

APPLICATION OF ROCKY MOUNTAIN POWER

Docket No. 20-035-47

PUBLIC HEARING

February 09, 2021

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PUBLIC HEARING DOCKET NO. 20-035-47
APPLICATION OF ROCKY MOUNTAIN POWER FOR APPROVAL OF
ELECTRIC SERVICE AGREEMENT AND OPERATING RESERVES
AGREEMENT BETWEEN PACIFICORP AND US MAGNESIUM LLC

VIDEO CONFERENCED PUBLIC HEARING

Taken on February 9, 2021

From 1:01 p.m. to 1:13 p.m.

Reported by: Deirdre Rand, RPR, CSR, CCR

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Public Service Commission:

MICHAEL HAMMER
MELISSA PASCHAL

Rocky Mountain Power:
EMILY L. WEGENER

Utah Attorney General's Office for
Division of Public Utilities:
JUSTIN JETTER
PATRICIA SCHMID

US Magnesium LLC:
PHILLIP RUSSELL

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P R O C E E D I N G S

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3 MR. HAMMER: Good afternoon. We're here for
4 the hearing noticed in the application of Rocky Mountain
5 Power for approval of electric service agreement and
6 operating reserves agreement between PacifiCorp and
7 US Magnesium LLC as Commission Docket No. 20-035-47.

8 My name is Michael Hammer and I'm the
9 Commission's designated presiding officer for this
10 hearing.

11 Let's go ahead and take appearances, please,
12 beginning with Rocky Mountain Power.

13 MS. WEGENER: This is Emily Wegener on behalf
14 of Rocky Mountain Power.

15 MR. HAMMER: The Division of Public Utilities?

16 MR. JETTER: And good morning. This is Justin
17 Jetter with the Utah Attorney General's Office
18 representing the Utah Division of Public Utilities.

19 MR. HAMMER: Is there anyone from the Office
20 of Consumer Services on the line?

21 And then it looks like we probably have a
22 representative from US Magnesium?

23 MR. RUSSELL: We do, your Honor. This is
24 Phillip Russell on behalf of US Magnesium. We have one
25 witness today, Mr. Roger Swenson.

1 MR. HAMMER: Welcome.

2 All right. Before we begin with testimony, we
3 have the matter of a pending petition to intervene of
4 US Magnesium on which the Commission has not yet had an
5 opportunity to rule. Is there any objection of the
6 Commission going ahead and granting that right now so we
7 can allow US Magnesium to participate in the hearing?

8 MR. JETTER: No objection from the Division.

9 MS. WEGENER: No objection from the company.

10 MR. HAMMER: Then the petition to intervene is
11 granted.

12 Let's go ahead and start with Rocky Mountain
13 Power's witnesses. Ms. Wegener, do you have a witness?

14 MS. WEGENER: Yes. The company calls Kyle
15 Moore.

16 MR. HAMMER: Mr. Moore, do you swear to tell
17 the truth?

18 MR. MOORE: Yes, I do.

19 MR. HAMMER: Go ahead.

20 DIRECT EXAMINATION

21 BY MS. WEGENER:

22 **Q. Good afternoon, Mr. Moore. Can you please**
23 **state your name for the -- and spell your name for the**
24 **record?**

25 A. Yes. My name is Kyle Moore. K-y-l-e,

1 M-o-o-r-e.

2 **Q. What's your position with the company?**

3 A. I'm an originator/power marketer with the
4 company.

5 **Q. Did you prepare and submit testimony in this**
6 **matter?**

7 A. Yes, I did.

8 **Q. Do you have any corrections to your testimony?**

9 A. No.

10 **Q. If I asked you the same questions today as are**
11 **in your prefiled testimony, would your answers be the**
12 **same?**

13 A. Yes, they would.

14 MS. WEGENER: I move to admit the testimony of
15 Kyle Moore.

16 MR. HAMMER: It's admitted.

17 BY MS. WEGENER:

18 **Q. And Mr. Moore, can you please provide a**
19 **summary of your testimony?**

20 A. Yes.

21 Rocky Mountain Power requests approval of a
22 one-year extension amendment to the electric service
23 agreement and operating reserves agreement with
24 US Magnesium LLC.

25 The company is currently providing electric

1 service to US Magnesium pursuant to an electric service
2 agreement approved by the Commission in Docket No.
3 17-035-71 on April 19, 2018.

4 The existing agreement expired December 31,
5 2020. The company and US Magnesium agreed to a one-year
6 extension of the current electric service agreement and
7 the company operating reserve agreement to expire
8 December 31, 2021.

9 The one-year extension of the agreement keeps
10 in place the existing rates to US Magnesium for electric
11 service which are in line with the current cost of
12 service as demonstrated in the company's cost of service
13 filing in the recent general rate case in Docket No.
14 20-035-04.

15 Additionally, as contemplated in the current
16 agreement, US Magnesium's rates will adjust uniformly by
17 the average percent change for the total Utah retail
18 customers concurrently with any Commission-approved rate
19 change in any general rate case for Utah retail tariff
20 customers.

21 The extension of the agreement keeps in place
22 the current day-ahead curtailment structure in the
23 existing agreement. Additionally, the one-year
24 extension of the operating reserve agreement adjusts the
25 language such that PacifiCorp will receive additional

1 operating reserve which will be held on US Magnesium's
2 own regeneration, without an increase in cost for the
3 total reserve product.

4 Finally, the operating reserves billing credit
5 shall remain the same as in the existing agreement.

6 The extension agreement also maintains the
7 terms of the existing agreement that were recommended
8 for inclusion by the DPU and OCS in the proceeding
9 approving the existing agreement and were referenced in
10 the Commission's order in the aforementioned docket.

11 Number one, US Magnesium shall pay a surcharge
12 to fund PacifiCorp's low income residential lifeline
13 program in the amount applicable to Schedule 9 customer.

14 And number two, US Magnesium will provide the
15 DPU and OCS with an annual report of its demand side
16 management activities, including a description of each
17 energy efficiency project and the associated energy
18 savings.

19 The DPU filed comments on January 26, 2021 in
20 which it recommended the Commission approve the
21 agreement and its extension through December 31, 2021.

22 The parties want no time to lapse between the
23 expiration of the existing agreement on December 31,
24 2020, and the effective date of the extension of the
25 agreement. Therefore, the parties request that the

1 Commission approve the extension agreement beginning
2 January 1, 2021, as just, reasonable, and in the public
3 interest.

4 That concludes my summary.

5 **Q. Thank you.**

6 MS. WEGENER: I have nothing further for this
7 witness. And he is now available for cross-examination
8 and questions from the hearing officer.

9 MR. HAMMER: Mr. Jetter?

10 MR. JETTER: I have no questions. Thank you.

11 MR. HAMMER: Mr. Russell?

12 MR. RUSSELL: No questions. Thank you.

13 MR. HAMMER: And I have none.

14 Thank you, Mr. Moore.

15 MR. MOORE: Thank you.

16 MR. HAMMER: Do you have any other witnesses,
17 Ms. Wegener?

18 MS. WEGENER: No.

19 MR. HAMMER: Okay. We'll move to Mr. Jetter
20 then.

21 MR. JETTER: Thank you. The Division would
22 like to call and have sworn in Jeff Einfeldt.

23 MR. HAMMER: Mr. Einfeldt, do you swear to
24 tell the truth?

25 MR. EINFELDT: Yes, I do.

1 MR. HAMMER: Go ahead.

2 DIRECT EXAMINATION

3 BY MR. JETTER:

4 Q. Mr. Einfeldt, would you please state your name
5 and occupation for the record?

6 A. My name is Jeffrey S. Einfeldt. I'm a utility
7 technical consultant with the Division of Public
8 Utilities. I work at -- my address is 160 East 300
9 South, 4th floor, 84114.

10 Q. Thank you. And in the course of your
11 employment with the Division have you had the
12 opportunity to review the application materials in this
13 docket filed by Rocky Mountain Power?

14 A. Yes, I have.

15 Q. And with knowledge of those application
16 materials did you create and cause to be filed with the
17 Commission comments from the Division of Public
18 Utilities dated January 26, 2021?

19 A. Yes.

20 Q. Do you have any corrections or changes you
21 would like to make to those comments?

22 A. No, I don't.

23 MR. JETTER: I would like to move at this time
24 to enter into the record the comments of Jeff Einfeldt
25 for the Division.

1 MR. HAMMER: They're admitted.

2 MR. JETTER: Thank you.

3 BY MR. JETTER:

4 Q. And Mr. Einfeldt, have you prepared a brief
5 summary of your testimony?

6 A. Yes, I have.

7 Q. Please go ahead.

8 A. The Division reviewed Rocky Mountain Power's
9 filing in this docket, met with RMP personnel, and
10 reviewed the underlying documentation and curtailment
11 history relate to this ESA and the operating reserves
12 agreement.

13 The Division compared the proposed agreements
14 with the current ESA between Rocky Mountain Power and
15 US Mag and found no material changes between the two
16 agreements.

17 The Division recommends the Commission approve
18 the proposed ESA and operating reserve agreement as
19 just, reasonable, and in the public interest.

20 This concludes my comments today.

21 Q. Thank you.

22 MR. JETTER: And I have no further questions
23 for Mr. Einfeldt. He is available for Commission
24 hearing officer questions or cross from the other
25 parties.

1 MR. HAMMER: Ms. Wegener, any questions?

2 MS. WEGENER: No questions. Thank you.

3 MR. HAMMER: Mr. Russell?

4 MR. RUSSELL: No questions for Mr. Einfeldt.

5 Thank you.

6 MR. HAMMER: And I have none.

7 Thank you, Mr. Einfeldt.

8 Any other witnesses, Mr. Jetter?

9 MR. JETTER: Nothing further from the
10 Division. Thank you, your Honor.

11 MR. HAMMER: Mr. Russell?

12 MR. RUSSELL: Yes. US Magnesium would like to
13 call Roger Swenson to be sworn.

14 MR. HAMMER: Mr. Swenson, do you swear to tell
15 the truth?

16 MR. SWENSON: Yes, I do.

17 MR. HAMMER: Go ahead. Thank you.

18 MR. RUSSELL: Thank you.

19 DIRECT EXAMINATION

20 BY MR. RUSSELL:

21 Q. Mr. Swenson, could you spell your name for the
22 record, please?

23 A. My name is Roger, R-o-g-e-r, Swenson,
24 S-w-e-n-s-o-n.

25 Q. And could you state your occupation?

1 A. I am an energy consultant with a company named
2 E-Quant Consulting, LLC.

3 Q. And what is your affiliation with
4 US Magnesium?

5 A. I am an energy consultant for US Magnesium.

6 Q. Thank you.

7 Did you file or cause to be filed reply
8 comments in this docket on February 2, 2021?

9 A. Yes, I did.

10 Q. And do you adopt those reply comments as your
11 testimony in this proceeding?

12 A. Yes, I do.

13 Q. Thank you.

14 MR. RUSSELL: At this point I'll move for the
15 admission of Mr. Swenson's reply comments.

16 MR. HAMMER: They're admitted. Thank you.

17 BY MR. RUSSELL:

18 Q. Mr. Swenson, those comments were brief, but
19 you have -- have you prepared a summary of the comments
20 for the hearing today?

21 A. Yes, I have prepared just a brief summary.

22 Q. Please proceed. Thank you.

23 A. US Magnesium's reply comments responded to
24 some statements by the Division of Public Utilities and
25 are intended to provide some historical context for the

1 relationship between US Magnesium and Rocky Mountain
2 Power and the cost to serve US Magnesium's electric
3 load.

4 US Magnesium's predecessor located to Utah in
5 large part because this Commission ordered Utah Power
6 and Light to enter into a power supply agreement to
7 provide power on an interruptible basis.

8 The process involved in making magnesium is
9 energy intensive and economically unsustainable if
10 US Magnesium were required to operate at firm costs of
11 service rates. From the start, the magnesium production
12 facility has been designed to withstand interruption and
13 some reasonable loss of production.

14 All of these circumstances have been
15 considered when setting US Magnesium's electric rates.
16 As recent data shows, US Magnesium pays very close to or
17 somewhat higher than its established cost of service.

18 We appreciate the Division's recommendation
19 that this Commission approve the energy agreements at
20 issue in this docket, and we of course agree that the
21 Commission should approve it and request that it do so.

22 Thank you. That's it.

23 Q. Thank you.

24 MR. RUSSELL: Mr. Swenson is now available for
25 questions from the Commission or from other parties.

1 MR. HAMMER: Ms. Wegener?

2 MS. WEGENER: No questions from the company.

3 Thank you.

4 MR. HAMMER: Mr. Jetter?

5 MR. JETTER: No question from the Division.

6 MR. HAMMER: And I have none.

7 Thank you, Mr. Swenson.

8 Is there anything else from any party before
9 we adjourn?

10 Thank you, everyone. Have a wonderful
11 afternoon.

12 MR. JETTER: Thank you.

13 MR. HAMMER: We're adjourned.

14 MS. WEGENER: Thank you.

15 (Hearing concluded at 1:13 p.m.)

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REPORTER'S CERTIFICATE

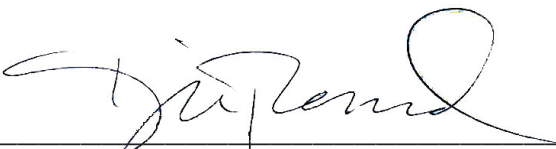
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)
COUNTY OF UTAH)

I, DEIRDRE RAND, a Certified Court Reporter and Registered Professional Reporter, hereby certify:

THAT the foregoing proceedings were taken via videoconference, at the time and place therein set forth, with the parties appearing via videoconference from their respective locations; that the proceedings were taken down by me in shorthand and thereafter my notes were transcribed through computer-aided transcription; and the foregoing transcript constitutes a full, true, and accurate record of such arguments adduced and oral proceedings had, and of the whole thereof, which were audible and intelligible through the videoconference connection.

I further certify that I am not a relative or employee of any of the parties, nor do I have a financial interest in the action.

I have subscribed my name on this 18th day of February, 2021.


DEIRDRE RAND, RPR, CSR, CCR

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