
BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

IN THE MATTER OF THE APPROVAL OF AN
ENERGY SERVICES AGREEMENT BETWEEN
ROCKY MOUNTAIN POWER AND
KENNECOTT UTAH COPPER, LLC

Docket No. 16-035-33

SETTLEMENT STIPULATION

This Settlement Stipulation (“Stipulation”) is entered into in Docket No. 16-035-33 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”).

1. The Parties have conducted multiple settlement discussions. No intervening party opposes this Stipulation.

2. The Parties recommend that the Public Service Commission of Utah (“Commission”) approve the Stipulation and all of its terms and conditions as more fully explained and set forth in this Stipulation. The Parties request that the Commission make findings of fact and reach conclusions of law based on the evidence filed in this docket and based upon this Stipulation, and issue an appropriate order thereon consistent with the terms herein.

3. On August 5, 2016, PacifiCorp, doing business as Rocky Mountain Power (“Company”), filed its Application (“Application”) for Approval of an Energy Services Agreement between Rocky Mountain Power and Kennecott Utah Copper, LLC (“Kennecott Contract”), and on August 15, 2016, the Company filed testimony in support of the Application.

4. On August 8, 2016, the Commission provided notice of a scheduling conference to be held in this docket on August 16, 2016.

5. On August 18, 2016, the Commission issued a Scheduling Order setting a schedule for discovery, the filing of further testimony and a hearing.

6. The Parties have engaged in extensive discovery.

7. The Parties have held a series of settlement conferences. All intervenors in the docket have been invited to participate in these settlement conferences.

8. The Parties have agreed on settlement of the issues in this matter

SETTLEMENT TERMS AND CONDITIONS

9. The Parties agree that the Commission should approve the Kennecott Contract as submitted and find, in total and considering the terms and conditions in this Stipulation, it and this Stipulation are just and reasonable and in the public interest.

10. The Company agrees to update Exhibits A and E to the Application consistent with the recommendations made by the Division of Public Utilities, as set forth in the attached Updated Exhibit A and Updated Exhibit E.

11. The Company agrees that it will not take a position on whether costs associated with serving the Kennecott load should be included in cost allocations to Utah beyond the date of the termination of the Kennecott Contract in the Multi-State Process (“MSP”) or any similar successive MSP process, including any regional or FERC process in which allocation of costs to different states or jurisdictions is addressed.

12. The Parties agree that Kennecott will not be subject to any Energy Balancing Account-related rate changes effective after December 1, 2016 and through the term of the Kennecott Contract.

13. The Parties request that the Commission enter an order authorizing the Company to track the net power costs related to the Kennecott Contract in the Energy Balancing Account (“EBA”) using a process described in Paragraph 14 below.

14. The Parties support calculating the impact of the Kennecott Contract in the EBA using a two-step process, including a proposed deadband of recovery.

a. Step 1: calculated as normal without any adjustments for the Kennecott Contract, with the exception described in Paragraph 18 below;

b. Step 2: on a monthly basis, the Company will apply the Block 2 Differential described in Paragraph 14.c. below to the Block 2 load at meter (“Block 2 True-up”).

c. The Block 2 Differential is the difference between the [REDACTED] price paid by Kennecott and the base net power cost average rate. The Company will be responsible for up to \$350,000 of the Block 2 True-up, positive or negative (the “Deadband”). The difference in excess of the Deadband will be included in a net power cost sub-account and will be recovered from or credited back to other Utah customers as part of the EBA.

15. The Parties agree that either in the next general rate case or other appropriate proceeding, Parties may propose alternative methods for the ratemaking treatment of the Block 2 True-up and the Deadband; however, if a Deadband is implemented, the Parties agree that they will take the position in any such case that the Deadband will not exceed \$500,000, on a symmetrical basis.

17. Through the term of the Kennecott Contract, forecast loads, costs and revenues, consistent with the terms of the Kennecott Contract, will be reflected in allocations and revenues in general rate cases.

18. In the event Kennecott acquires a [REDACTED] [REDACTED] to serve Block 2 load as described in Section 5.01(b)(iii) of the Kennecott Contract, the cost of said [REDACTED] [REDACTED] will be direct assigned to Kennecott and will not be included in the EBA, the Block 2 True-up or the Deadband. Actual NPC will be adjusted to remove the [REDACTED] [REDACTED] by marking it to [REDACTED] ([REDACTED]) using the actual [REDACTED] [REDACTED] price.

GENERAL TERMS AND CONDITIONS

19. Utah Code Annotated § 54-7-1 authorizes the Commission to approve a settlement as 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.

20. All negotiations related to this Stipulation are confidential, and no Party shall be bound by any position asserted in negotiations. Except as expressly provided in this Stipulation, and in accordance with Utah Administrative Code R746-100-10.F.5, neither the execution of this Stipulation nor the order adopting it shall be deemed to constitute an admission or acknowledgement by any Party of the validity or invalidity of any principle or practice of regulatory accounting or ratemaking; nor shall they be construed to constitute the basis of an estoppel or waiver by any Party; nor shall they be introduced or used as evidence for any other purpose in a future proceeding by any Party except in a proceeding to enforce this Stipulation.

21. The Parties will pre-file written testimony supporting the Stipulation if the Commission so desires; however, in the absence of such Commission preference, the Parties do

not intend to file additional testimony in this Docket. Each Party will make one or more witnesses available to explain and offer further support for this Stipulation at the hearing scheduled in this Docket. As applied to the Division and the Office, the explanation and support shall be consistent with their statutory authority and responsibility.

22. 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.

23. The Parties request that the Commission consider this Stipulation at the hearing scheduled in this docket.

24. The Parties request that the testimony filed in this docket be received into evidence in support of this Stipulation.

DATED this ___ day of October, 2016.

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