

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

---

IN THE MATTER OF THE )  
APPLICATION OF ROCKY ) Docket No. 15-035-75  
MOUNTAIN POWER FOR THE )  
APPROVAL OF THE POWER )  
PURCHASE AGREEMENT BETWEEN ) Docket No. 15-035-76  
ROCKY MOUNTAIN POWER AND )  
KENNECOTT UTAH COPPER, LLC )  
(REFINERY), ) HEARING  
)  
IN THE MATTER OF THE )  
APPLICATION OF ROCKY )  
MOUNTAIN POWER FOR THE )  
APPROVAL OF THE POWER )  
PURCHASE AGREEMENT BETWEEN )  
ROCKY MOUNTAIN POWER AND )  
KENNECOTT UTAH COPPER, LLC )  
(SMELTER). )

---

Thursday, November 19, 2015

Reported by: Jennifer E. Garner, RPR  
Notary Public in and for the State of Utah  
Job No.: 270471

1                                   Hearing in the matter of the Application  
2   of Rocky Mountain Power for Approval of the Power  
3   Purchase Agreement between Rocky Mountain Power and  
4   Kennecott Utah Copper (Refinery and Smelter) taken in  
5   the Fourth Floor Hearing Room 403 of the Heber M.  
6   Wells Building, 160 East 300 South, Salt Lake City,  
7   Utah on Thursday, November 19, 2015, at 2:02 p.m.  
8   before Jennifer E. Garner, Certified Court Reporter  
9   and Notary Public in and for the State of Utah.

10

11

APPEARANCES

12

Presiding officer for the Public Service Commission:

13

Melanie A. Reif, Esq.  
ADMINISTRATIVE LAW JUDGE AND LEGAL COUNSEL  
Heber Wells Building  
160 East 300 South  
Salt Lake City, Utah 84111  
Phone: 801-530-6716  
Fax: 801-530-6796  
E-mail: mreif@utah.gov

14

15

16

17

For Rocky Mountain Power:

18

19

20

21

Daniel E. Solander, Esq.  
ROCKY MOUNTAIN POWER  
1407 W North Temple, Suite 320  
Salt Lake City, Utah 84116  
Phone: 801-220-4014  
E-mail: daniel.solander@pacificorp.com

22

For the Division of Public Utilities:

23

24

25

Justin C. Jetter, Esq.  
UTAH ATTORNEY GENERAL'S OFFICE  
160 East 300 South  
Salt Lake City, Utah 84114  
Phone: 801-366-0353  
E-mail: jjetter@utah.gov

|    |   |        |       |
|----|---|--------|-------|
| 1  | INDEX                                     |        |       |
| 2  |   | Direct | Cross |
| 3  | Witness for Rocky Mountain Power:         |        |       |
| 4  | Kyle Moore                                | 6      |       |
| 5  |   |        |       |
| 6  | Witness for Division of Public Utilities: |        |       |
| 7  | Justin Christensen                        | 10     |       |
| 8  |   |        |       |
| 9  |   |        |       |
| 10 |   |        |       |
| 11 |   |        |       |
| 12 |   |        |       |
| 13 |   |        |       |
| 14 |   |        |       |
| 15 |   |        |       |
| 16 |   |        |       |
| 17 |   |        |       |
| 18 |   |        |       |
| 19 |   |        |       |
| 20 |   |        |       |
| 21 |   |        |       |
| 22 |   |        |       |
| 23 |   |        |       |
| 24 |   |        |       |
| 25 |   |        |       |

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

PROCEEDINGS

MS. REIF: We're on the record. Good afternoon, everyone. I am Melanie Reif. I'm the hearing officer for the Public Service Commission, and today we are hearing two matters. They are Dockets Number 15-035-75 and 15-035-76.

These matters concern the Power Purchase Agreements between Rocky Mountain Power and Kennecott Utah Copper, LLC, the refinery, and, secondly, the smelter.

I mentioned this before we went on the record. And, just to be clear, what I'd like to do today is handle both of these dockets in one hearing. And unless there is a desire to handle it differently, I think that would be the most expedient and best use of our time. So is that okay with everyone?

MR. SOLANDER: Yes.

MR. JETTER: Yes.

MS. REIF: Okay. Great. Let's go ahead and start with appearances and then we'll proceed to the dockets. Mr. Solander.

MR. SOLANDER: Thank you. Daniel Solander appearing on behalf of Rocky Mountain Power, and I

1 have with me at counsel table Kyle Moore, power  
2 marketer originator, who will be accompanying with us  
3 in these matters.

4 MS. REIF: Thank you.

5 MR. JETTER: And I'm Justin Jetter. I  
6 represent the Utah Division of Public Utilities, and  
7 with me at counsel table is Justin Christensen, a  
8 utility analyst with the Utah Division of Public  
9 Utilities.

10 MS. REIF: Thank you. Mr. Solander, this  
11 is your application so I'll let you have the floor.

12 MR. SOLANDER: Thank you. Rocky Mountain  
13 Power would like to call Kyle Moore as its witness in  
14 support of the applications in Docket Number  
15 15-035-75 and 15-035-76.

16 MS. REIF: Good afternoon, Mr. Moore.  
17 Will you be testifying from the table today?

18 MR. MOORE: If that is your preference.

19 MS. REIF: Typically we take testimony up  
20 here, but if you -- if you are more comfortable where  
21 you are, that's fine.

22 MR. MOORE: It doesn't matter to me.  
23 Where would you like me to be?

24 MS. REIF: Why don't you go ahead and have  
25 a seat up here.

1 Mr. Moore, do you swear to tell the truth  
2 today?

3 MR. MOORE: Yes.

4 MS. REIF: Thank you very much.

5

6

EXAMINATION

7 BY MR. SOLANDER:

8 Q. Would you please state and spell your name  
9 for the record.

10 A. Yes. My name is Kyle Moore. K-Y-L-E,  
11 M-O-O-R-E.

12 Q. And by whom are you employed and in what  
13 capacity?

14 A. I'm employed by Rocky Mountain Power as a  
15 power marketer originator.

16 Q. And, as part of your duties as a power  
17 marketer originator, were you involved in the  
18 negotiation and drafting of the contract -- the two  
19 contracts that are before the Commission today for  
20 approval, the refinery and the smelter PPAs?

21 A. Yes.

22 Q. And have you prepared a summary? I guess  
23 we'll do one at a time on the summaries. Have you  
24 prepared a summary of the terms of the refinery  
25 contract?

1 A. Yes, I have.

2 Q. Could you please share that with the  
3 Commission?

4 A. Yes. Sorry. I had had one thing here  
5 summarized so -- I present today for Commission  
6 approval a Qualifying Facility Power Purchase  
7 Agreement between Kennecott Utah Power and  
8 PacifiCorp. The Agreement provides for the sale to  
9 PacifiCorp of energy to be generated by Kennecott up  
10 to 31.8 megawatts, both between the refinery and the  
11 smelter, from a waste heat fire cogeneration facility  
12 constructed by Kennecott and located in Salt Lake  
13 City, Utah.

14 The Agreement is for a term of 12 months,  
15 January 1, 2016 through December 31, 2016. The  
16 purchase prices set forth in the Agreement were  
17 calculated using the methodology approved by the  
18 Commission in Docket Number 03-035-14.

19 The Company filed a PPA for approval  
20 September 25, 2015. In comments filed on November 3,  
21 2015, the Division of Public Utilities recommended  
22 that the Commission approve the contract as filed.  
23 In addition, the Division recommended that the  
24 Company continue to provide, at least quarterly,  
25 hourly power purchase so that the Division can

1 continue to monitor this contract.

2 The Agreement is compliant with relevant  
3 Commission orders and with Utah Schedule 38, and the  
4 Company believes the PPA before the Commission for  
5 approval does not have any issues raised by parties  
6 in this docket and recommends the Commission approve  
7 the agreement.

8 **Q. Does that conclude your summary of the**  
9 **Refinery Agreement?**

10 A. Yes, it does.

11 **Q. Do you also have a summary of the smelter**  
12 **PPA?**

13 A. Yes, I do, and it is largely the same.  
14 Would you like me to read it again?

15 **Q. I would represent to the Commission that**  
16 **the two contracts are largely the same.**

17 **What is the size of the contract for the**  
18 **refinery as compared to the contract for the smelter?**

19 A. So the name plate capacity of the refinery  
20 is 7.54 megawatts and the name plate capacity on the  
21 smelter is 31.8 megawatts.

22 **Q. And in all other relevant portions of the**  
23 **contract are they identical?**

24 A. Yes.

25 MR. SOLANDER: Okay. I would ask that --



1 Mr. Moore is available for any questions from the  
2 parties or the Commission.

3 MS. REIF: Thank you.

4 Mr. Jetter?

5 MR. JETTER: I have no questions. Thank  
6 you.

7 MS. REIF: Thank you.

8 Mr. Moore, thank you for your testimony  
9 today.

10 MR. MOORE: Yes.

11 MS. REIF: You may be excused.

12 MR. MOORE: Thank you.

13 MS. REIF: Thank you.

14 MR. SOLANDER: At this time, I would ask  
15 that the applications and the Power Purchase  
16 Agreements be entered into the record.

17 MS. REIF: Okay. For ease of convenience,  
18 if it's acceptable, we'll also take into the record  
19 the Actionable Request Responses from the Division in  
20 both dockets. Is that acceptable to you, Mr. Jetter?

21 MR. JETTER: Yeah, that's great. Thank  
22 you.

23 MS. REIF: Okay. Very good. Okay. Thank  
24 you.

25 Mr. Jetter.

1 MR. JETTER: Thank you, your Honor. The  
2 Division would like to call our witness, Justin  
3 Christensen.

4 MS. REIF: Mr. Christensen, do you swear  
5 to tell the truth?

6 MR. CHRISTENSEN: I do.

7 MS. REIF: Thank you.

8

9

EXAMINATION

10 BY MR. JETTER:

11 Q. Mr. Christensen, would you please state  
12 your name and occupation for the record.

13 A. Yes. My name is Justin Christensen. I'm  
14 a utility analyst with the Division of Public  
15 Utilities.

16 Q. And, in the course of your employment,  
17 have you had the opportunity to review the  
18 application and Power Purchase Agreements that we're  
19 here to seek Commission approval of today?

20 A. Yes.

21 Q. And, after reviewing those, did you create  
22 and cause to be filed with the Public Service  
23 Commission Actionable Request Responses dated  
24 November 3, 2015, in both dockets?

25 A. Yes.

1 Q. And are there any edits or changes that  
2 you would like to make to either of those?

3 A. No.

4 Q. Do they both accurately reflect the  
5 Division's position today?

6 A. Yes.

7 Q. And do you believe that accepting both  
8 Power Purchase Agreements is just, reasonable, and in  
9 the public interest?

10 A. Yes.

11 Q. Do you have a brief summary that you would  
12 like to give today?

13 A. Sure.

14 Q. Thank you. Go ahead.

15 A. So the Division had an opportunity to  
16 review the Power Purchase Agreement contracts between  
17 Kennecott Utah Copper and PacifiCorp, and the  
18 Division had a chance to review the calculations and  
19 the grid model. And we found it to be correct with  
20 the facts of the -- facts of the facilities. And we  
21 found that they correctly complied with Commission  
22 orders on the method used to determine the pricing  
23 for contracts under Schedule 38.

24 So, based on our review of the contracts,  
25 we find that there are no issues, and we find them to

1 be just and reasonable and recommend the Commission  
2 to approve them.

3 MR. JETTER: Thank you. I have no further  
4 questions for Mr. Christensen.

5 MS. REIF: Thank you, Mr. Jetter.  
6 Mr. Solander, any questions?

7 MR. SOLANDER: No cross.

8 MS. REIF: Okay. Mr. Christensen, thank  
9 you very much for your testimony today and you may be  
10 excused.

11 Mr. Solander, is there anything else that  
12 you would like to --

13 MR. SOLANDER: I think the Company will  
14 take a hint and await the Commission's order on this  
15 matter.

16 MS. REIF: Okay. Very good. Thank you  
17 all for coming today. And we do anticipate having  
18 the order out very quickly, and we'll be happy to  
19 accommodate a bench ruling if you feel extra secure  
20 in that. But, notwithstanding that, we'll be  
21 adjourned and we'll issue the order as quickly as  
22 possible. Thank you.

23 MR. SOLANDER: Thank you.

24 MR. JETTER: Thank you.

25 (The hearing was adjourned at 2:12 p.m.)

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

REPORTER'S HEARING CERTIFICATE

STATE OF UTAH )  
 ) ss.  
COUNTY OF SUMMIT )

I, Jennifer E. Garner, Registered Professional Reporter and Notary Public in and for the State of Utah, do hereby certify:

That prior to being examined, the witnesses were duly sworn to tell the truth, the whole truth, and nothing but the truth;

That said proceeding was taken down by me in stenotype on November 19, 2015, at the place therein named, and was thereafter transcribed, and that a true and correct transcription of said testimony is set forth in the preceding pages;

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

WITNESS MY HAND AND OFFICIAL SEAL this 24th day of November, 2015.



Jennifer E. Garner, RPR  
Notary Public  
Residing in Summit County

|   |   |   |   |  |
|---|---|---|---|--|
| <p><b>0</b></p> <hr/> <p><b>03-035-14</b> 7:18</p> <hr/> <p><b>1</b></p> <hr/> <p><b>1</b> 7:15<br/> <b>12</b> 7:14<br/> <b>15-035-75</b> 4:7<br/>         5:15<br/> <b>15-035-76</b> 4:7<br/>         5:15</p> <hr/> <p><b>2</b></p> <hr/> <p><b>2015</b> 7:20,21<br/> <b>2016</b> 7:15<br/> <b>25</b> 7:20</p> <hr/> <p><b>3</b></p> <hr/> <p><b>3</b> 7:20<br/> <b>31</b> 7:15<br/> <b>31.8</b> 7:10 8:21<br/> <b>38</b> 8:3</p> <hr/> <p><b>7</b></p> <hr/> <p><b>7.54</b> 8:20</p> <hr/> <p><b>A</b></p> <hr/> <p><b>accompanying</b><br/>         5:2<br/> <b>addition</b> 7:23<br/> <b>afternoon</b> 4:4<br/>         5:16</p> | <p><b>agreement</b> 7:7,<br/>         8,14,16 8:2,7,9</p> <p><b>Agreements</b><br/>         4:9</p> <p><b>ahead</b> 4:21<br/>         5:24</p> <p><b>analyst</b> 5:8</p> <p><b>appearances</b><br/>         4:22</p> <p><b>appearing</b> 4:25</p> <p><b>application</b><br/>         5:11</p> <p><b>applications</b><br/>         5:14</p> <p><b>approval</b> 6:20<br/>         7:6,19 8:5</p> <p><b>approve</b> 7:22<br/>         8:6</p> <p><b>approved</b> 7:17</p> <hr/> <p style="text-align: center;"><b>B</b></p> <hr/> <p><b>behalf</b> 4:25</p> <p><b>believes</b> 8:4</p> <hr/> <p style="text-align: center;"><b>C</b></p> <hr/> <p><b>calculated</b><br/>         7:17</p> <p><b>call</b> 5:13</p> <p><b>capacity</b> 6:13<br/>         8:19,20</p> <p><b>Christensen</b><br/>         5:7</p> <p><b>City</b> 7:13</p> <p><b>clear</b> 4:13</p> | <p><b>cogeneration</b><br/>         7:11</p> <p><b>comfortable</b><br/>         5:20</p> <p><b>comments</b><br/>         7:20</p> <p><b>Commission</b><br/>         4:5 6:19 7:3,5,<br/>         18,22 8:3,4,6,<br/>         15</p> <p><b>Company</b> 7:19,<br/>         24 8:4</p> <p><b>compared</b> 8:18</p> <p><b>compliant</b> 8:2</p> <p><b>concern</b> 4:8</p> <p><b>conclude</b> 8:8</p> <p><b>constructed</b><br/>         7:12</p> <p><b>continue</b> 7:24<br/>         8:1</p> <p><b>contract</b> 6:18,<br/>         25 7:22 8:1,17,<br/>         18,23</p> <p><b>contracts</b> 6:19<br/>         8:16</p> <p><b>Copper</b> 4:10</p> <p><b>counsel</b> 5:1,7</p> <hr/> <p style="text-align: center;"><b>D</b></p> <hr/> <p><b>Daniel</b> 4:24</p> <p><b>December</b> 7:15</p> <p><b>desire</b> 4:15</p> <p><b>differently</b> 4:16</p> <p><b>Division</b> 5:6,8</p> | <p>7:21,23,25</p> <p><b>docket</b> 5:14<br/>         7:18 8:6</p> <p><b>dockets</b> 4:7,<br/>         14,23</p> <p><b>drafting</b> 6:18</p> <p><b>duties</b> 6:16</p> <hr/> <p style="text-align: center;"><b>E</b></p> <hr/> <p><b>employed</b><br/>         6:12,14</p> <p><b>energy</b> 7:9</p> <p><b>EXAMINATION</b><br/>         6:6</p> <p><b>expedient</b> 4:16</p> <hr/> <p style="text-align: center;"><b>F</b></p> <hr/> <p><b>facility</b> 7:6,11</p> <p><b>filed</b> 7:19,20,22</p> <p><b>fine</b> 5:21</p> <p><b>fire</b> 7:11</p> <p><b>floor</b> 5:11</p> <hr/> <p style="text-align: center;"><b>G</b></p> <hr/> <p><b>generated</b> 7:9</p> <p><b>Good</b> 4:3 5:16</p> <p><b>Great</b> 4:21</p> <p><b>guess</b> 6:22</p> <hr/> <p style="text-align: center;"><b>H</b></p> <hr/> <p><b>handle</b> 4:14,15</p> | <p><b>hearing</b> 4:5,6,<br/>         14</p> <p><b>heat</b> 7:11</p> <p><b>hourly</b> 7:25</p> <hr/> <p style="text-align: center;"><b>I</b></p> <hr/> <p><b>identical</b> 8:23</p> <p><b>involved</b> 6:17</p> <p><b>issues</b> 8:5</p> <hr/> <p style="text-align: center;"><b>J</b></p> <hr/> <p><b>January</b> 7:15</p> <p><b>Jetter</b> 4:20 5:5</p> <p><b>Justin</b> 5:5,7</p> <hr/> <p style="text-align: center;"><b>K</b></p> <hr/> <p><b>K-y-l-e</b> 6:10</p> <p><b>Kennecott</b> 4:9<br/>         7:7,9,12</p> <p><b>Kyle</b> 5:1,13<br/>         6:10</p> <hr/> <p style="text-align: center;"><b>L</b></p> <hr/> <p><b>Lake</b> 7:12</p> <p><b>largely</b> 8:13,16</p> <p><b>LLC</b> 4:10</p> <p><b>located</b> 7:12</p> <hr/> <p style="text-align: center;"><b>M</b></p> <hr/> <p><b>M-o-o-r-e</b> 6:11</p> <p><b>marketer</b> 5:2<br/>         6:15,17</p> |
|---|---|---|---|--|

|   |   |   |  |                      |
|---|---|---|--|----------------------|
| <b>matter</b> 5:22                            | 9   | <b>read</b> 8:14                                  | 23,24 5:10,12<br>6:7 8:25              | <b>utility</b> 5:8   |
| <b>matters</b> 4:6,8<br>5:3                   | <b>part</b> 6:16  | <b>recommended</b><br>7:21,23                     | <b>spell</b> 6:8                       | <hr/> <b>W</b> <hr/> |
| <b>megawatts</b><br>7:10 8:20,21              | <b>parties</b> 8:5                                      | <b>recommends</b><br>8:6                          | <b>start</b> 4:22                      | <b>waste</b> 7:11    |
| <b>Melanie</b> 4:4                            | <b>plate</b> 8:19,20                                    | <b>record</b> 4:3,13<br>6:9                       | <b>state</b> 6:8                       |                      |
| <b>mentioned</b><br>4:12                      | <b>portions</b> 8:22                                    | <b>refinery</b> 4:10<br>6:20,24 7:10<br>8:9,18,19 | <b>summaries</b><br>6:23               |                      |
| <b>methodology</b><br>7:17                    | <b>power</b> 4:8,9,25<br>5:1,13 6:14,15,<br>16 7:6,7,25 | <b>Reif</b> 4:3,4,21<br>5:4,10,16,19,<br>24 6:4   | <b>summarized</b><br>7:5               |                      |
| <b>monitor</b> 8:1                            | <b>PPA</b> 7:19 8:4,<br>12                              | <b>relevant</b> 8:2,22                            | <b>summary</b> 6:22,<br>24 8:8,11      |                      |
| <b>months</b> 7:14                            | <b>PPAS</b> 6:20  | <b>represent</b> 5:6<br>8:15                      | <b>support</b> 5:14                    |                      |
| <b>Moore</b> 5:1,13,<br>16,18,22 6:1,3,<br>10 | <b>preference</b><br>5:18                               | <b>Rocky</b> 4:9,25<br>5:12 6:14                  | <b>swear</b> 6:1                       |                      |
| <b>Mountain</b> 4:9,<br>25 5:12 6:14          | <b>prepared</b> 6:22,<br>24                             | <hr/> <b>S</b> <hr/>                              | <hr/> <b>T</b> <hr/>                   |                      |
| <hr/> <b>N</b> <hr/>                          | <b>present</b> 7:5                                      | <b>sale</b> 7:8                                   | <b>table</b> 5:1,7,17                  |                      |
| <b>negotiation</b><br>6:18                    | <b>prices</b> 7:16                                      | <b>Salt</b> 7:12                                  | <b>term</b> 7:14                       |                      |
| <b>November</b><br>7:20                       | <b>proceed</b> 4:22                                     | <b>Schedule</b> 8:3                               | <b>terms</b> 6:24                      |                      |
| <b>Number</b> 4:7<br>5:14 7:18                | <b>PROCEEDING</b><br><b>S</b> 4:1                       | <b>seat</b> 5:25                                  | <b>testifying</b> 5:17                 |                      |
| <hr/> <b>O</b> <hr/>                          | <b>provide</b> 7:24                                     | <b>September</b><br>7:20                          | <b>testimony</b> 5:19                  |                      |
| <b>officer</b> 4:5                            | <b>Public</b> 4:5 5:6,<br>8 7:21                        | <b>Service</b> 4:5                                | <b>thing</b> 7:4                       |                      |
| <b>orders</b> 8:3                             | <b>purchase</b> 4:8<br>7:6,16,25                        | <b>set</b> 7:16                                   | <b>time</b> 4:17 6:23                  |                      |
| <b>originator</b> 5:2<br>6:15,17              | <hr/> <b>Q</b> <hr/>                                    | <b>share</b> 7:2                                  | <b>today</b> 4:6,14<br>5:17 6:2,19 7:5 |                      |
| <hr/> <b>P</b> <hr/>                          | <b>Qualifying</b> 7:6                                   | <b>size</b> 8:17                                  | <b>truth</b> 6:1                       |                      |
| <b>Pacificorp</b> 7:8,                        | <b>quarterly</b> 7:24                                   | <b>smelter</b> 4:11<br>6:20 7:11 8:11,<br>18,21   | <b>Typically</b> 5:19                  |                      |
|   | <hr/> <b>R</b> <hr/>                                    | <b>Solander</b> 4:19,                             | <hr/> <b>U</b> <hr/>                   |                      |
|   | <b>raised</b> 8:5                                       |   | <b>Utah</b> 4:10 5:6,8<br>7:7,13 8:3   |                      |
|   |   |   | <b>Utilities</b> 5:6,9<br>7:21         |                      |