rehearing

Pursuant to §§ 63G-4-301 and 54-7-15 of the Utah Code, an aggrieved party may request agency review or rehearing of this written Order by filing a written request with the PSC within 30 days after the issuance of this Order. Responses to a request for agency review or rehearing must be filed within 15 days of the filing of the request for review or rehearing. If the PSC does not grant a request for review or rehearing within 20 days after the filing of the request, it is deemed denied. Judicial review of the PSC's final agency action may be obtained by filing a petition for review with the Utah Supreme Court within 30 days after final agency action. Any petition for review must comply with the requirements of §§ 63G-4-401 and 63G-4-403 of the Utah Code and Utah Rules of Appellate Procedure.

CERTIFICATE OF SERVICE

I CERTIFY that on August 9, 2019, a true and correct copy of the foregoing was served upon the following as indicated below:

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