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State of Utah
DEPARTMENT OF COMMERCE
Office of Consumer Services

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To: The Public Service Commission of Utah

From: The Office of Consumer Services
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The Division of Public Utilities
Chris Parker, Director
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Date: October 29, 2012

Subject: Office of Consumer Services' Recommendation on the Application of Rocky Mountain Power for Approval of the Power Purchase Agreement between PacifiCorp and Kennecott Utah Copper LLC.
Docket No. 12-035-95 - Smelter

1 Background

On September 10, 2012, Rocky Mountain Power (Company) filed for Public Service Commission (Commission) approval of the Smelter Power Purchase Agreement for a Qualifying Facility between the Company and Kennecott Utah Copper LLC (Kennecott). Kennecott owns, operates, and maintains a waste heat-fired steam cogeneration facility for the generation of electric power. The facility has a Nameplate Capacity Rating of 31.8MW and an expected average monthly output of about 18.5MW. Kennecott estimates that the monthly average amount of Delivered Energy to be produced by the Facility is 14,000 MWh. The current power purchase agreement expires on December 31, 2012. The term of the new Agreement is for one year, January 1, 2013 through December 31, 2013.

2 Discussion

The Office has not reviewed all aspects of the Power Purchase Agreement and will limit its comments to Exhibit E, which identifies pricing aspects of the Agreement.

In meetings with the Division of Public Utilities and the Office of Consumer Services the Company identified two errors in Exhibit E, Pricing (\$/MWh).

The first error is in the definition of High Load Hours (HLH) and Low Load Hours (LLH) at the top of Exhibit E. The definition used is NERC's definition rather than the Schedule 9 definition upon which avoided costs are based.

The definition on Exhibit E should be replaced with the following:

On-Peak: October through April inclusive
 7:00 am to 11:00 p.m., Monday thru Friday, except holidays.
 May through September inclusive
 1:00 p.m. to 9:00 p.m., Monday thru Friday, except holidays.
Off-Peak: All other times.

The second error was in the mathematical calculation used to determine the pricing for HLH and LLHs. The Company has corrected the error and developed new pricing which should replace the pricing on Exhibit E.

The Company has indicated its intent to file a revised page which the Office anticipates will correct the errors identified above. In addition to errors identified by the Company in the chart on Exhibit E specifying the HLH and LLH pricing by month the first column reads "Month in 2012." The Office suggests that the heading should be changed to "Month in 2013" in the revised exhibit that the Company will file.

3 Recommendation

The Office recommends that the Commission not approve the Power Purchase Agreement between PacifiCorp and Kennecott Utah Copper LLC until the errors on Exhibit E are corrected.