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Attorney for Rocky Mountain Power

**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

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In the Matter of the Application of )	
ROCKY MOUNTAIN POWER for )	Docket No. 13-035-___
Approval of Electric Service Agreement )	
Between PacifiCorp and Nucor )	APPLICATION OF ROCKY
Corporation )	MOUNTAIN POWER FOR
)	APPROVAL OF ELECTRIC
)	SERVICE AGREEMENT

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Rocky Mountain Power, a division of PacifiCorp, hereby applies for an order approving the Electric Service Agreement (“Agreement”) between PacifiCorp and Nucor Corporation (“Nucor”) dated October 11, 2013. In support of its Application, Rocky Mountain Power states as follows:

1. Rocky Mountain Power is an electrical corporation and a public utility in the state of Utah and is subject to the jurisdiction of the Commission. Rocky Mountain Power also provides retail electric service in the states of Idaho and Wyoming.

2. Communications regarding this Application should be addressed to:

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Rocky Mountain Power  
201 South Main Street, Suite 2300  
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With a copy to:

By e-mail (preferred): [datarequest@pacificorp.com](mailto:datarequest@pacificorp.com)  
By fax: (503) 813-6060  
By mail: Data Request Response Center  
Rocky Mountain Power  
825 NE Multnomah St., Suite 800  
Portland, OR 97232

3. Nucor is a steel manufacturing facility located in Rocky Mountain Power's service territory in Box Elder County, Utah.

4. PacifiCorp and Nucor executed the Agreement on October 11, 2013, a copy of which is attached hereto as Confidential Exhibit A. The term of the Agreement begins January 1, 2014 and expires on December 31, 2015. The existing Electric Service Agreement expires on December 31, 2013.

5. Under the Agreement, PacifiCorp will continue to provide Nucor with retail full requirements service of electric power and energy and Nucor will provide PacifiCorp with certain interruptible products. The rates for full requirements service that Nucor will pay PacifiCorp are negotiated rates but are consistent with rates applicable to other large industrial customers. The Agreement also provides an interruption credit to Nucor against the rates it pays PacifiCorp in exchange for providing PacifiCorp with certain interruptible products.

6. The Agreement is materially a two year extension of the existing agreement with certain modifications to how rate adjustments are made during the term

of the Agreement. In the existing agreement, starting January 1, 2009 and every January 1st through 2013, Nucor's retail contract rates and the interruptible credit have increased by an annual rate adjustment index that reflects the percentage increase in PacifiCorp's Commission-approved Utah revenue requirement during the previous twelve months. Under the existing contract, Nucor has not been directly subject to the energy balancing account (EBA), the renewable energy credit balancing account (RBA), and the solar incentive surcharge (SIS) (collectively referred as Surcharge Rates), but the rate impacts of these mechanisms have been reflected in the calculation of the annual rate change for Nucor. The annual rate changes were subject to annual rate change caps and floors that were specified in the contract.

In the proposed Agreement, Nucor's base rate charges for power and energy, including the monthly fixed charge, customer charge, measured demand charges, and energy charges, will be uniformly adjusted by the average percent change for total Utah retail customers concurrently with general rate case changes and major plant addition cases for retail tariff customers. This a modification from the existing contract which allows rate changes only once per year. Furthermore, under the proposed Agreement, Nucor will be subject to the Surcharge Rates, and Nucor's rate will be adjusted concurrently with changes to the EBA, RBA, and SIS for other Utah retail customers. Under the Agreement, Surcharge Rates for Nucor will be set to collect or credit the same percent of Nucor's base revenue as corresponds to the average percentage collected or credited with respect to the total Utah retail base tariff revenues. And the curtailment credit in the proposed Agreement will change concurrently with (and by the same percentage as) changes to the base rate and Surcharge Rates. Lastly, unlike the

existing agreement, the proposed Agreement does not contain any rate change caps or floors.

The annual rate indexed increases in the existing agreement were below the rate cap levels for 2009 through 2012 (i.e. the rate caps and floors did not impact the determination of the rate change for Nucor). However the rate increase for 2013 (that was effective January 1, 2013) exceeded the rate increase cap allowed in the existing agreement. Therefore, Nucor's 2013 rates were set 2.9% lower than they otherwise would have been absent the rate cap. To make up this difference, the proposed Agreement includes provisions in which the impact of the rate cap in 2013 will be caught up in two steps (approximately 1/3 in 2014 and 2/3 in 2015) over the two years of the proposed Agreement.

Under the proposed Agreement, for a starting rate for Nucor effective January 1, 2014, the make-up rate increase described above and increases that occurred since the last rate adjustment (January 1, 2013) result in a net rate increase for Nucor of 4.48% compared to the 2013 rate. Subsequent rate changes under the proposed Agreement will be determined as described above.

7. As noted above, the current Electric Service Agreement expires on December 31, 2013. The parties desire to avoid the scenario where Nucor's existing agreement expires with no replacement agreement approved by the Commission. Therefore, the parties request that the Agreement be approved on or before December 31, 2013. Rocky Mountain Power requests that the Commission hold a scheduling conference to establish a procedural schedule as soon as possible so that interested parties may comment on the Application and agreement.

8. The prices, terms and conditions of the Agreement are just and reasonable and in the public interest.

WHEREFORE, Rocky Mountain Power respectfully requests that the Commission issue its Order approving the Agreement and finding that the Agreement and the terms and conditions set forth therein are just and reasonable and in the public interest.

DATED this 11<sup>th</sup> day of October 2013.

Respectfully submitted,

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Daniel E. Solander  
Attorney for Rocky Mountain Power