

Gary A. Dodge (0897)  
Phillip J. Russell (10445)  
JAMES DODGE RUSSELL & STEPHENS, P.C.  
10 West Broadway, Suite 400  
Salt Lake City, UT 84101  
Telephone: 801-363-6363  
Email: gdodge@jdrsllaw.com  
prussell@jdrsllaw.com

*Attorneys for US Magnesium LLC*

---

**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

---

In the Matter of the Application of US Magnesium, LLC for Determination of Long-Term Rates, and Terms and Conditions of Interruptible/DSM Electric Service Between It and Rocky Mountain Power	DOCKET NO. 21-035-53  <b>APPLICATION OF US MAGNESIUM, LLC FOR DETERMINATION OF LONG-TERM RATES, AND TERMS AND CONDITIONS FOR INTERRUPTIBLE/DSM ELECTRIC SERVICE</b>
--	---

Pursuant to Utah Code Ann. §§ 54-3-1, 54-4-1, 54-4-4 and 54-7-12, US Magnesium LLC (“US Magnesium”) hereby applies to this Commission for an Order determining just and reasonable long-term rates, terms, and conditions for interruptible/DSM electric service for US Magnesium and PacifiCorp dba Rocky Mountain Power (“RMP” or “PacifiCorp” or “Company”) following the termination of their existing contracts on December 31, 2021.

US Magnesium’s predecessor in interest constructed magnesium extraction facilities in Utah as a direct result of long-term economic development rates and conditions of interruptible electric service set by the Utah Public Service Commission in 1968. Fifty plus years later, US Magnesium’s continued existence as a significant Utah manufacturer and employer remains dependent upon similar long-term interruptible rates and conditions for electric service. US

Magnesium respectfully petitions the Commission to establish just and reasonable rates, terms, and conditions for interruptible/DSM electric service for US Magnesium and PacifiCorp for a period of at least ten (10) years following the December 31, 2021 expiration of US Magnesium's current contract, so as to enable US Magnesium to continue its Utah operations and to attract needed investment, to preserve hundreds of jobs, and to extend US Magnesium's ability to make significant contributions towards the economies of Tooele County and the State of Utah.

US Magnesium is filing this Application now to seek the Commission's assistance in setting reasonable terms and conditions of service because the Company has provided US Magnesium a notice of termination of the currently effective contracts effective December 31, 2021. US Magnesium cannot continue its operations as a standard tariff customer beginning on January 1, 2022. The parties have engaged in lengthy negotiations with little progress towards workable arrangements. Given turnover of personnel at the Company, many of those involved in these negotiations are new to the process and may not appreciate the lengthy history of successful negotiations between the parties or the unique needs, service characteristics and demand side value of US Magnesium. Given the impending year-end termination of the current contract and that fact that this docket may take several months to complete, US Magnesium is compelled to file this docket now to request that the Commission approve reasonable terms and conditions for continued interruptible service to US Magnesium as expeditiously as possible.

The contracts between the parties for the past 50 years have all been based on the unique needs and service characteristics of US Magnesium and have allowed US Magnesium to continue its operations, while also paying all incremental costs of service and significant contributions to fixed costs. Indeed, service is and has been at or very close to its cost of service for many years. Similar terms and prices must continue in the new service arrangement set by this Commission.

In support of this Petition, US Magnesium respectfully represents as follows, which statements are supported by the Direct Testimony of Roger J. Swenson, filed herewith:

**US Magnesium Operations in Utah**

1. Facilities designed to extract magnesium from concentrated saltwater brines through an electrolytic process, such as those operated by US Magnesium on the western shore of the Great Salt Lake, are extremely electric intensive. Electricity is not just a fuel source; it is a direct input into the manufacturing process—large amounts of electricity are continually fed through cathodes in huge electrolytic cells into evaporated magnesium chloride brines to separate magnesium from chlorine.

2. US Magnesium pays livable wages to hundreds of full-time employees. US Magnesium's contribution to the economy of the State of Utah are estimated at many millions of dollars per year.

3. Because of intense international competition, US Magnesium is the sole surviving producer of magnesium in the United States today. Absent a long-term economical source of electricity, the US Magnesium facilities cannot be competitive or economical and will not be able to continue their operations. Moreover, US Magnesium's survival is also dependent upon its ability to attract significant additional investment to improve and expand its existing facilities. The condition of the production facilities and other factors in recent years have resulted in US Magnesium reducing its production and its resulting electric load from over 125 MWs to around 70-80 MWs currently. These conditions continue to threaten further operational restrictions. US Magnesium needs new investment to rebuild productions systems and an obvious prerequisite to the willingness of any rational investor or lender is a reasonable assurance that its major cost inputs

are reasonably predictable. Among the most significant cost inputs for US Magnesium is the cost of electricity. Unfortunately, its future cost of electricity is almost impossible to predict with any degree of assurance, given current circumstances.

4. Since 1968, the Commission has recognized that it is in the public interest for PacifiCorp to provide interruptible electric service to US Magnesium's operations from system reserves and available market sources. Interruptible supply arrangements over the past half century have consistently provided for PacifiCorp<sup>1</sup> to deliver to US non-firm excess system generation resources or market resources to US Magnesium when available, and when neither system generation resources nor market purchases are available, US Magnesium is subject to physical curtailment.

#### **US Magnesium – PacifiCorp Arrangements (1968-2001)**

5. The US Magnesium facilities' dependence upon a long-term economical source of electricity is not new. Indeed, it was a condition precedent to the construction or operation of the facilities from the beginning. A Report, Findings and Conclusions issued by this Commission in Docket Nos. 5639 and 5640 on April 19, 1968, ordered PacifiCorp to provide long-term interruptible electric service to US Magnesium from system reserves and available market sources at prices below firm cost of service prices and under terms and conditions designed to permit the facilities to be constructed and to operate on an economical basis.<sup>2</sup>

6. Based upon the Commission's 1968 Order, the parties executed a long-term power supply agreement ("1968 Agreement") for interruptible electric service at rates below firm service

---

<sup>1</sup> References in this Petition to PacifiCorp or US Magnesium are intended to also refer, as appropriate given the context, to their respective predecessors in interest.

<sup>2</sup> See Case Nos. 5639 & 5640, Report, Findings and Conclusions (April 19, 1968) ("1968 Order"). A copy of the 1968 Order is attached to the Direct Testimony of Roger J. Swenson as USMag Exhibit 1.5.

rates and with terms and conditions for interruption that allowed PacifiCorp to curtail electric service to US Magnesium during times of system coincident peak and allowed US Magnesium to buy-through electricity at market rates during those system peak times during which it was subject to interruption.

7. Over the ensuing decades, US Magnesium and PacifiCorp successfully negotiated eight separate amendments to the 1968 Agreement. These amendments updated the price of interruptible service and utilized similar interruptible service terms and conditions as those set forth in the original agreement. These interruptible service terms and conditions have been the centerpiece PacifiCorp's provision of electric service to US Magnesium for the more than 50 years since the Commission's 1968 Order. As set forth below, these concepts have endured through numerous successful negotiations, myriad market and supply conditions, and several contested dockets before this Commission.<sup>3</sup>

#### **US Magnesium – PacifiCorp Agreement (2002 Order)**

8. The 1968 Agreement, as amended, terminated on December 31, 2001. Prior to its expiration, PacifiCorp and US Magnesium began contract negotiations for a new agreement but were unable to reach an accord. Two weeks before the scheduled expiration date of the contract, PacifiCorp filed a petition in Docket No. 01-035-38 seeking to force US Magnesium to switch to firm service at firm tariff prices—conditions and prices that would have increased US Magnesium's rates dramatically and which were completely untenable. The matter was intensely litigated and was ultimately resolved in a contested hearing. The Commission and each of the parties to the proceeding—PacifiCorp, US Magnesium, the Division of Public Utilities

---

<sup>3</sup> Rates for interruptible service to US Magnesium have been adjusted numerous times over the years pursuant to agreements between the parties and Commission Orders.

(“Division”) and Office (then Committee) of Consumer Services (“Office”)—recognized that “large customers who are willing to receive interruptible service under certain conditions impose less cost on the utility than do firm customers, and therefore warrant special pricing consideration.”<sup>4</sup> The parties offered differing views as the value of interruptible service and the conditions necessary to achieve that value, and each made recommendations for the rate, terms and conditions of service.<sup>5</sup>

9. In its Order dated May 24, 2002 (“2002 Order”), the Commission set the rate to US Magnesium at \$21 per MWh and ruled that US Magnesium could be interrupted for a duration of up to six hours per day, five days per week during the weekday peak hours of 1pm to 9pm in the summer months—time periods that were likely to reduce system costs and Utah’s jurisdictional allocation by reducing monthly coincident peak demand. The advance notice period for an interruption was two hours. The Commission also ordered that the contract must contain a buy-through provision that allows US Magnesium to choose whether to cease operations during an interruption or to purchase available market electricity at a rate based on a published index.

10. The Commission ruled that the term of the new agreement was to conclude on December 31, 2004.<sup>6</sup> The Commission further ruled that the \$21 per MWh rate set in the proceeding would apply to interruptible service provided to US Magnesium for the period from January 1, 2002, through the date of the May 24, 2002 Order.<sup>7</sup>

---

<sup>4</sup> See Docket No. 01-035-38, Order (May 24, 2002) (“2002 Order”) at 3. A copy of the 2002 Order is attached to the Direct Testimony of Roger J. Swenson as USMag Exhibit 1.6.

<sup>5</sup> *Id.* See also *id.* at 4 (“All other parties acknowledge that interruption of the Magcorp load can lower system cost, but differ on the conditions necessary to achieve the lower cost.”).

<sup>6</sup> See *id.* at 7.

<sup>7</sup> See Docket No. 01-035-38, Order Setting Rate for January 1, 2002 through May 24, 2002 Time Period (Nov. 13, 2003). A copy of this order is attached to the Direct Testimony of Roger J. Swenson as Exhibit 1.7.

## **Task Force Reports**

11. In addition to setting rates and terms and conditions for interruptible service to US Magnesium, the 2002 Order also established a task force “to study the value of interruption and in addition to report to the Commission on the adequacy of the terms of th[e] contract.”<sup>8</sup> The Commission ordered the Division to conduct a study of interruptible benefits and to provide annual reports to the Commission. Other interested parties were invited to participate in the study.<sup>9</sup>

12. The Division submitted annual reports to the Commission, including a report dated June 21, 2004 (“2004 Task Force Report”).<sup>10</sup> In the 2004 Task Force Report, the Division offered numerous conclusions about the value to the system in general, and Utah ratepayers in particular, of the ability to interrupt US Magnesium’s load during peak hours. The Division noted that, during the interruption period of 1pm to 9pm in June through September, PacifiCorp called on US Magnesium to curtail its operations on each day and that US Magnesium curtailed its operations as required on each day.<sup>11</sup> On all but two of those days, US Magnesium elected to buy-through during the curtailment.<sup>12</sup>

13. Addressing the value of the ability of PacifiCorp to interrupt US Magnesium’s service during on-peak hours, the Division noted that “large interruptible customers offer value to the system and to Utah ratepayers, as realized through power costs adjustments and reduced contributions to the CP leading to lower revenue requirement allocations.”<sup>13</sup> Notably, the Division

---

<sup>8</sup> 2002 Order at 13.

<sup>9</sup> *See id.* at 14.

<sup>10</sup> A copy of the 2004 Task Force Report is attached to the Direct Testimony of Roger J. Swenson as Exhibit 1.9.

<sup>11</sup> *See id.* at 2.

<sup>12</sup> *See id.* at 2.

<sup>13</sup> *Id.* at 12.

further emphasized that “providing interruptible rates and service for large special contract customers is consistent with the Division’s focus on the need to further pursue demand side options for managing Utah’s load growth.”<sup>14</sup> As will be discussed later, US Magnesium’s proposal for a reasonable long-term electric supply arrangement are intended to continue, and significantly improve, the value of US Magnesium’s operations and load as a major demand side resource.

14. Similar conclusions were reached in a Report of the Special Contracts Task Force to the Utah PSC, filed with the Commission on December 17, 1999 (“1999 Task Force Report”),<sup>15</sup> which sought to identify eligibility requirements and circumstances in which special contracts could provide such benefits to PacifiCorp’s system generally and to Utah ratepayers specifically. That report concluded in essence that pricing for an interruptible special contract large for a customer like US Magnesium with significantly different load and service characteristics should cover variable costs and contribute at least 5% to fixed system costs. US Magnesium’s current interruptible/DSM supply arrangements provide a much higher contribution to fixed system costs than the 5% minimum suggested by the task force and is thus beneficial to PacifiCorp ratepayers in comparison to the loss of US Magnesium load.

#### **US Magnesium – PacifiCorp Agreements**

15. Since December 31, 2004—following the expiration of the agreement that resulted from the 2002 Order—USMag and RMP have entered into a series of agreements setting the rates, terms, and conditions for the provision of interruptible electric service to USMag. Those agreements are discussed below.<sup>16</sup>

---

<sup>14</sup> *Id.* at 13.

<sup>15</sup> A copy of the 1999 Task Force Report is attached to the Direct Testimony of Roger J. Swenson as Exhibit 1.8.

<sup>16</sup> The terms of the various agreements referenced in this Application are or may be confidential and, as such, the USMag’s description of the terms of the agreements is intentionally generic. USMag will work with RMP to



US Magnesium – PacifiCorp Agreements (2005-2009)

16. US Magnesium and PacifiCorp engaged in contract negotiations in 2003 in an attempt to reach a new agreement prior to the December 31, 2004, termination date of the agreement reached pursuant to the 2002 Order. When those negotiations stalled in September of 2003, US Magnesium filed a Petition in Docket No. 03-035-19 seeking a determination of just and reasonable long-term rates and conditions for interruptible electric service to US Magnesium. US Magnesium sought a ten-year contract term to provide it long-term economic certainty with respect to electric rates.

17. During the course of Docket No. 03-035-19, PacifiCorp and US Magnesium reached an agreement on a new 5-year Electric Service Agreement for interruptible service (“2005 ESA”), which the Division and the Office supported.<sup>17</sup> PacifiCorp and US Magnesium also entered into an Operating Reserve Interruption Agreement that allowed PacifiCorp to call on US Magnesium to curtail its operations to obtain non-spin operating reserves (“2005 ORIA”), and a power purchase agreement for power and energy from US Magnesium’s on-site qualifying facility (“2005 PPA”). Each of the agreements were to begin on January 1, 2005 and terminate on December 31, 2009.

18. The 2005 ESA provided for interruptible service at a base rate that was subject to escalation tied to percentage rate increases for Schedule 9 customers. The terms and conditions of interruptible service allowed PacifiCorp to call for curtailment of US Magnesium’s electric service for a limited number of on-peak hours during the summer months when the forecasted temperature exceeded a specified temperature trigger, and subject to interruption for a shorter duration at peak

---

safeguard any commercially sensitive information and will produce the agreements to those parties in this docket that require them and that comply with Commission rules regarding confidential information.

<sup>17</sup> See Docket No. 03-035-19, Report and Order Approving an Electric Service Agreement (Dec. 16, 2004).

times in winter months. During these curtailments US Magnesium had the option to purchase available market replacement power, or “buy-through,” at an indexed market price.

19. US Magnesium was also subject to physical curtailment when temperatures in the summer months were forecasted to be above a certain temperature. Within a very short time after receiving notice of a physical curtailment, US Magnesium was required to completely shut down plant operations for up to two hours. US Magnesium was also subject to physical curtailment with limited advance notice when PacifiCorp deemed interruption to be necessary to maintain system reliability.

20. Pursuant to the 2005 ORIA, PacifiCorp could purchase operating reserves from US Magnesium either by interrupting US Magnesium’s electric service or by acquiring power and energy from US Magnesium’s on-site generation resources. Interruptions for these purposes were limited to a certain number of hours per year and were limited in frequency and duration.

#### US Magnesium – PacifiCorp Agreements (2010-2014)

21. Prior to the termination of the 2005 Agreement, PacifiCorp and US Magnesium again entered negotiations for a new agreement. In April of 2009, US Magnesium filed a petition in Docket No. 09-035-20 seeking a Commission determination of just and reasonable rates and terms for interruptible service. After the petition was filed, US Magnesium and PacifiCorp were able to negotiate and agree to new terms for interruptible service pursuant to a new electric service agreement (“2010 ESA”), which was supported by the Division and the Office. PacifiCorp and US Magnesium also entered into a new Operating Reserve Interruption Agreement (“2010

ORIA”). These agreements began on January 1, 2010 and terminated on December 31, 2014. The Commission approved the new agreements in an order dated December 23, 2009.<sup>18</sup>

22. PacifiCorp and US Magnesium also entered into a new one-year QF power purchase agreement to be effective from January 1, 2010, through December 31, 2010 (“2010 PPA”). The parties have since entered into a series of one-year PPA agreements.

23. The 2010 ESA provided for interruptible service at a base rate, which was subject to escalation. The terms of the interruptible service were similar to the terms of interruptible service in the 2005 ESA: US Magnesium’s operations were subject to interruption for a limited number of on-peak hours during the summer months when the forecasted temperature exceeded a specified temperature trigger, and subject to interruption for a shorter duration at peak times in winter months. During these curtailments US Magnesium had the option to buy-through at an indexed market price.

24. US Magnesium was also subject to physical curtailment with limited advance notice when necessary to address system reliability issues.

25. Pursuant to the 2010 ORIA, PacifiCorp could purchase operating reserves from US Magnesium either by interrupting US Magnesium’s electric service or by acquiring power and energy from US Magnesium’s on-site generation resources. Interruptions for these purposes were limited to a certain number of hours per year and were limited in frequency and duration.

#### US Magnesium – PacifiCorp Agreements (2015-2018)

26. In November of 2014, US Magnesium and PacifiCorp negotiated a new three-year electric service agreement for the provision of interruptible service (“2015 ESA”). PacifiCorp

---

<sup>18</sup> See Docket No. 09-035-20, Report and Order (Dec. 23, 2009).

sought approval of the 2015 ESA in Docket No. 14-035-143. The Division and Office each recommended that the Commission approve the 2015 ESA and the Commission approved it in an order dated January 28, 2015.<sup>19</sup> PacifiCorp and US Magnesium also entered into a new Operating Reserve Interruption Agreement (“2015 ORIA”). These agreements went into effect on January 1, 2015 and terminated on December 31, 2017.

27. The 2015 ESA provided for interruptible service at a variable rate depending on time of use, subject to escalation for changes in overall rates. The terms of the interruptible service were similar to those in past agreements: US Magnesium’s operations were subject for a limited number of on-peak hours during the summer months and for a shorter duration at peak times in winter months. During these curtailments US Magnesium had the option to buy-through at an indexed market price.

28. US Magnesium was also subject to physical curtailment with limited advance notice when necessary to address system reliability issues.

29. Pursuant to the 2015 ORIA, PacifiCorp could purchase operating reserves from US Magnesium either by interrupting US Magnesium’s electric service or by acquiring power and energy from US Magnesium’s on-site generation resources. Interruptions for these purposes were limited to a certain number of hours per year and were limited in frequency and duration.

30. In Docket No. 17-035-56, the Commission approved a petition to extend the terms of the 2015 ESA through April 30, 2018, which allowed PacifiCorp and US Magnesium to negotiate a new agreement. PacifiCorp, the Division, and the Office each stipulated to the extension and this Commission approved the extension in an Order dated November 15, 2017.

---

<sup>19</sup> See Docket No. 14-035-143, Order Confirming Bench Ruling Approving Electric Service Agreement (Jan. 28, 2015).

### US Magnesium – PacifiCorp Agreements (2018-2020)

31. In December of 2017, US Magnesium and PacifiCorp entered into a new electric service agreement for the provision of interruptible service (“2018 ESA”). PacifiCorp sought approval of the agreement in Docket No. 17-035-71. The Division and Office each filed comments supporting approval of the agreement, and the Commission approved the agreement in an order dated April 19, 2018.<sup>20</sup> PacifiCorp and US Magnesium also entered into a new Operating Reserve Interruption Agreement (“2018 ORIA”). These agreements went into effect on May 1, 2018 and were scheduled to terminate on December 31, 2019, subject to automatic one-year renewals absent a notice of termination by either party. Neither party served a notice of termination of either agreement in 2019, thus extending the term through December 31, 2020.

32. The 2018 ESA provides for interruptible service at a variable rate depending on time of use, subject to escalation for changes in overall rates. The pricing was derived from PacifiCorp’s cost of service model, in which US Magnesium’s peak load was included for cost allocation purposes in the six months when it is not subject to interruption. The terms of the interruptible service were similar to those in past agreements: US Magnesium’s operations were subject for a limited number of on-peak hours during the summer months and for a shorter duration at peak times in winter months. During these curtailments US Magnesium had the option to buy-through at an indexed market price.

33. US Magnesium remained subject to physical curtailment with limited advance notice when necessary to address system reliability issues.

---

<sup>20</sup> See Docket No. 14-035-143, Order Confirming Bench Ruling Approving Electric Service Agreement (Jan. 28, 2015).

34. The significant increase in electricity prices to US Magnesium in the 2018 ESA was partially offset by PacifiCorp's purchase of operating reserves pursuant to the 2018 ORIA, through interruption of US Magnesium's electric service or the supply of power and energy from US Magnesium's on-site generation resources, as US Magnesium's discretion. Interruptions for these purposes were limited to a certain number of hours per year and were limited in frequency and duration.

US Magnesium – PacifiCorp Agreements (current)

35. In 2020 PacifiCorp and US Magnesium entered into a new electric service agreement for interruptible service ("2020 ESA"), which included very minor modifications to the terms of the 2018 ESA. PacifiCorp and US Magnesium also entered into a new Operating Reserve Interruption Agreement ("2020 ORIA"), which made only minor changes to the terms of the 2018 ESA. The 2020 ESA and 2020 ORIA went into effect on January 1, 2020. PacifiCorp has served a notice of termination of the 2020 ESA and the 2020 ORIA at the end of this year, prompting the need for this filing.

36. PacifiCorp requested approval of the 2020 ESA in Docket No. 20-035-47. The Division recommended approval and the Commission approved the 2020 ESA in an order dated March 8, 2021.

37. The electric service rates in the 2020 ESA were adjusted upward from the 2018 ESA to account for increases to RMP's revenue requirements identified in the most recent general rate case (Docket No. 20-0350-04). The terms and conditions of interruptible service in the 2020 ESA and associated 2020 ORIA remain essentially the same as in prior agreements.

### **Long-Term Interruptible/DSM Electric Service Arrangements Requested by US Magnesium**

38. Since 2018, PacifiCorp and US Magnesium have engaged in numerous attempts to reach agreement on the terms and conditions for long-term interruptible/DSM electric supply arrangements for US Magnesium, both alone and at times collectively with two other special contract customers in Utah and Idaho in the context of Multi-State Protocol (“MSP”) discussions. However, US Magnesium and PacifiCorp have not been successful in reaching agreement on a structure or pricing for special interruptible service contracts or MSP treatment that is acceptable to both parties.

39. Current electric supply arrangements for US Magnesium allow PacifiCorp to efficiently utilize its generation resources when they are not needed for firm service and to interrupt US Magnesium’s load at the time of system coincident peak during six months each year. Language in the 2020 ESA confirms that “the intent of curtailment allowed [under that contract] is to reduce [US Magnesium’s] demand during [PacifiCorp’s] system coincident peak.” This makes US Magnesium an important demand side management (“DSM”) resource that benefits all Utah ratepayers. The task force reports referenced above also confirm that the system and the State of Utah benefit from the fact that US Magnesium does not use system generation resources during coincident peak hours.

40. These types of creative arrangements have allowed US Magnesium to efficiently utilize excess system generation capacity when available and, when system resources are needed for firm customers, US Magnesium utilizes on-site resources or outside market resources, if and when available, at its risk and expense. This creates a win-win for US Magnesium and other Utah ratepayers. US Magnesium wants to continue offering this significant DSM resource to Utah. Indeed, it would like to enhance the value of the DSM products that it can provide by taking over

direct responsibility for curtailing its use of system resources at the time of each monthly coincident peak, with its prices adjusted to reflect success or failure in avoiding the coincident peaks.

41. Continued operation of US Magnesium's electrolytic process requires a continuation of the creative types of approaches to interruptible electric supply that have prevailed for over half a century, as well as long-term certainty as to the price and terms of electric supply. This filing is made in an effort to secure Commission approval of supply arrangements that will permit continuation of magnesium operations in Utah, while preserving and enhancing US Magnesium's ability to contribute to system fixed costs and provide a meaningful DSM resource beneficial to Utah ratepayers.

42. US Magnesium was able to locate in Utah in the first place only because the Commission was willing to require PacifiCorp to offer interruptible electric service for US Magnesium's electrolytic process, to be provided out of system reserves and subject to curtailment and buy-through when available. This type of interruptible service has been consistently provided to US Magnesium for more than 50 years, with the terms and conditions of interruptible service remaining largely consistent.

43. A continuation, and enhancement, of the historical approach to interruptible supply for US Magnesium remains necessary, and in the public interest. Significant changes to the terms and conditions that have formed the backbone of interruptible electric service to US Magnesium for decades are not sustainable.

44. US Magnesium requires relative certainty and predictability as to the cost of its electricity. US Magnesium requires high-cost capital investments and cannot make rational economic decisions based on short-term agreements as to a critical supply input. US Magnesium



thus requests approval of long-term arrangement for electric supply that will apply for at least ten years.

45. US Magnesium has generated some of its own power and energy on site for many years and needs to add additional on-site generation, storage, and other resources to stabilize its costs of electric supply, particularly during times of interruption and market buy-through. US Magnesium requires continuing flexibility in pursuing all such options.

46. The terms, conditions and pricing proposed by US Magnesium that will allow it to continue as a significant DSM resource for the benefit of Utah ratepayers, and that will satisfy US Magnesium's need for long-term price stability, are summarized in USMag Exhibit 1.1, attached to the Direct Testimony of Roger J. Swenson. In summary, US Magnesium requests that current rates, terms and conditions of service continue for two more years (subject to adjustments based on rate cases), and for PacifiCorp to begin providing US Magnesium with peak load data to give it the time and data to be in a position to manage load curtailments to miss coincident system peaks. After two years, the rates should be adjusted to reflect a demand charge based on US Magnesium's actual use of PacifiCorp system generation resources at the time of each monthly system coincident peak. Existing operating reserve and emergency reserve arrangements should also continue, subject to rate case adjustments.

### **Requested Relief**

US Magnesium hereby respectfully asks the Commission for relief, as follows:

(a) Promptly set a date for a scheduling conference in this docket to establish reasonable deadlines for discovery, testimony, and hearings;

(b) To the extent the schedule set by the Commission does not support entry of a Commission order for long-term interruptible/DSM arrangements prior to the end of 2021, to order

that the rates, terms and conditions of service specified in the 2020 ESA and the 2020 ORIA will continue in effect until December 31, 2022, and that the Commission address issues raised by all parties to this proceeding in a separate order that would go into effect on January 1, 2023;

(c) Enter an order establishing long-term just and reasonable rates, terms and conditions of interruptible/DSM service for US Magnesium, consistent with those specified in USMag Exhibit 1.1; and

(d) Grant such other and further relief as the Commission may determine to be just, reasonable, and in the public interest with respect to interruptible electric service/DSM arrangements for US Magnesium.

Respectfully submitted this 21st day of September 2021.

JAMES DODGE RUSSELL & STEPHENS



---

Gary A. Dodge  
Phillip J. Russell

*Attorneys for US Magnesium LLC*

## CERTIFICATE OF SERVICE

I hereby certify that on this 21st day of September 2021, I served a true and correct copy of the foregoing via electronic mail to the following:

### ROCKY MOUNTAIN POWER

Emily Wegener	emily.wegener@pacificorp.com
Stephanie Barber-Renteria	stephanie.barber-renteria@pacificorp.com
Jana Saba	jana.saba@pacificorp.com
	Datarequest@pacificorp.com

### DIVISION OF PUBLIC UTILITIES

Chris Parker	chrisparker@utah.gov
William Powell	wpowell@utah.gov
Patricia Schmid	pschmid@agutah.gov
Justin Jetter	jjetter@agutah.gov
	dpudatarequest@utah.gov

### OFFICE OF CONSUMER SERVICES

Michele Beck	mbeck@utah.gov
Alyson Anderson	akanderson@utah.gov
Bela Vastag	bvastag@utah.gov
Alex Ware	aware@utah.gov
Robert Moore	rmoore@agutah.gov
	ocs@utah.gov

/s/Phillip Russell.