

State of Utah DEPARTMENT OF COMMERCE Office of Consumer Services

MICHELE BECK Director

To: Public Service Commission

From: Office of Consumer Services

Michele Beck, Director Dan Gimble, Manager

Cheryl Murray, Utility Analyst

Date: October 31, 2014

Subject: 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: Docket 14-035-117.

REDACTED

1 Background

On September 8, 2014 Rocky Mountain Power Company (Company) filed with the Public Service Commission (Commission) an application for approval (Application) of an Electric Service Agreement (ESA or Contract) between PacifiCorp and Kennecott Utah Copper LLC (Kennecott).

The Commission issued a scheduling order and notice of hearing on September 18, 2014 setting October 31 and November 12, 2014, as the dates for parties to file comments and reply comments, respectively. A hearing on the matter is set for November 20, 2014.

Kennecott currently generates electricity for its own use and purchases electric power from the Company under the existing ESA, which expires on December 31, 2014. The proposed ESA will be in effect from January 1, 2015 through November 30, 2016 (23 months). The proposed ESA identifies the terms and pricing for Kennecott to purchase back-up, maintenance and supplementary electric service from the Company and although there are certain modifications, it is similar in structure to the existing ESA.



2 **Discussion**

The proposed ESA is confidential in its entirety although some limited information is provided in the non-confidential Application. Accordingly, the Office of Consumer Services (Office), in preparing its comments and recommendations, has referred to certain confidential provisions in the Contract.

Regarding the Office's review of the proposed ESA, it met separately with
representatives from the Company and Kennecott to discuss certain contract terms
and rate elements and also submitted a number of data requests to the Company to
obtain additional information. The Office appreciates the willingness of the Company
and Kennecott representatives to meet with us and found the discussions helpful.
However, the Office asserts that future applications for any special contract that
contains pricing or terms that [Begin Confidential]
. [End Confidential]
Kennecott Load

The Compa	any will	continue	to provide	e back-up,	maintenance	and	supplementa
electric serv	rice to Ke	ennecott d	uring the tv	venty-three	month term of	the p	roposed ESA
Kennecott's	[Begin	Confiden	itial]				
	.1	[End Conf	idential]				

[Confidential]

Office Response:
The Office recommends that if the parties [Begin Confidential]
[End Confidential]
Kennecott Pricing
Monthly charges under the proposed ESA [Begin Confidential]
a.
2
1)
2) [End Confidential]
Office Response: Since the duration of the ESA is limited to 23 months, the Office will not oppose the [Begin Confidential]

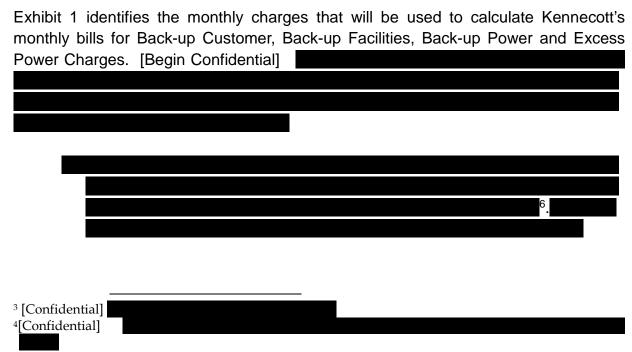
² Details relating to the [Begin Confidential] [End Confidential] are provided in response to DPU Data Request 2.1.

Office of Consumer Services Comments, Docket 14-035-117. Confidential – Subject to R746-100-16

3	3	
"…		
		4
	. [End Confidential]	

b. Back-up Charges

On July 23, 2014, the Commission issued an order, effective September 1, 2014, related to the prices and other terms of Schedule 31.⁵ While most customers needing partial requirements services must take those services under Schedule 31, larger customers with on-site generation over 15,000 kW must receive such services by entering into an agreement with the Company. Kennecott's on-site generation exceeds 15,000 kW and a separate agreement for partial requirements service is incorporated into this ESA.



⁵ Schedule 31, Back Up, Maintenance and Supplementary Power.

⁶ Docket No. 13-035-184.

Office of Consumer Services Comments, Docket 14-035-117. Confidential – Subject to R746-100-16

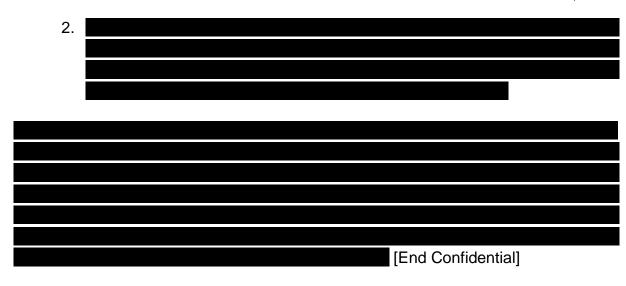


Table 1 below is a comparison between the [Begin Confidential]

Table 17

[End Confidential]	

Office Response:

⁷ [Confidential]

⁸ See footnote 6.

Due to the short-term length of this contract and the fact that Kennecott will receit the [Begin Confidential]	ve
the [Begin Connactual]	
. [End Confidential]	-
Tariff Riders and Surcharges	
The terms of the ESA require that Kennecott [Begin Confidential]	
9	
	nd
Confidential]	
Office Response: Regarding [Begin Confidential]	
Regarding [Begin Confidential]	

⁹ Schedules [Confidential] Office of Consumer Services Comments, Docket 14-035-117. Confidential – Subject to R746-100-16

	[End
Confidential]	

4. Recommendations

The Office recommends that the Commission approve the ESA between PacifiCorp and Kennecott, with an effective date of January 1, 2015. In approving the ESA, the Commission should specifically order that Kennecott is required to [Begin Confidential]

[End Confidential]

The Office further recommends that as part of the approval of the ESA, the Commission should specifically order the Company to do the following:

•	If the	Company	and	Kennecott	do	[Begin	Confidential]	
•								

[End Confidential]

Finally, the Office recommends the following requirement for the Company in future special contract filings:

•	[Begin Confidential]
	. [End Confidential]

Copies To: Rocky Mountain Power

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Yvonne Hogle
Division of Public Utilities
Chris Parker, Director

Artie Powell, Energy Section Manager

Kennecott

William Evans (Redacted Version)