

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the
Application of Rocky Mountain Docket No. 14-035-121
Power for Approval of the Power
Purchase Agreement between
PacifiCorp and Kennecott Utah
Copper LLC (Smelter)

In the Matter of the Docket No. 14-035-122
Application of Rocky Mountain
Power for Approval of the Power
Purchase Agreement between
PacifiCorp and Kennecott Utah
Copper LLC (Refinery)

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HEARING PROCEEDINGS  
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TAKEN AT: Public Service Commission
Hearing Room 403
160 East 300 South
Salt Lake City, Utah

DATE: Thursday, November 20, 2014

TIME: 2:46 p.m.

REPORTER: Nancy A. Fullmer, RMR

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APPEARANCES

PRESIDING OFFICER: JORDAN A. WHITE
FOR DIVISION OF PUBLIC UTILITIES:
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DANIEL E. SOLANDER
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1 PROCEEDINGS

2 Now turning to--the parties have
3 discussed this earlier that we would--the
4 Commission would address the two separate
5 applications in Docket Nos. 14-035-121 and 122.
6 The 121 docket is with respect to Kennecott's
7 smelter facility. And the 122 docket is with
8 respect to Kennecott's refinery facility. We'll
9 deal with those together and allow the witnesses
10 to address those consecutively and we'll allow
11 cross the same way.

12 With that, anything--let me ask, folks,
13 in terms of housekeeping, will there be
14 confidential matters that need to be dealt with
15 with respect to those applications?

16 MR. JETTER: I don't believe so.

17 THE HEARING OFFICER: Okay. Just be sure
18 if there is something, let us know in advance and
19 so we can mark the record accordingly.

20 With that, I'll turn it to Mr. Solander
21 since these are Rocky Mountain Power's
22 applications.

23 EXAMINATION

24 BY-MR. SOLANDER:

25 Q. Thank you. As you noted, there are two

1 applications for Power Purchase Agreements between
2 PacifiCorp and Kennecott Utah Copper. And
3 yesterday the Company filed in both dockets second
4 amended PPA, Power Purchase Agreements, with the
5 Commission for approval. And Mr. Clements is here
6 again today in this matter to provide a summary of
7 the agreements for the Commission.

8 THE HEARING OFFICER: And you've been
9 sworn.

10 MR. CLEMENTS: Thank you. I present
11 today for the Commission approval of two qualified
12 Power Purchase Agreements between Kennecott and
13 Utah Copper PacifiCorp. My testimony will refer
14 to and will support the Power Purchase Agreements
15 in both dockets. So the refinery docket is
16 14-035-122. And the smelter docket is 14-035-121.
17 My comments are largely the same in both dockets
18 and should be considered as such.

19 Relative to the refinery, that agreement
20 provides for the sale to PacifiCorp energy
21 generated by Kennecott up to 7.54 megawatts. And
22 that's from a natural gas fired cogeneration
23 facility instructed by Kennecott and located in or
24 near Salt Lake City, Utah.

25 The smelter PPA is an agreement that

1 provides for the sale of PacifiCorp energy to be
2 generated by Kennecott up to 31.8 megawatts. And
3 that's from a waste heat fired cogeneration
4 facility also located in or near Salt Lake City,
5 Utah.

6 The rest of my testimony pertains to both
7 agreements. The agreements are for terms of
8 12 months, January 1, 2015 through December 31,
9 2015. The purchase price as set forth in the
10 agreements were calculated using the methodology
11 approved by the Commission, this Commission, in
12 Docket No. 03-035-14.

13 The Company filed the PPAs for approval
14 on September 19, 2014. In comments filed on
15 November 3, 2014, the Division of Public Utilities
16 recommended that the Commission not approve the
17 contract until the Company files a corrected
18 agreement that includes the correct percentage
19 figures for the avoided line lost adjustment. The
20 Division further recommended that the Commission
21 order the Company to include language or similar
22 language found in Schedule 9 related to daylight
23 savings time and they suggested that the Company
24 include that language in future Power Purchase
25 Agreements that contain high load and low load

1 pricing schemes.

2 On November 15th--on November 19th--I
3 apologize--2014, the Company filed an amended PPA
4 or amended PPA, one for the smelter, one for the
5 refinery, in which both of these issues raised by
6 the DPU were addressed in a manner the Company
7 believes satisfies the DPU's concerns. The
8 Company corrected the line loss adjustment in both
9 PPAs and the Company inserted language pertaining
10 to daylight savings time as requested by the DPU.

11 This agreement is compliant with relevant
12 Commission orders on avoided cost and with Utah
13 Schedule 38--both of these agreements. The
14 Company believes that the amended PPAs that the
15 Company has now put before the Commission for
16 approval address all issues raised by the parties
17 in this docket, including those two items raised
18 by the Division. And, therefore, the Company
19 recommends the Commission approve both PPAs.

20 BY MR. SOLANDER:

21 Q. Does that conclude your summary?

22 A. Yes.

23 Q. Could you briefly describe why the
24 Company filed second amended PPAs as opposed to
25 the amended PPA?

1 A. Yes. As I noted, at first the Division
2 pointed out that the Company had applied the
3 wrong--or an incorrect line loss adjustment factor
4 in the contract. The Company had calculated the
5 number correctly, but failed to update the number
6 in this year's Power Purchase Agreement. And so
7 the Company originally had a first amended PPA
8 that corrected the line loss adjustment issue.
9 And prior to getting that filed, the Company
10 determined that it should also incorporate the
11 second issue, which was the daylight savings time.
12 And so the Company and Kennecott executed a second
13 amendment that incorporated the daylight savings
14 time change recommended by the Division.

15 MR. SOLANDER: Thank you. Mr. Clements
16 is available for cross-examination by the parties
17 or questions from the Commission.

18 THE HEARING OFFICER: Let me just ask a
19 quick clarifying question before I turn it to
20 Mr. Jetter. So, just to be clear, the agreement
21 before the Commission today for consideration is
22 entitled the second amended and it's the one that
23 was filed with the Commission on November 19,
24 2014?

25 MR. CLEMENTS: That is correct. What the

1 Company has requested to be approved is the second
2 amended PPA and it's that agreement that includes
3 the two changes recommended by the Division.

4 THE HEARING OFFICER: Okay. I appreciate
5 it.

6 Mr. Jetter, any--

7 MR. JETTER: I have no questions. Thank
8 you.

9 THE HEARING OFFICER: Mr. Olsen?

10 MR. OLSEN: No questions.

11 THE HEARING OFFICER: Okay. With that,
12 I'll go ahead and turn it to Mr. Jetter for his
13 witness's presentation.

14 MR. JETTER: Thank you. And I believe if
15 I'm correct, our witnesses remain sworn in?

16 THE HEARING OFFICER: Yes, that's
17 correct.

18 EXAMINATION

19 BY-MR.JETTER:

20 Q. Mr. Peterson, have you had an opportunity
21 to review both of the Power Purchase Agreements
22 for the smelter and the refinery?

23 A. Yes, including the recently filed second
24 amended agreements.

25 Q. And did you file action request responses

1 in both of those dockets that are both dated
2 November 3, 2014?

3 A. Yes, I did.

4 Q. And if you turn to the first page, are
5 they both substantially similar?

6 A. Substantially, yes.

7 Q. Okay. And the first paragraph is quite
8 similar in bold; is that correct?

9 A. Yes. Other than referring to the
10 different dockets, yes.

11 Q. Okay. And in the first paragraph you
12 mention the two line loss and time of day issues
13 that the Division had had with those Power
14 Purchase Agreements. Are you satisfied with the
15 second amended Power Purchase Agreements that have
16 been filed by Rocky Mountain Power? Does that
17 satisfy the concerns that you had had?

18 A. Yes. As I had just mentioned, I had a
19 chance to review the amended Purchase Power
20 Agreements and I reviewed the adjustments that the
21 Company made. And I'm satisfied that they comply
22 with the Division's concerns or satisfy, rather,
23 the Division's concerns in those two issues. And
24 so with the second amended PPA in both dockets,
25 that removes the Commission--or the Division's

1 concerns. And the Division is happy to recommend
2 that the Commission approve these PPAs as just and
3 reasonable and in the public interest.

4 MR. JETTER: Thank you. I have no
5 further questions. Mr. Peterson is available for
6 cross.

7 THE HEARING OFFICER: Mr. Solander, do
8 you have any questions?

9 MR. SOLANDER: No questions. Thank you.

10 THE HEARING OFFICER: Mr. Olsen?

11 MR. OLSEN: No.

12 THE HEARING OFFICER: Okay. With that,
13 I'll go ahead and turn it back to you, Mr. Olsen,
14 for the Petitioner.

15 MR. OLSEN: Thank you. The Office has no
16 comment on either of these dockets.

17 THE HEARING OFFICER: Okay. Well, is
18 there any further--

19 MR. SOLANDER: I will move that both
20 agreements--both the originally and the second
21 amended Power Purchase Agreements, as well as the
22 application be entered into the record.

23 THE HEARING OFFICER: Any objection from
24 the parties for that?

25 MR. JETTER: No objection from the

1 Division.

2 THE HEARING OFFICER: Okay. They're
3 received.

4 MR. JETTER: And I would also like to
5 move that the comments filed by the Division in
6 both dockets also be entered into the record.

7 THE HEARING OFFICER: Any objection?
8 They're also received.

9 MR. JETTER: Thank you.

10 THE HEARING OFFICER: I know that you
11 didn't make a specific request, Mr. Solander, but
12 I'm assuming since the dates are close in terms of
13 the expiration of these agreements, are you
14 looking for a potential bench ruling?

15 MR. SOLANDER: That would be the
16 Company's preference.

17 THE HEARING OFFICER: Okay. With that,
18 again, let me just take a brief recess and we will
19 be back here soon. Thank you.

20 MR. OLSEN: With the Court's permission,
21 could I be excused?

22 THE HEARING OFFICER: Yes. You're
23 excused and if you want your witness to be
24 excused, that's fine.

25 MR. OLSEN: Thank you.

1 THE HEARING OFFICER: You're excused.

2 (Recess taken.)

3 THE HEARING OFFICER: I appreciate
4 everyone's participation today. Having considered
5 this proportion applications and the comments
6 filed in Dockets 14-035-121 and 14-035-122 and the
7 testimony presented today and the fact that the
8 applications are unopposed, the Commission finds
9 approval of the applications and the agreements
10 addressed therein and the agreements we're
11 discussing here at the second amended PPAs that
12 were filed on November 19, 2014 in both dockets
13 are just and reasonable and in the public
14 interest. And the Commission concludes that such
15 approval is consistent with relevant statutes,
16 rules, and Commission orders. And, therefore, the
17 Commission approves both applications in Docket
18 No. 14-035-121 and 14-05-122 [sic]. This bench
19 order has been approved and confirmed by the
20 Commission and a written memorialization of this
21 decision will be filed.

22 Before we adjourn today, is there any
23 other issues to address with respect to these
24 applications in these dockets?

25 MR. JETTER: Nothing.

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THE HEARING OFFICER: Okay. With that,
we're adjourned. Thank you very much.
(Hearing concluded at 3:00 p.m.)



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CERTIFICATE

This is to certify that the foregoing proceedings were taken before me, NANCY A. FULLMER, a Registered Merit Reporter and Notary Public in and for the State of Utah;

That the proceeding was reported by me in stenotype and thereafter caused by me to be transcribed into typewriting, and that a full, true, and correct transcription of said testimony so taken and transcribed is set forth in the foregoing pages;

I further certify that I am not of kin or otherwise associated with any of the parties to said cause of action, and that I am not interested in the event thereof.



Nancy A. Fullmer

Nancy Fullmer, RMR