

Daniel E. Solander (11467)  
Rocky Mountain Power  
201 South Main Street, Suite 2400  
Salt Lake City, UT 84111  
Telephone: (801) 220-4014  
Facsimile: (801) 220-3299  
[daniel.solander@pacificorp.com](mailto:daniel.solander@pacificorp.com)

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. 14-035-___
Approval of Electric Service )	
Agreement Between PacifiCorp and )	APPLICATION OF
US Magnesium LLC )	ROCKY MOUNTAIN POWER
)	
)	

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Comes now, PacifiCorp, doing business in Utah as Rocky Mountain Power (“Rocky Mountain Power” or “Company”), and hereby requests approval of the Electric Service Agreement (“Agreement”) between PacifiCorp and US Magnesium LLC (“US Mag”) dated November 5, 2014. In support of its Application, Rocky Mountain Power states as follows:

1. Rocky Mountain Power is a public utility in the state of Utah and is subject to the jurisdiction of the Commission with regard to its rates and service. Rocky Mountain Power also provides retail electric energy and power to retail electric customers in the states of Idaho and Wyoming.

2. US Mag is a Delaware corporation having a place of business within the State of Utah and located within the county of Tooele, in an area where Rocky Mountain Power provides electrical service.

3. Communications regarding this Application should be addressed to:

By e-mail (preferred): [datarequest@pacificorp.com](mailto:datarequest@pacificorp.com)

By mail: Data Request Response Center  
Rocky Mountain Power  
825 NE Multnomah St., Suite 2000  
Portland, OR 97232

Dave Taylor  
Rocky Mountain Power  
201 South Main, Suite 2300  
Salt Lake City, UT 84111  
Telephone: (801) 220-2923  
Facsimile: (801) 220-2798  
Email: [Dave.Taylor@pacificorp.com](mailto:Dave.Taylor@pacificorp.com)

Daniel E. Solander  
201 South Main Street, Suite 2400  
Salt Lake City, UT 84111  
Telephone: (801) 220-4014  
Facsimile: (801) 220-3299  
Email: [daniel.solander@pacificorp.com](mailto:daniel.solander@pacificorp.com)

4. The Agreement provides for the sale to US Mag of interruptible power and energy to meet the requirements of US Mag's Plant (as defined in the Agreement). A copy of the Agreement is attached to this Application as Confidential Exhibit A. The Agreement is for a term of three (3) years beginning January 1, 2015.

5. Compared to previous agreements between the parties, certain changes were made to the new Agreement in the pricing section to provide better pricing signals to US Mag. Also, a new section was added to address operational issues that may exist as US Mag increases its interruptible demand above existing levels.

6. The current US Mag agreement (which covered the term 2009 through 2014) has a single part rate with stepped-up increases annually, on January 1. The starting rate and prescribed increases were derived from cost of service input and projected demand at the time the agreement was executed. The increases were designed to consistently move US Mag's rate towards full cost of service based on its interruptible usage profile. Based on the result of the cost of service study filed by the Company in the most recent general rate case, Docket No. 13-035-184 ("2014 GRC"), evidence shows that the mechanism and pricing structure in the 2009 through 2014 agreement have accomplished a close tie to cost of service.

In order to continue to maintain the close tie to cost of service, the parties to the Agreement have agreed to price increases under the new contract on January 1, 2015 and again on September 1, 2015 to reflect the two-step rate increases from the 2014 GRC. In addition to the prices for delivered power set forth in the Agreement, the price for delivered power shall be uniformly adjusted by the average percent change for total Utah retail customers concurrently with any Commission-approved rate change in any general rate case or Major Plant Addition case for Utah retail tariff customers on or after September 1, 2016.

The Agreement includes on-peak and off-peak prices to provide a better tie to cost of service. The pricing was derived from the ratio in effect for on-peak and off-peak rates in Schedule 9. This pricing structure will provide appropriate pricing signals to US Mag.

7. US Mag has indicated an interest in increasing its interruptible demand to accommodate a potential expansion. Initial studies have been performed by the Company and more detailed studies are ongoing at this time. The Agreement references these

studies in the new Operational Constraints section. This section calls out specific steps being taken to accommodate the additional requested demand including installation of new metering devices, evaluating power quality issues and identifying any needed remediation. The Company and US Mag are working closely to identify how best to accommodate US Mag's projected increase in demand.

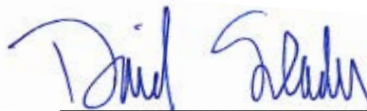
8. The existing agreement between PacifiCorp and US Mag expires on December 31, 2014.

9. The parties desire that no time lapse between the expiration of the existing agreement and the approval of the Agreement. Thus the parties request that the Commission issue a notice of scheduling conference as soon as possible upon the filing of this Application to establish a procedural schedule that will allow for Commission review before the end of the year.

WHEREFORE, Rocky Mountain Power respectfully requests that the Commission find the terms and conditions of the Agreement to be just, reasonable and in the public interest and issue an order approving the Agreement, with an effective date of January 1, 2015.

DATED this 7<sup>th</sup> day of November, 2014.

Respectfully submitted,



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Daniel E. Solander  
Attorney for Rocky Mountain Power

## CERTIFICATE OF SERVICE

I hereby certify that on this 7<sup>th</sup> day of November, 2014, I caused to be served via electronic mail, a true and correct copy of the foregoing Application of Rocky Mountain

Power to the following:

Trisha Schmid  
Justin Jetter  
Assistant Attorney General  
Utah Division of Public Utilities  
500 Heber M. Wells Building  
160 East 300 South  
Salt Lake City, UT 84111  
[pschmid@utah.gov](mailto:pschmid@utah.gov)  
[Justin.jetter@utah.gov](mailto:Justin.jetter@utah.gov)

Rex Olsen  
Assistant Attorney General  
Utah Office of Consumer Services  
500 Heber M. Wells Building  
160 East 300 South  
Salt Lake City, UT 84111  
[rolsen@utah.gov](mailto:rolsen@utah.gov)

Roger Swenson  
1592 East 3350 South  
Salt Lake City, UT 84116  
[Roger.swenson@prodigy.net](mailto:Roger.swenson@prodigy.net)

Gary A. Dodge  
10 W. Broadway, Suite 400  
Salt Lake City, UT 84101  
[gdodge@hjdllaw.com](mailto:gdodge@hjdllaw.com)

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Carrie Meyer  
Supervisor, Regulatory Operations