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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

IN THE MATTER OF THE REQUEST FOR AGENCY ACTION AND COMPLAINT OF US MAGNESIUM, LLC AGAINST DOMINION ENERGY UTAH	DOCKET NO. 17-057-13
	REPLY OF US MAGNESIUM, LLC TO DOMINION ENERGY UTAH'S ANSWER TO COMPLAINT

Pursuant to the Notice of Amended Comment Period issued by the Commission in this docket on July 10, 2017, US Magnesium, LLC (“US Mag”) files this Reply to the Answer of Dominion Energy Utah to Complaint of US Magnesium, LLC filed herein on September 29, 2017 (“Answer”). The Answer illustrates material factual and legal disputes between US Mag and Dominion Energy Utah (“DEU”). US Mag thus respectfully asks the Commission to set a scheduling conference to establish deadlines for discovery, testimony and a hearing.

In addition, in reply to the substance of DEU’s Answer, US Mag replies as follows:

1. In Paragraph 3 of the Reply, DEU denies for lack of knowledge or information that US Mag can quickly shed load created from gas usage in its three separate turbine

generation systems. These generation systems use over 80% of the natural gas consumed in the plant. Each turbine can be controlled separately to reduce usage as needed or can be turned off. By simply turning off one of three existing turbine generators, US Mag can drop gas usage to levels below its firm contract demand, as it has done during prior interruptions when proper notice of interruption was received. The power otherwise generated by the turbines can be made up from power purchases.

2. In Paragraph 4 of the Reply, DEU claims that it provided proper notification of curtailment by using general contact information provided by US Mag. This claim is incorrect. The “1ST”, or primary, point of contact for interruptions listed on the form is Mike Tucker at the “Day Phone” number of 801-532-2403, *extension 1337*. Phone calls notifying US Mag of prior curtailments have consistently been placed to Mr. Tucker at that number and extension. Moreover, the “2ND” “Day Phone” point of contact was Roger Swenson at 801-532-1522, *extension 529*. DEU failed to provide proper notice to either US Mag’s “1ST”/primary or “2ND”/alternative “Day Phone” contact numbers on January 6. That failure directly resulted in US Mag not receiving timely or proper notice of interruption. Otherwise, US Mag would have taken available steps to curtail usage, as it has consistently done in the past. DEU has now admitted that telephone numbers with extensions, such as those relied upon by US Mag, were not called, in response to US Mag’s Data Request 1.07:

DR 1.07: When and how did QGC learn that SNS cannot connect through a switchboard or a phone extension?

Answer: Neither Rapid Notify nor SNS can connect through a phone extension or switchboard.

DEU prepared the Customer Information sheet that includes extension numbers for each and every one of the “Day Phone” interruption contact numbers provided by US Mag. If DEU was aware that, unlike in prior interruptions, its emergency notification system would no longer dial extensions, that information should have been clearly called out on the Customer Information sheet and otherwise communicated to US Mag and other customers so that reliable communication channels could have been established. Indeed, if DEU intends to continue to rely upon an emergency contact system with such significant limitations, US Mag suggests that the Commission should require DEU to change its Customer Information sheet to clearly call out emergency notice system limitations, with language like the following:

Important Notice for Interruption Contacts!

Emergency phone numbers used for receiving notices of interruption must not include extensions. Dominion’s automated contact system is not programmed to dial extensions. The primary emergency contact numbers must be direct dial phone numbers, cell phone numbers or alternative contact methods. If you rely on a phone system with extension numbers, penalties may be imposed for not curtailing usage. Customers can list as many Interruption Contacts as necessary to ensure that interruption information is received by the appropriate personnel.

Had DEU simply provided accurate and meaningful instructions on the Customer Information sheet, this entire dispute could have easily been avoided.

3. In Paragraph 5 of the Answer, DEU claims that it used multiple methods of contact to notify US Mag. However, it cannot dispute that it failed to provide notice to either the “1ST”/primary or “2ND”/alternative (and only other) “Day Phone” contact numbers. Those numbers are listed as the “1ST” and “2ND” “Day Phone” contacts for a reason. Those day phone numbers provided the only means of ensuring that people at the plant with the practical ability to curtail natural gas usage would receive notice. If either of these “Day Phone” communication channels had been utilized as in the past, US Mag would have received notice and would have

curtailed gas usage. Neither voice messages nor text messages sent to mobile phone numbers provided elsewhere on the Customer Information sheet, or email messages, can substitute for proper notice to the primary “Day Phone” interruption contact numbers. As explained in US Mag’s Complaint, those text and email messages failed to reach the appropriate people in a timely manner, and were insufficient to put US Mag on notice of the required interruption. Indeed, the text messages showed up as from an unknown number and referred to an email message. No email addresses are listed on the Customer Information sheet for purposes of “Interruption Contacts.” Email addresses are listed as part of the general contact information, but they are not “Interruption Contacts.” Nor should they be. Delivering actual notice of interruption to the “Interruption Contact” “Day Phone” numbers is critical and is the only means of ensuring that the proper US Mag personnel will know that they must curtail usage, at the risk of hundreds of thousands of dollars in penalties. Moreover, the email included in Exhibit B to DEU’s Answer is from “no-reply@ecnalert.com”—not an address that would call attention to itself as an emergency notice from DEU. US Mag submits that a much clearer basis for communicating critical emergency information is necessary. Indeed, DEU essentially admitted the same in response to US Mag’s Data Request 2.5:

USM 2.5: The customer information contact sheet does not specify that phone numbers with extensions will not work. Would it be prudent to include the information that extension phone numbers will not work for notification directly on the contact sheet?

Answer: The Company objects to this data request to the extent it calls for a legal conclusion. Without waiving this objection, the Company states that it is committed to continually improving its processes. It is working with its vendor to determine if it can modify the system to accept phone numbers with extensions. If not, the Company will reinforce its prior messaging with customers. The Company will consider including messaging on the customer information sheet and elsewhere.

4. In Paragraph 6 of the Answer, DEU admits that the Customer Information form includes only two interruption contacts. US Mag now understands that more than two interruption contacts could have been utilized. That information should have been called out clearly on the Customer Information sheet or otherwise clearly communicated to US Mag. Again, had DEU done so, this dispute could have been avoided.

5. In Paragraph 7 of the Answer, DEU claims that it is not obligated to notify customers of critical changes to its emergency notification system. US Mag vigorously disagrees and asks the Commission, as a matter of public safety and fairness, to direct DEU to promptly and timely inform its transportation customers of any significant changes to or limitations of its emergency notification system. DEU's refusal to do so violates basic tenants of prudent utility practice.

6. In Paragraph 8 of the Answer, DEU notes that Sections 3.01 and 3.02 of its tariff require a customer to curtail usage "when properly called upon to do so." The tariff is silent, however, on what constitutes proper notice of interruption. US Mag recommends that DEU's tariff be amended in an effort to avoid future miscommunications and to ensure timely and meaningful communications between DEU and its customers, particularly under current cyber-security sensitive circumstances. US Mag recommends that something like the following be added to Section 3.02 of the DEU Tariff:

In order to provide proper notice of interruption to interruptible customers, the Company shall use all reasonably available means of providing actual notice of interruption to appropriate personnel, including the following:

- 1. Company shall use its best reasonable efforts to ensure that a customer is notified of interruption through calls to designated primary land line interruption contact numbers at the affected facility. If any such contact numbers require entry of extensions, the**

calls shall be made by a live operator or by an automated system capable of entering extension numbers.

- 2. Company shall encourage customers to provide multiple contact numbers to ensure that people at customer's facility capable of physically curtailing natural gas usage receive actual notice of interruption.**
- 3. Company shall use reasonable efforts to also provide back-up notifications to all available interruption contacts by text, email or cell phone calls, in addition to, but not in lieu of, attempts to reach the primary interruption contact numbers at the facility. Text, voice mail and email messages should clearly identify the Company as the source of the message.**

7. In Paragraph 9 of the Answer DEU claims that US Mag failed to inform DEU that cell phone usage at the plant was not allowed. US Mag submits that it was not its responsibility to notify DEU that cell phones are not used at the plant, particularly because US Mag provided two separate "Day Phone" contact numbers that should have been used for notice of a day time interruption. Moreover, even had that information been provided, it would have done nothing to help provide actual notice of the interruption on January 6. The only means of providing actual notice to the appropriate employees with an ability to curtail usage was through the provided day time interruption contact numbers at the plant. US Mag had no reason to suspect that DEU would rely solely on emails, text messages and voice mail messages to numbers other than the listed day phone interruption contact numbers. Moreover, as explained in the Complaint, the subsequent receipt of text, voice mail and email messages served only to create confusion, given that the critical daytime contact numbers had not been called.

8. In Paragraph 10 of the Answer, DEU denies that Mr. Tucker acted reasonably in failing to interrupt gas usage. US Mag strongly disagrees. As explained in the Complaint, Mr. Tucker contacted US Mag's gas supplier to ensure that proper volumes of gas were being

supplied, in anticipation of receiving a notice of interruption. A non-firm transportation customer must be aware of the levels of supply actually being provided upstream in order to avoid penalties. Again, had DEU simply provided notice of interruption to the daytime interruption contact numbers, this entire dispute would have been avoided. US Mag submits that DEU acted recklessly, negligently and inappropriately by not providing proper emergency notice to US Mag. Luckily, no damages or consequences resulted from DEU's imprudent behavior, but the result could have been very different.

9. In Paragraph 11 of the Answer, DEU claims to have notified Roger Swenson of the curtailment, but it fails to acknowledge that the contact was not made to the daytime interruption contact number listed on the Customer Information sheet, nor that Mr. Swenson was traveling out of state that day and was in no position to take action to effect curtailment of gas usage. In fact, Mr. Swenson informed the caller of this fact, and reasonably assumed that DEU had or would ensure proper notification to the plant. Because two interruption contacts were allowed on the Customer Information sheet, US Mag understood that one contact could back up the other if one was traveling or indisposed for any reason. Mr. Swenson was travelling and reasonably assumed that the primary interruption contact person had been properly notified. Mr. Swenson had not reason to suspect the daytime primary interruption contact number at the plant had not been called. Because Mr. Swenson knew that Mr. Tucker was working that day and was available for a daytime call at the primary interruption contact number provided, it did not occur to him that a separate call by him was necessary. It is DEU, and not US Mag, that has the obligation to provide proper notice of interruption.

10. In Paragraph 12 of the Answer, DEU denies that had additional interruption contacts been permitted, US Mag would have provided additional numbers to ensure it would

receive proper notice of interruption. This denial is directly contradicted by DEU's response to Data Request 1.14, in which DEU admits that US Mag has in fact since provided a direct dial phone in its control room for interruption notifications:

DR 1.14: After USM learned that SNS could not dial through to the USM primary contact numbers, USM arranged for a direct dial line. Has the ability of SNS to contact USM using that line been tested, and if so, did it work?

Answer: On 01/26/17, QGC tested the SNS system using a direct phone number (801-532-1105) which was provided by USM. The test was successful.

11. In Paragraph 13 of the Answer, DEU denies that the automated contact system was capable of dialing extensions. DEU's denial rings hollow, given the following information provided to US Mag from the company that supports the automated contact system:

● MIR3 INC0095206 Opened :: Using Smart Notice in conjunction w... (2)

● OnSolve Support <support@mir3.com>
To roger.swenson@prodigy.net

Jun 13 at 11:14 AM

Thank you for contacting OnSolve Support in regards to your request. We have logged a new support incident on your behalf, INC0095206. To provide additional information to INC0095206 please reply to this email. For a new request please email mir3support@onsolve.com. One of our team members will contact you as soon as possible.

Short description: Using Smart Notice in conjunction with LAN systems with extensions.
Description: Hello Roger,

Thank you for contacting OnSolve Support. As a quick recap, Extension dialing is done with macros taht are a bit intensive to set up but once done work pretty well. Like you suggested, I have also passed your contact information to the Sales department in case you want to explore more robust capabilities.

Regards,

Jake Shakhman OnSolve Support
Comments:

12. In Paragraph 14 of the Answer, DEU denies that it was negligent in failing to inform US Mag that DEU's new automated emergency notification system could not provide proper notice to US Mag's daytime curtailment contacts. US Mag disagrees, and reiterates that it relied upon notification to the daytime interruption phone numbers listed on the Customer

Information sheet and that had been used in prior interruptions. It is DEU's responsibility to provide clear information about how an interruption notice will be made.

13. In Paragraph 15 of the Answer, DEU denies that all were lucky that no damages occurred as a result of DEU's failure to provide proper notice of interruption and US Mag's resultant failure to curtail usage. In fact, no damages were suffered. US Mag's upstream suppliers continued to supply the natural gas used by US Mag, and DEU was able to deliver it. Moreover, DEU's response to US Mag's Data Request 3.1 confirms that no damages were suffered by anyone:

USM 3.1: Please describe and calculate in detail any damages actually incurred by Dominion resulting from US Mag's non-curtailment of gas usage on January 6-7, 2017.

Answer: Fortunately, thanks to the number of interruptible customers that did curtail as required, Dominion Energy Utah was able to mitigate all supply concerns on January 6-7, 2017. However, had temperatures gotten colder, or cold temperatures lasted longer the system would have been negatively impacted. The purpose of interruptions is to preclude issues from occurring on the system.

14. In Paragraph 16 of the Answer, DEU asserts that its tariff authorizes penalties for customers that do not interrupt usage after receiving proper notice. Those penalties were adopted in response to prior interruptions in which it was believed that many, primarily new and small, interruptible customers were unable or unwilling to actually curtail usage when asked to do so. US Mag has long been an interruptible customer that has consistently curtailed usage when required to do so. It supported imposition of significant penalties on interruptible customers that cannot or deliberately fail to curtail usage, because it strongly supports interruptible gas service as a critical tool for Utah manufacturers struggling to remain competitive in a global economy. Those hefty penalties were clearly not designed for a company

that could and would curtail usage but for a failure to receive timely notice. Indeed, imposing such penalties on US Mag under the circumstances of this case would be unconscionable.

Interruption of gas usage by struggling Utah manufacturers, and communicating notice of the same, are not for sport. They are deadly serious propositions. Therefore, if anyone should be subject to penalties here, it is DEU, given its casual and reckless manner in failing and refusing to communicate significant limitations of its newly-adopted emergency notification system to one of its largest and oldest interruptible customers.

15. In Paragraph 18 the of the Answer, DEU declines to respond to US Mag's suggestion that DEU should be penalized. US Mag submits that the Commission can and should evaluate the propriety of such penalties for DEU's casual, negligent and reckless failure to ensure that its emergency notification system would continue to provide actual notice to its interruptible customers. Penalties designed to encourage proper behavior should not be directed at US Mag—which reasonably relied upon the continuation of prior methods of notification—but rather on DEU, whose deliberate, casual and reckless behavior resulted in one of the largest natural gas consumers in Utah not receiving proper or timely notice of interruption.

Conclusion

In light of the many factual, legal and policy disputes in this docket, US Mag asks the Commission to set a scheduling conference in this matter. US Mag also respectfully submits that the Commission should hold Dominion responsible in an appropriate manner for its reckless behavior and omissions, and should direct Dominion to cease and desist from its improper efforts to impose unauthorized, unjustified and unconscionable penalties on US Mag under the circumstances of this case.

Respectfully submitted this 31st day of October 2017

HATCH, JAMES & DODGE

A handwritten signature in blue ink, appearing to read "Gary A. Dodge", written over a horizontal line.

/s/

Gary A. Dodge
Attorneys for US Magnesium