

**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

<p><b>In the Matter of the Application of Rocky Mountain Power for Approval of an Electric Service Agreement between Rocky Mountain Power and Kennecott Utah Copper LLC</b></p>	<p><b>DOCKET NO. 11-035-__</b></p>
---	------------------------------------

**DIRECT TESTIMONY OF PAUL H. CLEMENTS**

October 13, 2011

1 **Q. Please state your name, business address and position with PacifiCorp dba**  
2 **Rocky Mountain Power (the Company).**

3 A. My name is Paul H. Clements. My business address is 201 S. Main, Suite 2300,  
4 Salt Lake City, Utah 84111. My present position is Originator/Power Marketer  
5 for PacifiCorp Energy. PacifiCorp Energy and Rocky Mountain Power are  
6 divisions of PacifiCorp (the Company).

7 **QUALIFICATIONS**

8 **Q. Please briefly describe your education and business experience.**

9 A. I have a B.S. in Business Management from Brigham Young University. I  
10 worked in the merchant energy sector for approximately 7 years in pricing and  
11 structuring, origination, and trading roles for Illinova and Duke Energy. I have  
12 been employed by the Company since 2004 as an originator/power marketer  
13 responsible for negotiating interruptible retail special contracts, negotiating  
14 qualifying facility contracts, and managing wholesale or market-based energy and  
15 capacity contracts with other utilities and power marketers.

16 **Q. On whose behalf are you testifying in this proceeding?**

17 A. I am testifying on behalf of PacifiCorp, dba Rocky Mountain Power.

18 **TESTIMONY**

19 **Q. What is the purpose of your testimony?**

20 A. On October 13, 2010 the Company filed a petition for approval of a one year  
21 Electric Service Agreement (“Agreement”) between Rocky Mountain Power  
22 (“Company”) and Kennecott Utah Copper LLC (“Kennecott”) dated October 12,  
23 2011.

24 My testimony provides a summary comparison of the 2012 Agreement  
25 and the 2011 agreement. I also provide additional details explaining the rate  
26 adjustment mechanism described in Sections 4.1, 4.8, 4.9 and 4.10 of the  
27 Agreement. The rate adjustment mechanism determines how the rates contained  
28 in the Agreement change over the one year term of the Agreement.

29 **Q. Please provide a summary comparison of the 2012 Agreement and the 2011**  
30 **agreement.**

31 A. The 2012 Agreement is materially identical to the 2011 agreement with the  
32 exception of: 1) revised language in Section 4.8 to address certain issues related to  
33 the Energy Balancing Account (“EBA”), 2) revised language in Section 4.9 to  
34 clarify that Schedule 98 applies to Kennecott, 3) updated pricing in Exhibit 1 to  
35 reflect current Schedules 9 and 31 rates, and 4) an increased contract demand to  
36 address the fact that Praxair is now being treated as a tenant of Kennecott.

37 **Q. Why was revised language in Sections 4.8 and 4.9 required?**

38 A. The language changes in Sections 4.8 and 4.9 were needed since certain items  
39 related to both the EBA and how renewable energy credits are treated have been  
40 decided since the 2011 language was drafted.

41 **Q. Why is Praxair now being treated as a tenant of Kennecott?**

42 A. Kennecott and Praxair have represented to the Company that their business  
43 relationship now reflects one in which Praxair could be considered a tenant of  
44 Kennecott. Both parties requested that the Company terminate its contractual  
45 relationship with Praxair and instead treat the Praxair load as part of Kennecott’s

46 load under the Agreement. Therefore, the contract demand has been increased to  
47 reflect this change.

48 **Q. Are the rate adjustment ratios in Section 4.10 of the 2012 Agreement the**  
49 **same as those used in the 2011 agreement?**

50 A. Yes. The parties agreed to use the same ratios in the 2012 Agreement as those  
51 used in the 2011 agreement. The parties continue to discuss the appropriateness  
52 of rate adjustment mechanisms for Kennecott for a longer term agreement but  
53 agreed to use the existing ratios for this one year agreement.

54 **Q. Has the Company previously provided detailed information regarding how**  
55 **the rate adjustment ratios in Section 4.10 of the Agreement were calculated?**

56 A. Yes. In November 1, 2010 supplemental memorandum filing in conjunction with  
57 its October 18, 2010 petition for approval of the 2011 Kennecott agreement, the  
58 Company provided detailed information addressing Kennecott's unique load  
59 characteristics, why the rate adjustment mechanism is used, and how the rate  
60 adjustment mechanism is calculated. Exhibit RMP\_(PHC-1) contains the  
61 supplemental memorandum that was filed on November 1, 2010.

62 **Q. Does this conclude your testimony?**

63 A. Yes.