



GARY R. HERBERT  
*Governor*

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*Lieutenant Governor*

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.



*Office Response:*

The Office recommends that if the parties [Begin Confidential] [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

[End Confidential]

*Kennecott Pricing*

Monthly charges under the proposed ESA [Begin Confidential] [REDACTED]  
[REDACTED]

a. [REDACTED]

[REDACTED]  
[REDACTED]<sup>2</sup>

1) [REDACTED]

2) [REDACTED]  
[REDACTED] [End Confidential]

*Office Response:*

Since the duration of the ESA is limited to 23 months, the Office will not oppose the  
[Begin Confidential] [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]

<sup>2</sup> Details relating to the [Begin Confidential] [REDACTED] [End Confidential] are provided in response to DPU Data Request 2.1.

[Redacted]

[Redacted]

“ ... [Redacted]  
[Redacted]  
[Redacted]  
[Redacted]”<sup>4</sup>

[Redacted]. [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.<sup>5</sup> 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.

Exhibit 1 identifies the monthly charges that will be used to calculate Kennecott’s monthly bills for Back-up Customer, Back-up Facilities, Back-up Power and Excess Power Charges. [Begin Confidential] [Redacted]  
[Redacted]  
[Redacted]  
[Redacted]

[Redacted]  
[Redacted]  
[Redacted]<sup>6</sup> [Redacted]  
[Redacted]

<sup>3</sup> [Confidential] [Redacted]  
<sup>4</sup>[Confidential] [Redacted]  
[Redacted]

<sup>5</sup> Schedule 31, Back Up, Maintenance and Supplementary Power.

<sup>6</sup> Docket No. 13-035-184.



Due to the short-term length of this contract and the fact that Kennecott will receive the [Begin Confidential] [REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

[REDACTED]. [End Confidential]

*Tariff Riders and Surcharges*

The terms of the ESA require that Kennecott [Begin Confidential] [REDACTED]  
[REDACTED]<sup>9</sup>

[REDACTED]  
[REDACTED]  
[REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]

[REDACTED] [End Confidential]  
Confidential]

Office Response:

Regarding [Begin Confidential] [REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

<sup>9</sup> Schedules [Confidential] [REDACTED]



[Redacted]  
[Redacted] [End Confidential]

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

- [Begin Confidential] [Redacted]  
[Redacted]  
[Redacted]  
[Redacted]. [End Confidential]

Copies To: Rocky Mountain Power  
Dave Taylor, Regulatory Manager  
Yvonne Hogle  
Division of Public Utilities  
Chris Parker, Director  
Artie Powell, Energy Section Manager  
Kennecott  
William Evans (Redacted Version)