

BEFORE THE UTAH PUBLIC SERVICE COMMISSION

**In the Matter of a New Electric Service)
Agreement between Rocky Mountain Power)
and Kennecott Utah Copper, LLC) **Docket No. 12-035-94**
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**In the Matter of the Application of Rocky)
Mountain Power for Approval of the Power)
Purchase Agreement between PacifiCorp and) **Docket No. 12-035-95**
Kennecott Utah Copper LLC)**

**In the Matter of the Application of Rocky)
Mountain Power for Approval of the Power)
Purchase Agreement between PacifiCorp and) **Docket No. 12-035-96**
Kennecott Utah Copper LLC (Refinery))**

SETTLEMENT STIPULATION

This Settlement Stipulation (“Stipulation”) is entered into in Docket Nos. 12-035-94, 12-035-95 and 12-035-96 by and among the parties whose signatures appear on the signature pages hereof (collectively referred to herein as the “Parties” and individually as a “Party”).

BACKGROUND

Docket No. 12-035-94

1. On September 4, 2012, Rocky Mountain Power (“RMP” or “Company”) sent notice to the Utah Public Service Commission (“Commission”) that it was negotiating a new electric service agreement (“ESA”) under which the Company would provide service to Kennecott when the previous electric service agreement, dated October 12, 2011, expires. RMP requested that the Commission open a Docket, establish a hearing date on or before November 15, 2012, and waive the 75 day filing requirement on the condition that the Company and

Kennecott would have until September 13, 2012, to complete negotiations and notify the Commission whether an agreement has been reached.

2. In response to an action request issued by the Commission on September 6, 2012, the Division of Public Utilities (“Division” or “DPU”) recommended in Comments filed on September 6, 2012, that the Commission deny a waiver of the 75 day filing requirement but set the matter for a scheduling conference.

3. On September 14, 2012, Rocky Mountain Power filed a petition for approval of its proposed ESA with Kennecott (“ESA Petition”).

4. On September 19, 2012, the Commission convened a scheduling conference to establish the schedule and process for examining the ESA. In accordance with the discussion at the conference, the Commission set a date for filing comments to the ESA Petition and a date of November 29, 2012 for hearing of the matter.

5. On October 29, 2012, the Division filed Comments recommending the Commission approve the proposed ESA between Kennecott and Rocky Mountain Power. The Division concluded that the contract terms and pricing appeared to be just, reasonable, and in the public interest.

6. On October 29, 2012, in Docket No. 12-035-94, the Office of Consumer Services (“OCS”) filed a recommendation with the Commission in which it noted that the electric service agreement failed to make clear that Kennecott will be subject to a Renewable Energy Credit (“REC”) Revenues Surcharge, if one is ordered by the Commission, in addition to the REC Revenues Credit.

7. Simultaneous with the filing of this Stipulation, RMP is filing the First Amended Electric Service Agreement, which clarifies the ambiguity identified by the OCS. A copy of the First Amended Electric Service Agreement is attached hereto as Confidential Attachment A.

Docket Nos. 12-035-95 and 12-035-96

8. On September 10, 2012, Rocky Mountain Power filed with the Commission Applications for Approval for two qualifying facility (“QF”) power purchase agreements entered into with Kennecott – one for the QF at the Kennecott smelter, and one for the QF at its refinery (collectively, the “PPAs”). Docket No 12-035-95 and 12-035-96, respectively.

9. On October 29, 2012, the Division filed Action Request Responses in Docket No. 12-035-95 and in Docket No 12-035-96, and with respect to both PPAs, stated as follows:

The Division concludes that the terms of the Kennecott [(Smelter) and (Refinery)] Power Purchase Agreement comply with the Commission’s guidelines and order in Docket No. 03-035-14. With the exception of the problems with Exhibit E of the Agreement, the other contractual arrangements and facts in this matter, in particular the method for calculating the avoided energy costs, have been previously found to be just and reasonable and in the public interest. The Division recommends that the Commission approve the Power Purchase Agreement between Kennecott and PacifiCorp conditioned on the corrections to Exhibit E being made as discussed above.

10. On October 29, 2012, the OCS filed its Recommendation on the Application of Rocky Mountain Power for Approval of the Power Purchase Agreements in Docket No. 12-035-95 and 12-035-96, stating in each docket that PPAs identified incorrect definitions for “High Load Hour” and “Light Load Hour” as well as incorrect pricing information in the two power purchase agreements. The OCS recommended that the Commission not approve the Power Purchase Agreement until the errors had been corrected.

11. Simultaneous with the filing of this Stipulation, Rocky Mountain Power is filing the First Amended Non-Firm Qualifying Power Purchase Agreement – Smelter, in Docket No. 12-035-95 (attached hereto as Attachment B), and the First Amended Non-Firm Qualifying Power Purchase Agreement – Refinery, in Docket No. 12-035-96 (attached hereto as Attachment C).

12. The First Amended Power Purchase Agreements correct, in the respective PPAs, the errors identified by the Division and the OCS, but do not affect the remainder of the PPAs.

STIPULATION

13. The Parties agree that, with the filing of the First Amended Electric Service Agreement (as attached hereto as Confidential Attachment A) the ESA is in the public interest, and that the Commission may issue an order in Docket No. 12-035-94 accepting this Stipulation and approving the ESA as amended.

14. The Parties agree that, with the filing of the First Amended Non-Firm Qualifying Power Purchase Agreements for the Smelter and the Refinery (as attached hereto as Attachment B and C respectively), the PPAs are in the public interest, and that the Commission may issue and order in Docket Nos. 12-035-95 and 12-035-96, accepting this Stipulation and approving the PPAs as amended.

GENERAL TERMS AND CONDITIONS

15. Utah Code Ann. § 54-7-1 authorizes the Commission to approve a settlement so long as the settlement is just and reasonable in result. The Parties agree that this Stipulation as a whole is just and reasonable in result and in the public interest.

16. The Parties request that the Commission consider this Stipulation at the hearing scheduled in these dockets. Rocky Mountain Power and the DPU each will, and any other Parties intervened in these proceedings may, make one or more witnesses available to

explain and offer further support for this Stipulation. The Parties shall support the Commission’s approval of this Stipulation. As applied to the Division and the Office, the explanation and support shall be consistent with their statutory authority and responsibility.

17. This Stipulation may be executed by individual Parties through two or more separate, conformed copies, the aggregate of which will be considered as an integrated instrument.

DATED this __ day of November 2012.

<p>UTAH DIVISION OF PUBLIC UTILITIES</p> <hr/> <p>Chris Parker Director Utah Division of Public Utilities 160 East 300 South, 4th Floor Salt Lake City, UT 84111</p>	<p>ROCKY MOUNTAIN POWER</p> <hr/> <p>Mark C. Moench SVP and General Counsel Rocky Mountain Power 201 S. Main St., Suite 2400 Salt Lake City, UT 84111</p>
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