



1407 W North Temple, Suite 330  
Salt Lake City, Utah 84114

October 26, 2018

***VIA ELECTRONIC FILING***

Utah Public Service Commission  
Heber M. Wells Building, 4<sup>th</sup> Floor  
160 East 300 South  
Salt Lake City, UT 84114

Attention: Gary Widerburg  
Commission Secretary

RE: **Docket No. 18-035-41 – In the Matter of the Application of Rocky Mountain Power for Approval of the Power Purchase Agreement between PacifiCorp and Kennecott Utah Copper LLC – Refinery**

Rocky Mountain Power (the “Company”) hereby submits for filing its application for approval of the Power Purchase Agreement between PacifiCorp and Kennecott Utah Copper LLC (“Kennecott”) dated October 23, 2018 for sales from its refinery.


The Company respectfully requests that all formal correspondence and requests for additional information regarding this filing be addressed to the following:

By E-mail (preferred): [datarequest@pacificorp.com](mailto:datarequest@pacificorp.com)  
[utahdockets@pacificorp.com](mailto:utahdockets@pacificorp.com)  
[jana.saba@pacificorp.com](mailto:jana.saba@pacificorp.com)  
[jacob.mcdermott@pacificorp.com](mailto:jacob.mcdermott@pacificorp.com)

By regular mail: Data Request Response Center  
PacifiCorp  
825 NE Multnomah, Suite 2000  
Portland, OR 97232

Informal inquiries may be directed to Jana Saba at (801) 220-2823.

Sincerely,

  
Joelle Steward  
Vice President, Regulations

Enclosures

Jacob A. McDermott (16894)  
Rocky Mountain Power  
1407 W North Temple, Suite 320  
Salt Lake City, UT 84116  
Telephone: (801) 220-2233  
Facsimile: (801) 220-4615  
[jacob.mcdermott@pacificorp.com](mailto:jacob.mcdermott@pacificorp.com)

Attorney for Rocky Mountain Power

**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

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In the Matter of the Application of Rocky Mountain Power for Approval of the Power Purchase Agreement between PacifiCorp and Kennecott Utah Copper LLC – Refinery	) ) ) ) ) ) ) ) ) ) )	DOCKET NO. 18-035-41  APPLICATION OF ROCKY MOUNTAIN POWER
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Pursuant to Utah Code Ann. § 54-12-2, PacifiCorp, doing business in Utah as Rocky Mountain Power (“Rocky Mountain Power” or “Company”) hereby applies for an order approving the Power Purchase Agreement (“Agreement”) between PacifiCorp and Kennecott Utah Copper LLC (“Kennecott”) dated October 23, 2018. In support of its Application, Rocky Mountain Power states as follows:

1. Rocky Mountain Power is a public utility in the state of Utah and is subject to the jurisdiction of the Public Service Commission of Utah with regard to its rates and service. Rocky Mountain Power also provides retail electric service in the states of Idaho and Wyoming. As a “purchasing utility,” as that term is used in Utah Code Ann. §54-12-2, PacifiCorp is obligated to purchase power from qualifying facilities pursuant to the Public Utility Regulatory Policies Act of 1978, Utah Code Ann. §54-12-1, *et seq.*, and the Commission’s orders. Under the Agreement, Kennecott represents itself to be a qualifying

facility, and agrees to provide PacifiCorp, upon request, with evidence to show its qualifying facility status.

2. Communications regarding this Application should be addressed to:

By e-mail (preferred): [datarequest@pacificorp.com](mailto:datarequest@pacificorp.com)  
[jana.saba@pacificorp.com](mailto:jana.saba@pacificorp.com)  
[utahdockets@pacificorp.com](mailto:utahdockets@pacificorp.com)  
[jacob.mcdermott@pacificorp.com](mailto:jacob.mcdermott@pacificorp.com)

By mail: Data Request Response Center  
Rocky Mountain Power  
825 NE Multnomah St., Suite 2000  
Portland, OR 97232

Jana Saba  
Rocky Mountain Power  
1407 W. North Temple, Suite 330  
Salt Lake City, UT 84116  
Telephone: (801) 220-2823  
Facsimile: (801) 220-3299

3. In Docket No. 03-035-14, *In the Matter of the Application of PacifiCorp for Approval of an IRP-Based Avoided Cost Methodology for QF Projects larger than One Megawatt*, the Commission issued a series of Orders, which established avoided capacity and energy cost payments for purchases from QF projects larger than one megawatt, such as Kennecott's, under contracts with PacifiCorp. This methodology was then confirmed by the Commission in a August 16, 2013, Order on Phase II Issues in Docket No. 12-035-100.<sup>1</sup>

4. The Agreement provides for the sale to PacifiCorp of energy to be generated by Kennecott up to 7.54 MW, from a waste heat-fired cogeneration facility constructed by Kennecott and located in Salt Lake City, Utah (the "Facility"). A copy of the Agreement

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<sup>1</sup> See *In the Matter of the Application of Rocky Mountain Power for Approval of Changes to Renewable Avoided Cost Methodology for Qualifying Facilities Projects Larger than Three Megawatts*, Order on Phase II Issues (August 16, 2013).

is attached to this Application as Exhibit A. The Agreement is for a term of 12 months: January 1, 2019 through December 31, 2019.

5. The purchase prices set forth in the Agreement include a “lesser of” provision to account for Kennecot’s ability to purchase market blocks of power under the Energy Services Agreement approved by the Commission in Docket No. 16-035-33, whereby the Company will pay the lesser of the price for such market blocks or prices that were calculated using the methodology approved by the Commission orders in Docket No. 03-035-14 and Docket No. 12-035-100.

6. The Facility is located near Magna, Utah in an area served by Rocky Mountain Power. All interconnection requirements have been met and the Facility is fully integrated with the Rocky Mountain Power system.

7. According to the terms of the 2017 Protocol, approved by the Commission on June 23, 2016, in Docket No. 15-035-86, and extended on March 23, 2017, in Docket No. 17-035-06, the costs of the QF provisions would be allocated as a system resource, unless any portion of those costs exceed the cost PacifiCorp would have otherwise incurred acquiring comparable resources.

8. The prior QF Power Purchase Agreement, dated September 20, 2016 (the “2017 Agreement”) between PacifiCorp and Kennecott expired on December 31, 2017. Therefore, to enable Kennecott to make sales from the Refinery to the Company during calendar year 2019, the parties desire the approval of the Agreement through this Application.

WHEREFORE, Rocky Mountain Power respectfully requests that the Commission issue an order approving the Agreement and find the terms and conditions of the Agreement to be just and reasonable and in the public interest.

DATED this 26<sup>th</sup> day of October, 2018.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jacob A. McDermott", written over a horizontal line.

Jacob A. McDermott  
Attorney for Rocky Mountain Power

REDACTED  
EXHIBIT A

Non-Firm Qualifying Facility Power Purchase Agreement  
Between  
Kennecott Utah Copper, LLC  
And  
PacifiCorp  
(Refinery)

NON-FIRM QUALIFYING FACILITY POWER PURCHASE AGREEMENT

BETWEEN

KENNECOTT UTAH COPPER L.L.C.

AND

PACIFICORP

(REFINERY)

THIS AGREEMENT, entered into this 24 day of October, 2018, is between Kennecott Utah Copper L.L.C. ("Seller") and PacifiCorp (each a "Party" and collectively, the "Parties").

RECITALS

Seller owns, operates, and maintains a waste heat-fired steam cogeneration facility for the generation of electric power located within the State of Utah, in and about the town of Magna, Utah and located within the County of Salt Lake with a Nameplate Capacity Rating of 7.54-megawatt ("MW") and expected average monthly output of about 5.4MW ("Facility");

Seller intends to operate the Facility as a "qualifying facility," as such term is defined in Section 3.2.6 below;

Seller estimates that the monthly average amount of Delivered Energy to be produced by the Facility is 3,900 megawatt-hours ("MWh") pursuant to the scheduled maintenance as shown in Exhibit D hereto;

Seller intends to utilize the output of the Facility to first offset power usage at its Kennecott Utah Copper operations; and

Seller shall sell and PacifiCorp shall purchase the Delivered Energy from the Facility in accordance with the terms and conditions of this Agreement.

NOW, THEREFORE, the Parties mutually agree as follows:

SECTION 1: DEFINITIONS

When used in this Agreement, the following terms shall have the following meanings:

1.1 "Billing Period" means the time period between PacifiCorp's reading of its power purchase billing meter at the Facility in the normal course of PacifiCorp's business. Such periods typically range between twenty-seven (27) and thirty-four (34) days and may or may not coincide with calendar months.

1.2 “Energy Services Agreement” means the Electric Services Agreement between Rocky Mountain Power and Kennecott Utah Copper LLC effective December 1, 2016.

1.3 “Environmental Attributes” means any and all claims, credits, benefits, emissions reductions, offsets, and allowances, other than the energy or electricity itself, howsoever entitled, resulting from the avoidance of the emission of any gas, chemical, or other substance to the air, soil or water or the use of renewable energy or other differentiated energy efficiency motive sources. Environmental Attributes include but are not limited to: (1) any avoided emissions of pollutants to the air, soil, or water such as (subject to the foregoing) sulfur oxides (SO<sub>x</sub>), nitrogen oxides (NO<sub>x</sub>), carbon monoxide (CO), and other pollutants; (2) any avoided emissions of carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), and other greenhouse gases (GHGs) that have been determined by the United Nations Intergovernmental Panel on Climate Change to contribute to the actual or potential threat of altering the Earth’s climate by trapping heat in the atmosphere; and (3) renewable energy credits and efficiency credits.

1.4 “Commission” means the Public Service Commission of Utah.

1.5 "Contract Year" means a twelve (12) month period commencing at the hour ending 1AM Mountain Prevailing Time (“MPT”) on January 1 and ending midnight MPT on December 31 of the calendar year.

1.6 “Delivered Energy” has the meaning ascribed thereto in Section 4.2 of this Agreement.

1.7 "Facility" means Seller's waste-heat and natural gas-fired steam cogeneration facility as described in the Recitals and Exhibit A of this Agreement.

1.8 “Generation Interconnection Agreement” means the generation interconnection agreement(s), identified in Exhibit C, entered into separately between Seller and PacifiCorp’s transmission department, providing for the construction and operation of the interconnection facilities at the Point of Delivery.

1.9 “Initial Delivery Date” is defined in Section 4.1 of this Agreement.

1.10 “Nameplate Capacity Rating” means the maximum capacity of the Facility, expressed in MW, when operated consistent with the manufacturer’s recommended power factor and operating parameters, as set forth in Exhibit A.

1.11 "Qualifying Facility Net Output" means all energy and capacity produced by the Facility, less station use and less transformation and transmission losses and other adjustments, if any.



1.12 "Point of Delivery" means the high side of the generation step-up transformer(s) located at the point of interconnection between the Facility and PacifiCorp's transmission system, as specified in the Generation Interconnection Agreement and in Exhibit B.

1.13 "Prime Rate" means the publicly announced prime rate or reference rate for commercial loans to large businesses with the highest credit rating in the United States in effect from time to time quoted by Citibank, N.A. If a Citibank, N.A. prime rate is not available, the applicable Prime Rate shall be the announced prime rate or reference rate for commercial loans in effect from time to time quoted by a bank with \$10 billion or more in assets in New York City, N.Y., selected by the Party to whom interest based on the prime rate is being paid.

1.14 "Prudent Electrical Practices" means any of the practices, methods and acts engaged in or approved by a significant portion of the electrical utility industry or any of the practices, methods or acts, which, in the exercise of reasonable judgment in the light of the facts known at the time a decision is made, could have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety and expedition. Prudent Electrical Practices is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to be a spectrum of possible practices, methods or acts.

1.15 "Required Facility Documents" means all licenses, permits, authorizations, and agreements necessary for operation and maintenance of the Facility including without limitation those set forth in Exhibit C.

1.16 "Scheduled Maintenance Periods" means those times, as reflected in Exhibit D, during which the Facility is shut down for routine maintenance with the advance notice to PacifiCorp as provided in Section 6.2.

## SECTION 2: TERM

2.1 Effective Date. This Agreement shall become effective upon the occurrence of both: (1) execution by both Parties; and (2) after approval by the Commission whereby the Commission determines that the prices to be paid for energy and capacity sold to PacifiCorp are just and reasonable and in the public interest ("Effective Date"). The pricing in Exhibit E shall be effective as to the Initial Delivery Date. For purposes of inter-jurisdictional cost allocation, this Agreement constitutes a "Qualifying Facility Contract" under the PacifiCorp Inter-Jurisdictional Cost Allocation Protocol in effect during the term of this Agreement and, as such, the costs of the Qualifying Facility Contract are allocated as a system resource unless any portion of those costs exceed the cost PacifiCorp would have otherwise incurred acquiring comparable resources. In that event, the Inter-Jurisdictional Cost Allocation Protocol in effect during the term of this Agreement assigns those excess costs on a situs basis to the State of Utah. The rates, terms and conditions in this Agreement are in accordance with the rates, terms and conditions approved by the Commission for purchases from qualifying facilities. In addition, for the purposes of inter-jurisdictional cost allocation, PacifiCorp represents that the costs of this Agreement do not exceed the costs PacifiCorp would have otherwise incurred acquiring resources in the market that are defined as "Comparable Resources" in Appendix A to the Inter-Jurisdictional Cost Allocation Protocol in effect during the term of this Agreement. In the event that the Commission order approving this

Agreement contains any condition that is materially adverse to either Party, the Party adversely impacted by the condition may terminate this Agreement by providing the other Party notice within ninety (90) days of the entry of the Commission's order.

2.2. Renewal and Expiration. Except as otherwise provided herein, this Agreement terminate at 11:59:59 p.m. MPT on December 31, 2019.

### SECTION 3: REPRESENTATIONS AND WARRANTIES

3.1 PacifiCorp represents, covenants, and warrants to Seller that:

3.1.1 PacifiCorp is duly organized and validly existing under the laws of the State of Oregon.

3.1.2 PacifiCorp has the requisite corporate power and authority to enter into this Agreement and to perform according to the terms of this Agreement.

3.1.3 PacifiCorp has taken all corporate actions required to be taken by it to authorize the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby.

3.1.4 Subject to Commission approval, the execution and delivery of this Agreement does not contravene any provision of, or constitute a default under, any indenture, mortgage, or other material agreement binding on PacifiCorp or any valid order of any court, or any regulatory agency or other body having authority to which PacifiCorp is subject.

3.1.5 Subject to Commission approval, this Agreement is a valid and legally binding obligation of PacifiCorp, enforceable against PacifiCorp in accordance with its terms (except as the enforceability of this Agreement may be limited by bankruptcy, insolvency, bank moratorium or similar laws affecting creditors' rights generally and laws restricting the availability of equitable remedies and except as the enforceability of this Agreement may be subject to general principles of equity, whether or not such enforceability is considered in a proceeding at equity or in law).

3.2 Seller represents, covenants, and warrants to PacifiCorp that:

3.2.1 Seller is a Utah Limited Liability Company having a place of business within the State of Utah, in and about the town of Magna, Utah and located within the County of Salt Lake.

3.2.2 Seller has the requisite power and authority to enter into this Agreement and to perform according to the terms hereof, including all required regulatory authority to make wholesale sales from the Facility.

3.2.3 Seller's directors and officers/other management have taken all actions required to authorize the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby.

3.2.4 The execution and delivery of this Agreement does not contravene any provision of, or constitute a default under, any indenture, mortgage, or other material agreement binding on Seller or any valid order of any court, or any regulatory agency or other body having authority to which Seller is subject.

3.2.5 This Agreement is a valid and legally binding obligation of Seller, enforceable against Seller in accordance with its terms (except as the enforceability of this Agreement may be limited by bankruptcy, insolvency, bank moratorium or similar laws affecting creditors' rights generally and laws restricting the availability of equitable remedies and except as the enforceability of this Agreement may be subject to general principles of equity, whether or not such enforceability is considered in a proceeding at equity or in law).

3.2.6 The Facility is and shall for the term of this Agreement continue to be a "qualifying facility" ("QF") as that term is defined in the version of 18 C.F.R. Part 292 in effect on the Effective Date. Seller has provided the appropriate QF certification, which may include a Federal Energy Regulatory Commission ("FERC") self-certification to PacifiCorp prior to PacifiCorp's execution of this Agreement. At any time during the term of this Agreement, PacifiCorp may, at Seller's sole expense, require Seller to provide PacifiCorp with a written legal opinion from an attorney in good standing in the state of Utah stating that the Facility is a QF and providing sufficient proof (including copies of all documents and data as PacifiCorp may request) demonstrating that Seller has maintained and will continue to maintain the Facility as a QF.

3.2.7 Seller holds as of the Effective Date, and will maintain for the full term of this Agreement, all Required Facility Documents. Seller shall notify PacifiCorp of any material consent or approval that Seller determines is required for the ownership or operation of the Facility that Seller has failed to obtain or has allowed to expire. PacifiCorp may request in writing copies of any Required Facility Document and Seller shall provide such document within fifteen (15) days of PacifiCorp's request.

#### SECTION 4: DELIVERY OF POWER

4.1 Commencing at 00:00:01 a.m. MPT on January 1, 2019 ("Initial Delivery Date") and continuing through the term of this Agreement, Seller shall sell and PacifiCorp shall purchase the Delivered Energy from the Facility at the Point of Delivery as more particularly described in Section 4.2 hereto.

4.2 Commencing on the Initial Delivery Date, Seller shall have the option, but not the obligation, to provide and deliver all or a portion of Qualifying Facility Net Output to PacifiCorp at the Point of Delivery, on a non-firm basis, during all hours, HE0100 through HE2400 Mountain Prevailing Time ("MPT"), Monday through Sunday, from the Facility. The amount of Qualifying

Facility Net Output that Seller delivers under this Agreement shall be referred to herein as “**Delivered Energy.**” Seller shall not deliver energy at a rate exceeding the Nameplate Capacity Rating on an hour average basis. Seller shall have no minimum delivery obligation. PacifiCorp shall take all Delivered Energy at the Point of Delivery. Seller shall sell and PacifiCorp shall purchase Delivered Energy when Seller’s energy exceeds Seller’s load (as that term is used in the Energy Services Agreement) served under the Energy Services Agreement. The Parties intend that for accounting purposes, any energy sold under this Agreement shall follow the sale of energy under the Parties Non-Firm Qualifying Facility Power Purchase Agreement dated October 24, 2018 relating to Seller’s Smelter (“Smelter QF PPA”). The accounting of any sales under this Agreement or the Smelter QF PPA is not intended and does not otherwise alter Seller’s right to deliver and Buyer’s obligation to purchase energy under this Agreement or the Smelter QF PPA.

4.3 Seller shall not make any sales of any portion of the Qualifying Facility Net Output to parties other than PacifiCorp through the term of this Agreement.

4.4 Seller shall not increase the Nameplate Capacity Rating above that specified in Exhibit A or increase the ability of the Facility to deliver Qualifying Facility Net Output in quantities in excess of the Nameplate Capacity Rating through any means including, but not limited to, replacement of, modification of, or addition of existing equipment, except with the written consent of PacifiCorp, provided that, in the event that Seller desires to increase the Nameplate Capacity Rating above that specified in Exhibit A or increase the ability of the Facility to deliver Qualifying Facility Net Output in quantities in excess of the Nameplate Capacity Rating and PacifiCorp has failed, within ten (10) days of notice of such desire to PacifiCorp by Seller, to give its unqualified written consent thereto, then Seller may, notwithstanding any other provision of the Agreement, immediately terminate this Agreement whereupon Seller shall have no further obligation to PacifiCorp hereunder and shall have no liability to PacifiCorp for any costs or losses or liabilities related to the termination of this Agreement. To the extent not otherwise provided in the Generation Interconnection Agreement, all costs associated with the modifications to PacifiCorp's interconnection facilities or electric system occasioned by or related to the interconnection of the Facility with PacifiCorp's system, or any increase in generating capability of the Facility, or any increase of delivery of Nameplate Capacity Rating from the Facility, shall be borne by Seller.

## SECTION 5: PURCHASE PRICES

5.1 PacifiCorp shall pay Seller for the Delivered Energy to be calculated as follows:

Payment (\$) = (Energy Price (\$/MWh) times the Delivered Energy (MWh))

“Energy Price” is the price set forth in Exhibit E.

## SECTION 6: OPERATION AND CONTROL

6.1 Seller shall operate and maintain the Facility in a safe manner in accordance with the Generation Interconnection Agreement, Prudent Electrical Practices and in accordance with the requirements of all applicable federal, state and local laws and the National Electric Safety

Code as such laws and code may be amended from time to time. PacifiCorp shall have no obligation to purchase Qualifying Facility Net Output or Delivered Energy from the Facility to the extent the interconnection between the Facility and PacifiCorp's electric system is disconnected, suspended or interrupted, in whole or in part, pursuant to the Generation Interconnection Agreement, or to the extent generation curtailment is required as a result of Seller's non-compliance with the Generation Interconnection Agreement.

6.2 Seller may cease operation of the entire Facility or individual units, if applicable, for Scheduled Maintenance Periods not to exceed a total of sixty (60) days each Contract Year at such times as are provided in the monthly maintenance schedule set forth as Exhibit D.

6.3 If the Facility ceases operation for unscheduled maintenance, Seller as soon as reasonably practicable shall notify PacifiCorp of the necessity of such unscheduled maintenance, the time when such shutdown has occurred or will occur and the anticipated duration of such shutdown. Seller shall take all reasonable measures and exercise its best efforts to avoid unscheduled maintenance, to limit the duration of such unscheduled maintenance, and to perform unscheduled maintenance during non-peak hours.

6.4 For each month commencing on the Initial Delivery Date, Seller shall provide PacifiCorp estimates of Delivered Energy to be delivered. Seller shall provide such estimates, and any changes thereto, to PacifiCorp on the first business day of each month or as soon thereafter as practicable, for the following calendar month. Seller shall provide such schedules and schedule changes to PacifiCorp's scheduling personnel per Section 23 using the best information available, but it is understood that the delivery pattern is only an estimate and, therefore, shall not be binding on Seller.

6.5 Unit Availability. Seller offers no guarantee of unit availability; however, Seller agrees to notify PacifiCorp of unplanned unit outage and will use reasonable commercial efforts to keep the Facility operating at highest availability for providing Delivered Energy to PacifiCorp.

## SECTION 7: FUEL/MOTIVE FORCE

7.1 PacifiCorp shall have no obligation to procure or pay for any fuel that might be used in the operation of the Facility.

7.2 Seller shall maintain responsibility, for managing, accounting for, or reporting greenhouse gas emissions, if any, including but not limited to carbon dioxide emissions from the Facility (including from Qualifying Facility Net Output or Delivered Energy), and conversely, Seller shall not be responsible for managing, accounting for, or reporting greenhouse gas emissions including but not limited to carbon dioxide emissions from generation facilities associated with Seller's purchase of power from PacifiCorp to replace Qualifying Facility Net Output or Delivered Energy from the Facility otherwise not available to Seller as a result of this Agreement.

7.3 Seller shall maintain the ownership of, or rights to, any and all Environmental Attributes, if any, resulting from energy generated by the Facility during the term of this Agreement.

#### SECTION 8: [RESERVED]

#### SECTION 9: METERING

9.1 PacifiCorp shall design, furnish, install, own, inspect, test, maintain and replace all metering equipment required pursuant to the Generation Interconnection Agreement.

9.2 Metering shall be performed at the location and in the manner specified in Exhibit B and the Generation Interconnection Agreement.

9.3 The metering equipment will be inspected, tested, repaired and replaced as provided in the Generation Interconnection Agreement. If any of the inspections or tests discloses Inaccurate Metering as defined in the Generation Interconnection Agreement, a correction will be made as provided in that agreement. Any correction in billings or payments resulting from a correction in the meter records shall be settled and netted in accordance with Section 10.

9.4 To the extent not otherwise provided in the Generation Interconnection Agreement, all PacifiCorp's costs relating to all metering equipment installed to accommodate Seller's Facility shall be borne by Seller.

#### SECTION 10: BILLINGS, COMPUTATIONS AND PAYMENTS

10.1 On or before the thirtieth (30th) day following the end of each Billing Period, PacifiCorp shall send to Seller payment for Seller's deliveries of Delivered Energy to PacifiCorp, together with computations supporting such payment. PacifiCorp may offset any such payment to reflect amounts owing from Seller to PacifiCorp pursuant to this Agreement, the Generation Interconnection Agreement, or any other agreement between the Parties or otherwise.

10.2 In the event that a portion of the bill or adjustment arising hereunder is disputed, payment of the portion not in dispute shall be made when due. Seller and PacifiCorp shall seek to make a determination on any disputed amount within sixty (60) days after issuance of Seller's notice of dispute. Nothing herein shall be construed to preclude a Party from resorting to any remedy available at law or in equity.

10.3 Any amounts from PacifiCorp to Seller owing after the due date thereof shall bear interest at the Prime Rate plus two percent (2%) from the date due until paid; provided, however, that the interest rate shall at no time exceed the maximum rate allowed by applicable law.

## SECTION 11: DEFAULT AND REMEDIES

11.1 The following events shall constitute defaults under this Agreement:

11.1.1 Failure of a Party to perform any material obligation imposed upon that Party by this Agreement (including but not limited to breach of Section 4.3 and failure to make a payment when due or) or breach by a Party of a representation or warranty set forth in this Agreement, if such failure or breach is not cured within thirty (30) days following written notice;

11.1.2 Filing of a petition in bankruptcy by or against a Party if such petition is not withdrawn or dismissed within sixty (60) days after it is filed;

11.1.3 Seller's failure to cure any default under the Generation Interconnection Agreement within the time allowed for a cure under such agreement.

11.2 In the event of any default hereunder that is not cured in the manner provided for in the Agreement, the non-defaulting Party may terminate this agreement at its sole discretion by delivering written notice to the other Party and may pursue any and all legal or equitable remedies provided by law or pursuant to this Agreement. The rights provided in this Section 11 are cumulative such that the exercise of one or more rights shall not constitute a waiver of any other rights.

## SECTION 12: INDEMNIFICATION, LIABILITY AND INSURANCE

12.1 Indemnities.

12.1.1 Seller shall release, indemnify, protect, and hold harmless PacifiCorp, its directors, officers, agents, representatives, successors, and assigns from and against any and all loss, claims, actions or suits, including costs and attorney's fees, resulting from, or arising out of or in any way connected with, the energy delivered by Seller hereunder to and at the Point of Delivery, and facilities on Seller's side of the Point of Delivery, or Seller's operation and/or maintenance of the Facility, including without limitation any loss, claim, action or suit, for or on account of injury, bodily or otherwise, to, or death of, persons, or for damage to, or destruction or economic loss of property belonging to PacifiCorp, Seller or others, excepting only such loss, claim, action or suit as may be caused solely by the fault or gross negligence of PacifiCorp, its directors, officers, employees, agents or representatives.

12.1.2 PacifiCorp shall release, indemnify, protect, and hold harmless Seller, its directors, officers, agents, representatives, successors, and assigns from and against any and all loss, claims, actions or suits, including costs and attorney's fees, resulting from, or arising out of or in any way connected with the energy delivered by Seller hereunder after the Point of Delivery, including without limitation any loss, claim, action or suit, for or on account of injury, bodily or otherwise, to, or death of, persons, or for damage to, or

destruction or economic loss of property belonging to PacifiCorp, Seller or others, excepting only such loss, claim, action or suit as may be caused solely by the fault or gross negligence of Seller, its directors, officers, employees, agents or representatives.

12.2 Nothing in this Agreement shall be construed to create any duty to, any standard of care with reference to, or any liability to any person not a party to this Agreement. No undertaking by one Party to the other under any provision of this Agreement shall constitute the dedication of that Party's system or any portion thereof to the other Party or to the public, nor affect the status of PacifiCorp as an independent public utility corporation or Seller as an independent individual or entity.

12.3 Neither party shall be liable to the other party for special, punitive, indirect or consequential damages, whether arising from contract, tort (including negligence), strict liability, or otherwise.

12.4 Without limiting any liabilities or any other obligations of either Party, each Party shall comply with all applicable worker's compensation and employer's liability acts and shall furnish a certificate of insurance, in a form reasonably satisfactory to the other Party, prior to connection of the Facility to PacifiCorp's electric system.

12.5 Without limiting any liabilities or any other obligations of Seller, each Party shall secure and continuously carry with insurers acceptable to PacifiCorp (which will not be unreasonably withheld), or self-insure, the following insurance coverage:

12.5.1 Business Automobile Liability insurance with a minimum single limit of \$1,000,000 for bodily injury and property damage with respect to vehicles, if any, whether owned, hired or non-owned, assigned to or used in connection with this Agreement.

12.5.2 Employers' Liability insurance with a minimum limit of \$ 1,000,000.

12.5.3 Commercial General Liability insurance, to include contractual liability, with a minimum single limit of \$ 1,000,000 to protect against and from all loss by reason of injury to persons or damage to property based upon and arising out of the activity under this Agreement except as provided under Excess Umbrella Liability below.

12.5.4 Excess Umbrella Liability insurance with a single limit of at least \$10,000,000 per occurrence in excess of the limits of insurance provided above required to bring the sum of Commercial General Liability and Excess Umbrella Liability to \$11,000,000.

12.5.5 The Commercial General Liability policy required herein shall include i) provisions or endorsements naming the other Party, its Board of Directors, Officers and employees as additional insureds, and ii) cross liability coverage so that the insurance applies separately to each insured against whom claim is made or suit is brought, even in instances where one insured claims against or sues another insured.



12.5.6 All liability policies required by this Agreement shall include provisions that such insurance is primary insurance with respect to the interests of the other Party and that any other insurance maintained by the other Party is excess and not contributory insurance with the insurance required hereunder, and provisions that such policies shall not be canceled or their limits of liability reduced without 1) ten (10) days prior written notice to the other Party if canceled for nonpayment of premium, or 2) thirty (30) days prior written notice to the other Party if canceled for any other reason. A certificate in a form satisfactory to the other Party certifying to the issuance of such insurance, shall be furnished to the other Party. Commercial General Liability coverage written on a "claims-made" basis, if any, shall be specifically identified on the certificate. Insurance coverage provided on a "claims-made" basis shall be maintained by each Party for a minimum period of five (5) years after the completion of this Agreement.

12.5.7 Each Party, at its option, may self-insure for any or all of the coverage described above. In the event and to the extent a Party so elects, that Party shall advise the other Party in writing. For all such self-insurance maintained by a Party, that Party agrees to provide the other Party all the benefits that would otherwise be available and provided under an insurance policy in accordance with the requirements set forth above in this Section 12.5, including but not limited to defense of claims.

### SECTION 13: FORCE MAJEURE

13.1 As used in this Agreement, "Force Majeure" or "an event of Force Majeure" means any cause beyond the reasonable control of the Seller or of PacifiCorp which, despite the exercise of due diligence, such Party is unable to prevent or overcome. By way of example, Force Majeure may include but is not limited to acts of God, fire, flood, storms, wars, hostilities, civil strife, strikes, and other labor disturbances, earthquakes, lightning, epidemics, sabotage, restraint by court order or other delay or failure in the performance as a result of any action or inaction on behalf of a public authority which is in each case (i) beyond the reasonable control of such Party, (ii) by the exercise of reasonable foresight such Party could not reasonably have been expected to avoid and (iii) by the exercise of due diligence, such Party shall be unable to prevent or overcome. Force Majeure, however, specifically excludes the cost or availability of fuel or motive force to operate the Facility or changes in market conditions that affect the price of energy or transmission. If either Party is rendered wholly or in part unable to perform its obligation under this Agreement because of an event of Force Majeure, both Parties shall be excused from whatever performance is affected by the event of Force Majeure, provided that:

13.1.1 the non-performing Party shall, within two (2) weeks after the occurrence of the Force Majeure, give the other Party written notice describing the particulars of the occurrence; and

13.1.2 the suspension of performance shall be of no greater scope and of no longer duration than is required by the Force Majeure; and,

13.1.3 the non-performing Party uses its reasonable commercial efforts to remedy its inability to perform.

13.2 No obligations of either Party which arose before the Force Majeure causing the suspension of performance shall be excused as a result of the Force Majeure.

13.3 Neither Party shall be required to settle any strike, walkout, lockout or other labor dispute on terms which, in the sole judgment of the Party involved in the dispute, are contrary to the Party's best interests.

13.4 PacifiCorp may terminate the Agreement if Seller fails to remedy Seller's inability to perform, due to a Force Majeure event, within six months after the occurrence of the event.

#### SECTION 14: TERMINATION

14.1 PacifiCorp may terminate this Agreement if Seller (i) suspends operations at the Facility for more than 30 days as the result of a regulatory or legal action by either the State of Utah or the United States Environmental Protection Agency which has become final without further appeal or (ii) loses its QF certification.

#### SECTION 15: SEVERAL OBLIGATIONS

Nothing contained in this Agreement shall ever be construed to create an association, trust, partnership or joint venture or to impose a trust or partnership duty, obligation or liability between the Parties. If Seller includes two or more parties, each such party shall be jointly and severally liable for Seller's obligations under this Agreement.

#### SECTION 16: CHOICE OF LAW

This Agreement shall be interpreted and enforced in accordance with the laws of the state of Utah, excluding any choice of law rules which may direct the application of the laws of another jurisdiction.

#### SECTION 17: PARTIAL INVALIDITY

It is not the intention of the Parties to violate any laws governing the subject matter of this Agreement. If any of the terms of the Agreement are finally held or determined to be invalid, illegal or void as being contrary to any applicable law or public policy, all other terms of the Agreement shall remain in effect. If any terms are finally held or determined to be invalid, illegal or void, the Parties shall enter into negotiations concerning the terms affected by such decision for the purpose of achieving conformity with requirements of any applicable law and the intent of the Parties to this Agreement.

#### SECTION 18: WAIVER

Any waiver at any time by either Party of its rights with respect to a default under this Agreement or with respect to any other matters arising in connection with this Agreement must be in writing, and such waiver shall not be deemed a waiver with respect to any subsequent default or other matter.

#### SECTION 19: WAIVER OF JURY TRIAL

TO THE FULLEST EXTENT PERMITTED BY LAW, EACH OF THE PARTIES HERETO WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT. EACH PARTY FURTHER WAIVES ANY RIGHT TO CONSOLIDATE ANY ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED.

#### SECTION 20: GOVERNMENTAL JURISDICTION AND AUTHORIZATIONS

This Agreement is subject to the jurisdiction of those governmental agencies having control over either Party or this Agreement. PacifiCorp's compliance with the terms of this Agreement is conditioned on Seller's submission to PacifiCorp prior to the Initial Delivery Date and maintaining thereafter copies of all local, state and federal licenses, permits and other approvals as then may be required by law for the construction, operation and maintenance of the Facility.

#### SECTION 21: SUCCESSORS AND ASSIGNS

This Agreement and all of the terms hereof shall be binding upon and inure to the benefit of the respective successors and assigns of the Parties. No assignment hereof by either Party shall become effective without the written consent of the other Party being first obtained and such consent shall not be unreasonably withheld. Notwithstanding the foregoing, either Party may assign this Agreement without the other Party's consent to a lender as part of a financing transaction or as part of (a) a sale of all or substantially all of the assigning Party's assets, or (b) a merger, consolidation or other reorganization of the assigning Party.

#### SECTION 22: ENTIRE AGREEMENT

This Agreement supersedes all prior agreements, proposals, representations, negotiations, discussions or letters, whether oral or in writing, regarding PacifiCorp's purchase of Delivered Energy from the Facility. No modification of this Agreement shall be effective unless it is in writing and signed by both Parties.

#### SECTION 23: NOTICES

All notices except as otherwise provided in this Agreement shall be in writing, shall be directed as follows and shall be considered delivered if delivered in person or when deposited in the U.S. Mail, postage prepaid by certified or registered mail and return receipt requested.

**To PacifiCorp:**

<p><b>All Notices:</b>  PacifiCorp  825 NE Multnomah Street  Portland, OR 97232</p> <p>Attention: Contract Administration  Suite 600  Facsimile: (503) 813-6291  Email: cntadmin@pacificorp.com</p> <p>Duns: 00-790-9013  Federal Tax ID Number: 93-0246090</p>	<p><b>Payments:</b>  Attn: Central Cashiers Office, Suite 550  Phone: (503) 813-6826</p> <p><b>Wire Transfer:</b>  Bank One N.A.  To be provided in separate letter from PacifiCorp to Seller</p>
<p><b>Invoices:</b>  Attn: Back Office, Suite 700  Facsimile: (503) 813-5580  Email: powerinvoices@pacificorp.com</p>	<p><b>Credit and Collections:</b>  Attn: Credit Manager, Suite 700  Phone: (503) 813-7280  Facsimile: (503) 813-5609</p>
<p><b>Scheduling:</b>  Attn: Pre-Scheduling, Suite 600  Phone: (503) 813-6090  Email: ctpreschd@pacificorp.com</p>	<p><b>With additional Notices of an Event of Default or Potential Event of Default to:</b>  Attn: Assistant General Counsel  Suite 1800</p>

**To Kennecott:**

**All Notices:**

Street: 4700 Daybreak Parkway  
City: South Jordan, UT 84095  
Attn: Jeremy Moore  
Phone: 801-569-7487  
Facsimile: 801-569-6688  
Duns:  
Federal Tax ID Number: 1331-08-078

**Invoices:**

Attn: Luke Kooyman  
Street: 4700 Daybreak Parkway  
City: South Jordan, Utah 84095  
Phone: 801-204-2773  
Facsimile: 801-569-6688

**Scheduling:**

Attn: Troy Jensen  
Phone: 801-569-6679  
Facsimile: 801-569-6688

**Payments**

Rio Tinto Accounts Payable  
4700 Daybreak Parkway  
South Jordan, UT 84095

**Wire Transfer:**

To be provided by Kennecott to  
PacifiCorp in separate letter

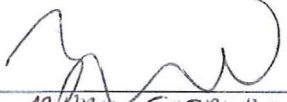
23.2 The Parties may change the person to whom such notices are addressed, or their addresses, by providing written notices thereof in accordance with this Section 23.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed in their respective names as of the date first above written.

PACIFICORP

By:   
Name: Kyle Moore  
Title: Originator

KENNECOTT UTAH COPPER L.L.C.

By:   
Name: Mark Goodwin  
Title: GM FINANCE

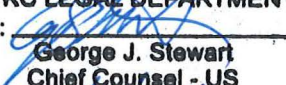
Approved as to form  
RTKC LEGAL DEPARTMENT  
By:   
George J. Stewart  
Chief Counsel - US  
Date: 10/24/2018

EXHIBIT A  
DESCRIPTION OF SELLER'S FACILITY

Seller's Facility consists of a Taurus 70-10301S Axial natural gas-fired turbine from Solar Turbines equipped with a natural gas/waste heat boiler from CB Energy. This installation is for industrial purposes at KUC Refinery facilities. The CHP unit will provide electricity and provide a means to supply process steam previously provided by existing natural gas boilers.

Thermal energy in the form of waste heat off the turbine will provide the new boiler with energy to produce process steam. The steam is used to maintain process fluid temperatures that are heated through a plate exchanger to provide heat to equipment in the KUC Refinery facilities. The electricity generated will provide the KUC Refinery with power and reduce the amount of power imported from the utility grid.

**CHP System Process Description**

The primary energy input is natural gas for the duct burner and turbine. Waste heat that comes off the turbine provides heat for the boiler to meet the Refinery's steam requirements. The duct burner is a back up source to waste heat from the turbine and has been sized to meet peak steam requirements.

Under normal operating conditions KUC can use the electrical energy and the steam for the Refinery process. This allows the CHP Unit to run 24/7 at maximum efficiency with low emissions. A 9ppm NOx burner was purchased with the unit to reduce emissions.

There are three major components for the CHP Unit:

1. The turbine which will run 24/7 based on a KW set point or a thermal following mode (ie. run at a level needed to meet steam demand at the time). The turbine is natural gas fired and is used to turn the generator and produce waste heat exhaust sufficient to generate up to 31,000 PPH of steam in the HRSG (boiler).
2. The Generator can provide 6.2 MW @59 F with 100% loading. The unit is sized to match the steam requirements at the Refinery. It will operate in steam demand mode most of the time. The generator will be capable of sending electricity to the local grid. However, KUC will also be able to use all the power the CHP can generate. The generator is sized to run at 100 % capacity most of the time which provides the highest efficiency.

The Generator system provides power to the existing refinery's main 15kV switchgear at breaker #29. The new generating system is composed of a new line-up of 15kV switchgear, three transformers, one new five section MCC and one grounding resistor for the 750kva transformer.

This switchgear feeds the following parasitic loads:

- One new 750kva 13.8kV to 480 V transformer connected to a new MCC (Motor Control Center). The core losses are 7.2kw.
- This MCC has a connected load of 665 kw which feeds most of the required ancillary load of the generator.
- The second breaker connects to a 13.8kV to 120/240 V, 50kva transformer which connects to a Lighting panel. 40kw capacity
- The third breaker connects to the 13.8kV Generator.
- The fourth 13.8kV breaker connects to a new 13.8kV to 480V, 250kva transformer which will connect to 3 new 60hp natural gas compressors. One or two operating at a time. 97kw load
- The fifth 13.8kV cabinet has the utility metering.
- Cable losses and exciter losses are minimal.

3. The natural gas-fired duct burner is sized to produce 70,000 PPH of steam in the HRSG boiler to meet the maximum steam requirements of the Refinery facility when waste heat from the turbine is not available due to periods of testing or maintenance. However, the primary intent is to use the waste heat from the turbine to produce steam and maximize the efficiency of the CHP Unit.

Location of the Facility: The Facility is located at the Kennecott Refinery in the vicinity of Magna in Salt Lake County, Utah.



**EXHIBIT B**  
**POINT OF DELIVERY / PARTIES' INTERCONNECTION FACILITIES**

Point of Delivery is generally described in the Generation Interconnection Agreement dated October 21, 1988 as the "Point of Interconnection", including a one line drawing and description of Generating Station, Generation Interconnection Facilities, and PacifiCorp Interconnection Facilities. Specific facilities are:

(i) Generating Station: Seller's 7.54 MW natural gas turbine generation station including electric generators, step-up transformers and appurtenant facilities, located at Kennecott's Refinery in Magna, Utah.

(ii) Generation Interconnection Facilities: Seller's existing electrical facilities interconnecting the Generating Station with PacifiCorp's 138 kV transmission line from PacifiCorp's Terminal Substation and facilities provided and installed by Seller pursuant to the Generation Interconnection Agreement.

(iii) PacifiCorp Interconnection Facilities: PacifiCorp's existing 138 kV transmission facilities connecting the Seller's Interconnection Facilities with PacifiCorp's transmission system and communication and metering facilities installed pursuant to the Generation Interconnection Agreement.

EXHIBIT C  
REQUIRED FACILITY DOCUMENTS

INTERCONNECTION AND OPERATIONS AGREEMENT BETWEEN UTAH POWER  
AND LIGHT COMPANY AND KENNECOTT CORPORATION dated 21 October 1988

GENERATION INTERCONNECTION FACILITIES AGREEMENT between ROCKY  
MOUNTAIN POWER and KENNECOTT UTAH COPPER LLC.

PROOF OF COMPLIANCE WITH SECTION 12.5.7. (SELF-INSURANCE  
REQUIREMENTS)

PROOF OF QF SELF-CERTIFICATION

**EXHIBIT D**  
**MONTHLY MAINTENANCE SCHEDULES**

Scheduled Maintenance Periods during the Term are tentatively scheduled for:

- Seller anticipates monthly hydraulic filter changes can be performed while the unit is online. Seller anticipates up to four (4) days of semiannual inspection/maintenance outage to occur in May, and up to six (6) days of annual inspection/maintenance to occur in October or November.

These schedules are tentative and may be adjusted by Seller with thirty (30) day written notice to PacifiCorp.

EXHIBIT E  
PRICING (\$/MWh)

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[REDACTED]

**CERTIFICATE OF SERVICE**

Docket No. 18-035-41

I hereby certify that on October 26, 2018, a true and correct copy of the foregoing was served by electronic mail and/or overnight delivery to the following:

Chad Baker  
Parsons Behle &, Latimer  
201 South Main Street, Suite 1800  
Salt Lake City, Utah 84111  
[cbaker@parsonsbehle.com](mailto:cbaker@parsonsbehle.com)

**Utah Office of Consumer Services**

Cheryl Murray [cmurray@utah.gov](mailto:cmurray@utah.gov)  
Michele Beck [mbeck@utah.gov](mailto:mbeck@utah.gov)

**Division of Public Utilities**

Erika Tedder [etedder@utah.gov](mailto:etedder@utah.gov)

**Assistant Attorney General**

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**Rocky Mountain Power**

Data Request Response Center [datarequest@pacificorp.com](mailto:datarequest@pacificorp.com)  
Jana Saba [jana.saba@pacificorp.com](mailto:jana.saba@pacificorp.com);  
[utahdockets@pacificorp.com](mailto:utahdockets@pacificorp.com)



Katie Savarin  
Coordinator, Regulatory Operations