

Application of Rocky Mountain Power for Approval of Electric Service Agreement and Operating Reserves Agreement between PacifiCorp and US Magnesium LLC	<u>DOCKET NO. 20-035-47</u> <u>ORDER</u>
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ISSUED: March 8, 2021

PROCEDURAL HISTORY

On December 23, 2020, Rocky Mountain Power (RMP) filed an application (“Application”) with the Public Service Commission (PSC) for approval of amendments (“Extension Amendments”) to the Electric Service Agreement (ESA) and accompanying Operating Reserve Interruption Agreement (ORI and collectively with the ESA, the “Agreement”) between RMP and US Magnesium, LLC (“US Mag”), effective January 1, 2021.¹ Among other things, the Extension Amendments provide for a one-year extension of the Agreement. On January 11, 2021, the PSC issued a scheduling order and notice of hearing. The Division of Public Utilities (DPU) filed comments on January 26, 2021. US Mag filed a petition to intervene and reply comments on February 2, 2021.

On February 9, 2021, the PSC’s designated Presiding Officer conducted a hearing to consider the Application. As an initial matter, hearing no objection, the PSC granted US Mag’s petition to intervene. Subsequently, RMP, DPU, and US Mag testified in support of the Application.

¹ The PSC approved the Agreement in a 2018 docket. *See Application of RMP for Approval of Electric Service Agreement and Operating Reserves Agreement between PacifiCorp and US Magnesium, LLC*, Docket No. 17-035-71, Order Memorializing Bench Ruling Approving Electric Service Agreement issued April 19, 2018 (“April 2018 Order”).

DISCUSSION, FINDINGS, AND CONCLUSIONS

A. The Extension Amendments

The Agreement between RMP and US Mag terminated on December 31, 2020. With RMP having filed the Application only a week before the termination date, the Application represents RMP will bill US Mag as though the PSC had already approved the Extension Amendments beginning on January 1, 2021, subject to a true-up in the event the PSC declines to approve the Application.

Under the Agreement, RMP provides US Mag with full requirements service of electric power and energy, and US Mag receives an interruption credit in exchange for providing RMP with certain interruptible products. The Extension Amendments, for which RMP seeks approval, extend the Agreement through December 31, 2021, effective January 1, 2021. The Extension Amendments generally state that all other terms and conditions of the Agreement remain in full force and effect without interruption or lapse.

B. Parties' Positions

1. RMP

RMP testified the one-year extension of the Agreement maintains US Mag's existing electric service rates and the applicability of certain other charges that the PSC previously approved. In addition, the extension maintains the provisions related to the payment of a surcharge for the Low-Income Program and annual demand-side management reporting to DPU and the Office of Consumer Services.² RMP also represented the ORI component of the

² These two provisions were recommended for inclusion by DPU and the Office of Consumer Services in Docket No. 17-035-71, and were adopted in the PSC's April 2018 Order.

Extension Amendments maintains the current day-ahead curtailment structure and operating reserve billing credit. In addition, the ORI component adjusts certain language such that RMP will receive additional operating reserve, which will be held on US Mag's owned generation, without an increase in cost for the total reserve product.

According to RMP, the ESA component maintains existing rates that are in line with the current cost of service (COS), as demonstrated in the COS Study that RMP filed in its recent general rate case ("2020 GRC").³

RMP testified approval of the Application is just, reasonable, and in the public interest, and requests the PSC approve the Extension Amendments effective January 1, 2021.

2. DPU

DPU recommends the PSC approve the Agreement and Extension Amendments through December 31, 2021, testifying that they are just, reasonable, and in the public interest. DPU testified the Extension Amendments make no significant changes to the existing pricing or requirements related to the applicability of certain rate adjustments. DPU adds that the ORI component amends certain definitions.

DPU testified the Agreement is an improvement over preceding contracts because it brings US Mag's pricing closer in line with that of other large industrial customers.

³ *Application of RMP for Authority to Increase its Retail Electric Utility Service Rates in Utah and for Approval of its Proposed Electric Service Schedules and Electric Service Regulations, Docket No. 20-035-04.*

3. US Mag

US Mag, responding to DPU's comments, provided historical context for US Mag's predecessor's decision to locate in Utah and clarified US Mag's relationship with RMP based on a PSC order dated April 19, 1968. US Mag further discussed its facility's design in relation to its electric service rates, as well as US Mag's contribution to fixed costs. According to US Mag, the data provided in RMP's 2020 GRC demonstrates that US Mag is paying very close to, or somewhat higher than, its actual cost of service. US Mag requests the PSC approve the Extension Amendments.

C. Findings and Conclusions

With only minor modifications, the Extension Amendments maintain the prices, terms, and conditions of the Agreement, which we found were just, reasonable, and in the public interest in Docket No. 17-035-71.

All parties to this docket support approval of the Application, and the PSC received no comments in opposition to it. Based on our review of the Application, the contract documents, and testimony provided at hearing, we find the terms and conditions of the Agreement, as amended by the Extension Amendments, are just, reasonable, and in the public interest.

ORDER

Based on the foregoing, we approve the Application and associated Extension Amendments, effective January 1, 2021.

DATED at Salt Lake City, Utah, March 8, 2021.

/s/ Michael J. Hammer
Presiding Officer

Approved and Confirmed March 8, 2021, as the Order of the Public Service Commission
of Utah.

/s/ David R. Clark, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Gary L. Widerburg
PSC Secretary
DW#317653

Notice of Opportunity for Agency Review or Rehearing

Pursuant to Utah Code Ann. §§ 63G-4-301 and 54-7-15, a party may seek agency review or rehearing of this written order by filing a request for review or rehearing with the PSC within 30 days after the issuance of the 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 fails to grant a request for review or rehearing within 30 days after the filing of a request for review or rehearing, 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 Utah Code Ann. §§ 63G-4-401, 63G-4-403, and the Utah Rules of Appellate Procedure.

CERTIFICATE OF SERVICE

I CERTIFY that on March 8, 2021, a true and correct copy of the foregoing was served upon the following as indicated below:

By Email:

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