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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of Kennecott Utah Copper, LLC for an Order Determining the Rates, Terms, and Conditions of Electric Service by Rocky Mountain Power to Kennecott	DOCKET NO. 23-035-51 APPLICATION OF KENNECOTT UTAH COPPER LLC FOR AN ORDER DETERMINING RATES, TERMS, AND CONDITIONS OF ELECTRIC SERVICE BY ROCKY MOUNTAIN POWER TO KENNECOTT
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Pursuant to Utah Code Ann. §§ 54-3-1, 54-4-1, 54-4-4, 63G-4-503 and Utah Administrative Rules R746-1 and R746-101, Kennecott Utah Copper LLC (“Kennecott”) hereby applies to this Commission for an Order determining just and reasonable rates, terms, and conditions for the provision of electric service by PacifiCorp dba Rocky Mountain Power (“RMP,” “Rocky Mountain Power,” or “Company”) to Kennecott following the termination of the parties’ existing Electric Service Agreement on December 31, 2025.

In support of this Application, Kennecott states as follows:

1. Kennecott operates mining, smelting, and refining operations in Salt Lake County, Utah, through which it produces copper, gold, silver, molybdenum, and tellurium. Kennecott which has been mining and processing minerals from the Bingham Canyon Mine since 1903, and

today employs approximately 2,175 employees. Kennecott's principal place of business is 4700 Daybreak Parkway, South Jordan, Utah 84009.

2. Communications regarding this application should be addressed to:

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3. Kennecott has been a customer of Rocky Mountain Power and its predecessors for decades. Due to the size and characteristics of its electrical load and its significant behind-the-meter generation resources, Kennecott has for many years been a special contract customer of RMP.

4. Kennecott is a customer of RMP pursuant to an Energy Services Agreement ("2016 ESA") approved by the Commission in its November 28, 2016 Order in Docket No. 16-035-33 ("2016 Order") consistent with the terms of a settlement stipulation between RMP, the Division of Public Utilities ("Division"), and the Office of Consumer Services ("Office").

5. The 2016 ESA sets forth the rates, terms, and conditions for RMP's provision of electric service to Kennecott through December 31, 2025.

6. Kennecott requires electric service after December 31, 2025 and in this docket requests that the Commission set rates, terms, and conditions pursuant to which Rocky Mountain

Power is to supply that electric service.

7. Kennecott requests the same rates, terms, and conditions of service as those already approved for Schedule 31 customers receiving electric supply at transmission voltage. Kennecott has significant onsite generation facilities and, therefore, requires service as a partial requirements customer.

8. These rates, terms, and conditions ensure that Rocky Mountain Power recovers its full cost to provide service to Kennecott beginning January 1, 2026.

9. Kennecott requires that these rates, terms, and conditions be set forth in a separate contract because the terms of Schedule 31 require it. Specifically, Schedule 31 states that “[p]artial requirements service from the Company for customers with more than 15,000 kW of on-site generation shall be provided under contractual arrangements to be negotiated on a case-by-case basis.” Kennecott’s onsite generation resources exceed this 15,000 kW threshold.

10. Kennecott has for many years operated behind-the-meter generation resources on site to offset its electricity demand. The nature and characteristics of that onsite generation have changed in recent years.

11. In 2019, Kennecott ceased generation from Unit 4, a 75 MW onsite coal-fired boiler and steam turbine power unit that Kennecott had operated for many years to support its operations. Kennecott’s decision to close Unit 4 was part of an agreement with the Company pursuant to which the Company would also retire renewable energy credits (“RECs”) on Kennecott’s behalf through December 31, 2025. That agreement was approved by this Commission in 2019 in Docket No. 19-035-20.

12. Kennecott currently has existing behind the meter generation resources, including a 31.8 MW waste-heat fired co-generation facility at its smelter and a 7.54 MW waste-heat fired co-generation facility at its refinery.

13. Kennecott also recently completed construction of a 5 MW on-site solar generation facility that provides additional behind-the-meter generation for Kennecott's operations. This solar facility may ultimately be expanded to a total capacity of 30 MW.

14. Kennecott has plans to add additional on-site resources, which may include generation, storage, and other resources, all of which may be required to stabilize its costs of electric supply.

15. The changing nature of Kennecott's onsite resources coincide with the adoption of corporate goals toward the decarbonization of Kennecott's operations. These goals seek to achieve the reduction of Scope 1 and 2 emissions by 50% by 2030 and to achieve net zero emissions by 2050.

16. Consistent with these decarbonization goals, Kennecott anticipates that—in addition to expanding onsite renewable resources—it will seek to acquire new offsite renewable resources through arrangements as described in Schedules 32 and/or 34.

17. Kennecott and RMP have been engaged in lengthy negotiations regarding new rates, terms, and conditions for the provision of electric service by RMP to Kennecott beyond the expiration of the term of the 2016 ESA.

18. Unfortunately, those negotiations have not resulted in an agreement between the parties and negotiations are at an impasse.

19. Kennecott files this application to request that the Commission approve reasonable rates, terms, and conditions for electric service from RMP to Kennecott consistent with the terms set forth in the Proposed Rates, Terms, and Conditions of Service attached hereto as Confidential Exhibit A.

20. Kennecott acknowledges that its current agreement with RMP does not terminate until December 31, 2025, which is more than two years after the filing date of this Application. Kennecott believes that it must seek a Commission ruling at this stage for several reasons, as discussed below:

- a. First, Kennecott is an “eligible customer” pursuant to Utah Code § 54-3-32 and, pursuant to Subsection (3)(a)(i) of that statute, has provided written notice to RMP that it intends to transfer service to a nonutility energy supplier. Kennecott remains a customer of RMP and has not transferred service to a nonutility energy supplier. In connection with this Application, Kennecott agrees to forego any right it may have to transfer service to a nonutility energy supplier pursuant to Utah Code § 54-3-32 if the Commission grants Kennecott’s request in this docket. If Kennecott cannot receive service from RMP on such terms, it may elect not waive its rights to transfer service to a nonutility energy supplier. Kennecott cannot wait until the final hours of the term of the 2016 ESA to learn whether it will receive electric service on a cost-of-service basis. If Kennecott cannot receive electric service from RMP consistent with the terms and conditions discussed herein, it must seek electric service elsewhere. The process of securing electric service from a nonutility energy

supplier is complicated and takes time, and Kennecott requires as much lead time as possible.

- b. Second, Kennecott understands that RMP intends to file a general rate case with this Commission in 2024 and that rates set in that docket will go into effect in 2025. Kennecott seeks rates, terms, and conditions of service consistent with Schedule 31 service to a transmission voltage customer. If the Commission grants the relief requested in this docket, both Kennecott and the Company would have the opportunity to participate in the general rate case knowing that Kennecott is a Schedule 31 customer. Kennecott files the Application now so that the Commission can take RMP's continued service to Kennecott into account when setting rates for all Utah ratepayers.
- c. Third, Kennecott must meet its decarbonization goals. Kennecott can meet those goals either through the established tariffs approved by this Commission for RMP service or through service from a nonutility energy supplier, but it cannot make decisions in furtherance of those goals until it has clarity about the source of its electric service after 2025. If Kennecott were to wait until the eve of the expiration of the 2016 ESA to learn the source of its electricity after 2025, Kennecott will not be able to meet its sustainability goals.

21. **Rates, Terms, and Conditions of Service.** Kennecott requests that this Commission direct RMP to enter into a new ESA with Kennecott consistent with the Proposed

Rates, Terms, and Conditions set forth in Exhibit A, attached hereto. Some of the terms and conditions in the Term Sheet are discussed below:

- a. **Term:** Kennecott proposes a six-year term, beginning January 1, 2026 and concluding December 31, 2032. This term coincides with Kennecott’s current mine-life plan, after which Kennecott’s electrical load may change.
- b. **Rates:** Kennecott proposes that its rates coincide with the rates applicable to a Schedule 31 customer receiving electrical supply at transmission voltage. Those rates and rate components will be set in the next general rate case to allow RMP to recover the full cost of service to partial requirements customers such as Kennecott.
- c. **Contract Demand:** Kennecott is a partial-requirements customer with significant behind-the-meter generation and seeks an ESA with a structure like that of a Schedule 31 customer. Kennecott proposes a contract with the following contract demand terms:

<u>Total Contract Power:</u>	██████████
<u>Supplementary Contract Power:</u>	██████████
<u>Backup Contract Power:</u>	██████████

Kennecott further proposes that the terms of Schedule 31 govern the adjustment of Supplementary, Backup, and Total Contract Power.

- d. **EBA Rates:** Kennecott proposes that it be subject to Energy Balancing Account (“EBA”) charges pursuant to Schedule 94 that address RMP’s true-up to actual EBA costs that are incurred during the first year of the new term that begins January

1, 2026. Kennecott proposes that it be exempt from EBA charges representing a true-up for actual EBA charges incurred through the December 31, 2025, which is the end of the 2016 ESA term. This proposal is consistent with Paragraph 12 of the Settlement Stipulation approved by the Commission in Docket No. 16-035-33, which states as follows: “The Parties agree that Kennecott will not be subject to any Energy Balancing Account-related changes effective after December 1, 2016 and through the term of the Kennecott Contract.”

- e. **Demand Response:** Kennecott is willing and able to provide demand response products to reduce the need for the Company to acquire additional generation, transmission, and/or storage resources. Kennecott proposes that rates, terms, and conditions for a demand response product be negotiated between the parties in connection with a new agreement consistent with the terms set forth herein.
- f. **Renewable Resource Options:** Kennecott has explored various options to acquire renewable attributes or renewable resource options to meet corporate decarbonization goals. Kennecott proposes that it be permitted to freely pursue those options, including REC purchases, behind-the-meter resources, and/or resources acquired through Schedules 32 or 34. Kennecott proposes that it be permitted to pursue any combination of these options with the same freedom as any other RMP industrial customer, with the understanding that if Kennecott acquires such resources its rates may require adjustment to ensure that it is paying its full cost of service.

22. Kennecott proposes that, if it receives service consistent with the rates, terms, and conditions set forth in this Application, it will forego any rights it may have to withdraw from the system or receive service from a nonutility energy supplier pursuant to Utah Code § 54-3-32.

23. For nearly a year prior to the filing of this Application, Kennecott has been engaged in negotiations with RMP regarding rates, terms, and conditions for electric service to Kennecott beginning January 1, 2026.

24. However, Kennecott and RMP have not reached agreement on terms and conditions acceptable to both parties.

25. Kennecott believes that the terms and conditions discussed herein, in which Kennecott would remain a long-term customer of RMP after 2025 and pay the full cost to RMP of that service, would provide a positive benefit to RMP's system and to Utah's ratepayers, and is in the public interest.

Requested Relief

Kennecott hereby respectfully asks the Commission for relief, as follows:

(a) Promptly set a date for a scheduling conference in this docket to establish reasonable deadlines for testimony, discovery, and hearings; and

(b) Enter an order establishing long-term just and reasonable rates, terms and conditions of service to Kennecott, consistent with those specified in Exhibit A; and

(c) Grant such other and further relief as the Commission may determine to be just, reasonable, and in the public interest with respect to RMP's provision of electric service to Kennecott.

Respectfully submitted this 13th day of November 2023.

Respectfully submitted,



By:

Phillip J. Russell
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Attorneys for Kennecott Utah Copper LLC

CERTIFICATE OF SERVICE

I hereby certify that on this 13th day of November 2023, I served a true and correct copy of the foregoing via electronic mail to the following:

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