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

DIRECT TESTIMONY OF STEPHEN SANDS

ON BEHALF OF

KENNECOTT UTAH COPPER LLC

Introduction

Q. Please state your name and business address.

A. My name is Stephen Sands. My business address is 4700 Daybreak Parkway, South Jordan, Utah, 84009.

Q. What is your educational background?

A. I received a B.S. in Chemical Engineering from the University of Utah in 1994. I also received a Master's degree in Civil Engineering from Brigham Young University in 1999 and a Master's degree in Business Administration and Management from the University of Phoenix, also in 1999.

Q. By whom are you employed and what is your position?

A. I have been employed by Kennecott Utah Copper LLC ("Kennecott") for more than 18 years. My current title is Manager – Energy Strategy, a title I have held since 2019. My current duties and responsibilities include coordination with commercial teams on energy supply, including diesel fuel, natural gas, and electricity; and leading strategic decarbonization efforts at Kennecott. Over the years, I have held various titles, including Director of Business Transformation, Director of External Affairs, and Director of Energy Programs.

Q. On whose behalf are you providing testimony in this docket?

A. I'm testifying on behalf of Kennecott, whose principal place of business is 4700 Daybreak Parkway, South Jordan, Utah 84009.

Q. What is the purpose of your testimony in this docket?

A. My testimony supports Kennecott's Application in this docket. In my testimony, I discuss A) various aspects of Kennecott's operations and load requirements; B) Kennecott's corporate decarbonization goals; C) the rates, terms and conditions pursuant to which Kennecott currently receives electric service from PacifiCorp dba Rocky Mountain Power ("Company" or "RMP"); D) Kennecott's actions pursuant to Utah Code § 54-3-32 and Kennecott's options thereunder; E) Kennecott's engagement with RMP to negotiate a new electric service agreement; and F) Kennecott's request in this docket for a Commission order setting new rates, terms and conditions for electric service from RMP.

Q. What relief does Kennecott seek in this matter?

A. Kennecott requests that the Commission enter an order directing RMP to enter into an agreement with Kennecott for electric service starting January 1, 2026, with the terms and conditions of service as set forth in Exhibit A to the Application. As made clear in the Application and in my testimony, Kennecott proposes that the rates for such electric service be equal to existing tariff rates for partial requirements customers, which will allow RMP to recover the cost of providing service to Kennecott.

Kennecott contemplates that RMP's cost of service to Kennecott, as well as the rate design and rates appropriate to recover that cost of service, may need to be determined in conjunction with a general rate case. Outside of the context of a rate case, the parties and Commission can address the question of whether the public interest is served by directing RMP to provide electric service on the terms and conditions set forth in Exhibit A to the Application, including the generic term that Kennecott's rates be consistent with tariff rates applicable to similarly-situated customers. The Commission can then direct that the tariff rates that apply to Kennecott beginning January 1, 2026, will be determined in a rate case.

Q. When does Kennecott request a Commission order in this matter?

A. Kennecott requests that the Commission issue an order within 30 days after the conclusion of the hearing in this docket. A hearing has been set for May 22-23, 2024. If the Commission grants Kennecott's request in this docket, then, in conjunction with its order on the matter, the Commission could also order that the parties submit for Commission approval a proposed electric service agreement with terms consistent with the Commission's order. Such a submission may need to be delayed until after the Commission issues an order setting rates in the next general rate case. I understand that RMP intends to file a general rate case in Utah next year. After the conclusion of the rate case, when the rates and rate design are known, the parties could then present the completed contract to the Commission for approval consistent with the terms of the Commission's orders.

Q. Why does Kennecott need a ruling within this time frame?

A. An order granting or denying the requested relief by late June of 2024 would provide needed clarity to Kennecott regarding the source of its electric service after 2025. Kennecott's current electric service agreement with RMP runs through the end of 2025 and, if Kennecott cannot receive service from RMP on the terms and conditions set forth in Exhibit A to the Application, Kennecott will need to look elsewhere for a different source of electric service. It will take time for Kennecott to secure such service from another supplier.

Summary of Kennecott's Utah Operations and Load Requirements

Q. Please provide a brief summary of Kennecott's operations in Utah.

A. Kennecott operates the Bingham Canyon Mine, as well as ore concentrating, smelting, and refining operations, all of which are located in Salt Lake County. These operations produce copper, gold, silver, molybdenum, and tellurium. Kennecott has been mining and processing minerals from the Bingham Canyon Mine since 1903, and today employs approximately 2,175 employees.

Q. Please describe Kennecott's current load requirements.

A. Kennecott is a large industrial customer with an average gross load (before deducting for onsite generation) of approximately [redacted] Kennecott currently has approximately 39 MW of onsite generation capacity.

Q. Please describe Kennecott's current on-site generation resources.

A. Kennecott has two cogeneration facilities. One is a 31.8 MW nameplate facility located at the smelter near Magna, Utah. The other is a 7.54 MW nameplate facility located at the refinery, also near Magna, Utah. The smelter cogeneration facility uses waste-heat captured as part of Kennecott's industrial process and utilizes that heat to generate electricity that is primarily consumed onsite by Kennecott. The refinery cogeneration facility is a combined heat and power [CHP] facility that uses a natural gas-fired combustion turbine to generate electricity that is primarily consumed onsite by Kennecott, and captures waste heat from the combustion-turbine exhaust to produce steam used in the refinery process. Each resource is a qualifying facility and has a PURPA Power Purchase Agreement with PacifiCorp.

In addition to these facilities, Kennecott has recently completed construction of a 5 MW nameplate onsite solar generation facility that may ultimately be expanded to a total nameplate capacity of 30 MW. This facility is interconnected to Kennecott's internal distribution system and all output of that facility will be consumed onsite. Kennecott plans to explore other onsite generation and storage resources.

Q. Please provide your best understanding of Kennecott's future plans and how those plans may affect load requirements.

A. Mine plans for the Bingham Canyon Mine are updated from time to time and, if approved, can extend the life of the mine operations. The current approved plan for the Bingham Canyon Mine runs through 2032. The life of the mine may be extended upon approval of a new mine plan. Kennecott's electric loads may change after 2032, depending on whether mine operations are extended and what those operation plans are.

Given the foregoing, Kennecott expects its load requirements from existing operations to remain relatively steady through 2032. Between now and 2032, however, Kennecott intends to explore electrification of certain processes at its facilities, which would increase its load requirements. If Kennecott enters into an agreement with RMP as contemplated in this docket, it will work closely with RMP—as it has always done—to ensure that plans for any load increases or decreases are communicated well in advance and coordinated with RMP.

Q. Has Kennecott communicated its expected load requirements to RMP?

A. Yes. Kennecott communicates short-term and long-term load forecast information to RMP each month, as it has for many years. At RMP's request, Kennecott began in December of 2022 to include in these communications load forecasts through 2032, aligned with the current approved mine plan. For example, Kennecott recently sent to RMP a load forecast that contained expected electricity needs through December 31, 2025 to align with the term of the 2016 ESA, as well as additional information regarding expected energy needs for the years 2026 through 2032.

<u>Kennecott's Decarbonization Goals</u>

Q. Does Kennecott or its parent company have corporate decarbonization goals?

A. Yes. Kennecott's parent company, Rio Tinto, has corporate goals that seek to achieve reduction of Scope 1 and 2 emissions by 50% by 2030, relative to 2018 level emissions, and to achieve net zero emissions by 2050. Kennecott's decarbonization goals are aligned with those of Rio Tinto.

Q. What strategies does Kennecott intend to employ to meet these decarbonization goals?

A. Kennecott must use multiple approaches to meet its decarbonization goals. These approaches could include the acquisition of the output of renewable energy generation resources, the acquisition of renewable energy credits (RECs), switching to renewable fuels, and electrification of vehicles and equipment. In the short term, Kennecott must make decisions regarding onsite resources to be owned and operated by Kennecott, agreements for the retirement of RECs, exploring opportunities to acquire new non-emitting resources, and any other approach that is generally available to Utah industrial customers.

Q. What decisions has Kennecott made regarding onsite resources to meet its decarbonization goals?

A. Kennecott has achieved some reductions in carbon emissions through implementing strategies related to onsite generation. When Kennecott entered into its existing electric services agreement with RMP in 2016, it operated a 175 MW nameplate power plant that could operate on coal from March through October and on natural gas year-round. Kennecott has since ceased operation of this power plant, which has reduced air emissions in the Salt Lake Valley and reduced carbon emissions overall while increasing reliance on generation from the grid. Kennecott also continues to operate its two cogeneration facilities identified earlier in my testimony, which reduces carbon emissions by reducing reliance on grid-tied generation sources. Finally, Kennecott, in collaboration with RMP, studied multiple onsite solar sites, and has recently constructed the 5 MW onsite solar resource referenced earlier in my testimony and may increase the capacity of that solar resource in the future.

Kennecott must retain the flexibility with respect to onsite generation resources in any future agreement with RMP or any other energy supplier.

Q. Has Kennecott entered into agreements for the retirement of RECs?

A. Yes. In 2019, Kennecott entered into a Non-Generation and REC Supply Agreement ("REC Agreement") with RMP which provides for RMP to retire 1.5 million Utah-allocated renewable energy credits ("RECs") on Kennecott's or its affiliate's behalf on an annual basis. This REC Agreement, which runs through December 31, 2025, was approved by the Commission in Docket No. 19-035-20.[1]

Kennecott must retain the flexibility to enter into REC agreements either with RMP or with another energy supplier to meet its decarbonization goals.

Q. Has Kennecott explored opportunities to acquire new offsite generation resources?

A. Yes. Kennecott has also explored the potential of acquiring new non-emitting generation resources for the period starting after the REC Agreement expires. This would include bringing on new renewable resources that would deliver power to the PacifiCorp system through a Schedule 32 or Schedule 34 type of arrangement, and/or a Virtual Power Purchase Agreement solution which would bring on renewable resources in other markets with Kennecott retaining the renewable attributes of those resources.

Kennecott must retain the flexibility to bring on new generation resources to meet its decarbonization goals and potential future load growth demand requirements.

Q. Has Kennecott also explored opportunities to reduce Scope 1 emissions?

A. Yes. Kennecott has also explored numerous options to reduce emissions from its own operations. Some of those options, such as the use of renewable diesel fuels or other alternative vehicle fuel sources, do not affect Kennecott's electric load and are not relevant to this proceeding. Other options, such as electrification of certain operations, are relevant here in that they could affect Kennecott's load and demand.

[1] *Application of Rocky Mountain Power for Approval of the Non-Generation and Renewable Energy Credit Supply Agreement between PacifiCorp and Kennecott Utah*, Docket No. 19-035-20, Order Approving a Non-Generation and Renewable Energy Credit Supply Agreement.

Q. Will Kennecott be able to meet its decarbonization goals if the Commission approves the Application?

A. Yes. Kennecott will have an opportunity to meet its decarbonization goals if given flexibility to pursue all options available to industrial RMP customers. If Kennecott's options are limited such that it cannot pursue all options available to Utah industrial customers, then it may not be able to meet its decarbonization goals.

<u>Kennecott's Current Rates, Terms, and Conditions of Service</u>

Q. Please discuss Kennecott's current agreement with RMP.

A. Kennecott is a customer of RMP pursuant to an Energy Services Agreement ("2016 ESA") approved by the Commission in Docket No. 16-035-33.[2] The Commission order approving the 2016 ESA approved the terms of a settlement stipulation between RMP, the Division of Public Utilities ("Division"), and the Office of Consumer Services ("Office").[3]

Q. What is the term of the 2016 ESA?

A. As noted in RMP's publicly-filed Application in Docket No. 16-035-33, the 2016 ESA provides for rates, terms, and conditions of electric service by RMP to Kennecott through December 31, 2025.[4] The parties have deemed the other terms of the 2016 ESA to be confidential. A true and correct copy of the 2016 ESA is attached hereto as Confidential Exhibit 1.1.

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[2] *Rocky Mountain Power Application for Energy Service Contract with Kennecott Utah Copper, LLC*, Docket No. 16-035-33, Order issued November 28, 2016 at 4.
[3] *Id*.
[4] Docket No. 16-035-33, Application of Rocky Mountain Power for Approval of Energy Services Agreement at 3.

Q. Do the current rates, terms, and conditions of Kennecott's electric service ensure that Kennecott pays the fixed costs of that service?

A. Yes. Testimony from RMP witness Paul Clements in Docket No. 16-035-33 demonstrated that the 2016 ESA would result in Kennecott paying a greater share of fixed costs compared to both previous years and alternative scenarios in which Kennecott either A) ceased to be a customer of RMP or B) remained a customer of RMP but increased self-generated from its (now shuttered) onsite 175 MW coal- and gas-fired power plant.[5]

Q. How do the rates for electric service in the 2016 ESA ensure that Kennecott pays the fixed costs associated with the service it receives?

A. [redacted]

Q. Is Kennecott seeking an extension of the 2016 ESA in this docket?

A. No. As discussed further below, Kennecott requests a new contract that starts at the conclusion of the 2016 ESA pursuant to which Kennecott pays regular tariff rates.

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[5] Docket No. 16-035-33, Direct Testimony of Paul H. Clements at lines 137-471.
[6] *Id*. at lines 297-300.

<u>Kennecott's Actions Pursuant to Utah Code § 54-3-32</u>

Q. Does Kennecott have the right under Utah law to receive service from an entity other than RMP?

A. Yes. The Utah legislature enacted Utah Code § 54-3-32 in 2014, which permitted an "eligible customer" to take certain steps to transfer service to a "nonutility energy supplier." Kennecott is an "eligible customer" under that statute. Consistent with the statute, Kennecott took certain of the required steps to initiate the transfer of service to a nonutility energy supplier, but that transfer has not happened.

Q. Has Kennecott filed a notice with RMP that it intends to transfer service to a nonutility energy supplier pursuant to Utah Code § 54-3-32(3)(a)?

A. Yes. As contemplated in Utah Code § 54-3-32(3)(a) Kennecott submitted written notice to RMP that it intends to transfer service to a nonutility energy supplier with an intended date of transfer of June 15, 2017.

Q. Has Kennecott filed a written application with RMP's transmission provider consistent with Utah Code § 54-3-32(3)(b)?

A. Yes. As contemplated by Utah Code § 54-3-32(3)(b), Kennecott filed a written application with PacifiCorp's transmission function on December 19, 2022 seeking to acquire transmission rights beginning January 1, 2026 to ensure that Kennecott can receive service from a nonutility energy supplier if it transfers service after the 2016 ESA expires.

Q. Has Kennecott transferred service to a nonutility energy supplier?

A. No. Kennecott has not received electric service from a nonutility energy supplier and has not entered into any agreements to receive electric service from a nonutility energy supplier. After Kennecott provided written notice of its intention to transfer service to a nonutility energy supplier, but before June 15, 2017, Kennecott and RMP entered into the 2016 ESA. This had the effect of ensuring that any transfer of service would be delayed at least until after the conclusion of the term of that agreement. Kennecott continues to receive electric service from RMP and has not transferred service to a nonutility energy supplier.

Q. Has Kennecott withdrawn its notice to transfer service to a nonutility energy supplier?

A. Not yet, but it is willing to do so if the Commission approves the Application. While I am not an attorney, I understand Utah Code § 54-3-32(9) to set forth certain events that all must occur prior to Kennecott receiving service from a nonutility energy supplier. Those events have not all occurred.

With that said, Kennecott intends to formally withdraw its notice of intent to transfer service to a nonutility energy supplier if it can receive service from RMP on terms and conditions as requested in this docket. As noted elsewhere, Kennecott only asks that it receive electric service on rates, terms, and conditions consistent with those offered to RMP's other large industrial customers with significant onsite generation resources.

Q. When would Kennecott withdraw its notice to transfer service to a nonutility energy supplier?

A. Kennecott would withdraw its notice as soon as possible after it receives certainty that it could remain a customer of RMP consistent with the terms and conditions set forth in the Application. Kennecott engaged in discussions with RMP many months ago with the goal of receiving an acceptable offer to remain a customer of RMP. That has not happened. Kennecott has identified in the Application in this docket the terms and conditions upon which it would remain a RMP customer. The request for those terms and conditions is not a request for special treatment. Kennecott simply requests that it be treated like a Schedule 31 customer and have access to the same options that are available to all other industrial customers of RMP to construct on-site generation or pursue Schedule 32/34 type arrangements. If this Commission grants Kennecott's request in this docket, Kennecott intends to remain a RMP customer and would withdraw its notice regarding its intentions to transfer service.

<u>Kennecott's Engagement with RMP Regarding a New ESA</u>

Q. Has Kennecott been involved in discussions with RMP regarding a new ESA?

A. Yes. I and others at Kennecott have been engaged with RMP regarding a new ESA for many months.

Q. When did those discussions begin?

A. Kennecott and RMP have been in contact throughout the term of the 2016 ESA regarding the possibility of RMP continuing to provide electric service to Kennecott beyond the conclusion of the term of the 2016 ESA on December 31, 2025. Kennecott met with RMP seven times between November 2019 and October 2020. Discussions between the parties began again in November or December of 2022 and have been continuous and ongoing since that time. The discussions between the parties are subject to confidentiality agreements and, as such, I will not disclose any proposals or information shared between the parties in those discussions.

Q. Did the parties reach agreement?

A. No. The parties could not reach agreement on all terms and conditions of a new electric service agreement.

<u>Kennecott's Request for New Rates, Terms, and Conditions in this Docket</u>

Q. Please describe the relief Kennecott seeks in this docket.

A. Kennecott requests that the Commission direct RMP to enter into a new ESA with Kennecott consistent with the rates, terms, and conditions set forth in the Term Sheet attached as Exhibit A to the Application. Some of the terms and conditions in the Term Sheet are discussed below:

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.

Rates: Kennecott proposes that its rates coincide with the rates applicable to a Schedule 31 customer receiving electrical supply at transmission voltage. Exhibit A to the Application contains the current rates and rate components for Schedule 31 customers. It is my understanding that RMP has indicated that it will file a general rate case next year. I expect that the Schedule 31 rates and rate components applicable as of January 1, 2026, will be set in the next general rate case.

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>: [redacted]

<u>Supplementary Contract Power</u>: [redacted]

<u>Backup Contract Power</u>: [redacted]

Kennecott further proposes that the terms of Schedule 31 govern the adjustment of

Supplementary, Backup, and Total Contract Power.

EBA Rates: Kennecott proposes that it be subject to Energy Balancing Account ("EBA") charges pursuant to Schedule 94 intended to address the true-up to actual EBA costs 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 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."[7]

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 requests that the Commission direct RMP to discuss appropriate rates, terms, and conditions for Kennecott to provide demand response for the benefit of the system.

Renewable Resource Options: As discussed above, Kennecott has explored various options to satisfy its decarbonization goals, including the acquisition of renewable attributes or renewable resource options. Kennecott proposes that it be permitted to pursue those options, including REC purchases, behind-the-meter resources, and/or resources acquired through Schedules 32 or 34. Kennecott

[7] Docket No. 16-035-33, Settlement Stipulation at 3.

proposes that it be permitted to pursue any combination of these options with the same freedom as any other RMP industrial customer.

Q. Please discuss Kennecott's request for a six-year term.

A. As discussed earlier in my testimony, the current mine life plan runs through 2032 and Kennecott's electric load requirements may change after that point. Kennecott's proposal for a six-year term, beginning January 1, 2026 and concluding December 31, 2032, would ensure that Kennecott receives uninterrupted electric service from the conclusion of the 2016 ESA term through the end of the current mine life plan for the Bingham Canyon Mine. If the mine life is extended, Kennecott would negotiate with RMP regarding the terms and conditions of a new contract to address Kennecott's electrical service needs starting January 1, 2033.

Q. Please discuss Kennecott's request for tariff rates.

A. Kennecott does not seek a special rate for electric service. Kennecott requests the published Schedule 31 rates for transmission voltage customers because Kennecott expects that those rates will be set to ensure that RMP has an opportunity to recover the full cost to serve those customers. Kennecott acknowledges that Schedule 31 applies to customers with onsite generation up to 15 MW and that Schedule 31 requires that customers with generation capacity in excess of 15 MW must negotiate a special contract with RMP. Kennecott has onsite generation in excess of 15 MW, but there is no reason to conclude that Kennecott's onsite generation capacity would result in a scenario in which Schedule 31 rates fail to recover the cost to serve Kennecott.

Q. What rate structure does Kennecott contemplate will allow RMP to recover its cost of service?

A. Kennecott proposes in this docket that the rate structure in Schedule 31 apply to Kennecott because it is a partial requirements customer with significant onsite generation resources.

Q. Please discuss Kennecott's request for a total contract demand of [redacted].

A. Kennecott has reviewed its actual usage over recent years and considered its expected usage in future years and has determined that, during its highest periods of usage, it does not require more than [redacted]. Assuming that the rate components of Schedule 31 apply to Kennecott, Kennecott proposes that its total contract power be set at [redacted]. This amount equals the total of Kennecott's proposed supplementary contract power and backup contract power, as contemplated in Schedule 31.

Q. Please discuss Kennecott's request for supplementary contract power of [redacted] and backup contract power of [redacted]

A. Kennecott's proposal for [redacted] of backup contract power coincides with the combined nameplate capacity of Kennecott's two onsite cogeneration facilities discussed earlier in my testimony. As also discussed earlier, Kennecott has recently completed construction of a 5 MW nameplate solar resource that is interconnected to Kennecott's internal distribution system that will offset Kennecott's demand requirements at times when the solar facility is producing power and energy. The capacity of the solar facility does not contribute to the [redacted] backup contract power Kennecott proposes in this docket because the solar facility will not produce power and energy during all hours of the day.

Kennecott's proposal for [redacted] of supplementary contract power matches the amount of power Kennecott will require from RMP net of Kennecott's backup contract power of [redacted].

Q. Does Kennecott propose that it be subject to the terms and conditions of Schedule 31?

A. Yes. For all terms not specifically proposed by Kennecott herein, Kennecott proposes that the terms of Schedule 31 shall apply. Schedule 31 identifies customer charges, facilities charges, on-peak backup power charges, defines the on-peak and off-peak periods and provides various definitions, and Kennecott proposes that all of those terms apply to it. Kennecott also proposes, for example, that the contract utilize Schedule 31's mechanism for adjusting total contract power, supplementary contract power, and backup contract power during the term of a contract.

Q. Does Kennecott propose that it be subject to the EBA surcharge set forth in Schedule 94?

A. Kennecott proposes that it be subject to the Schedule 94 surcharge beginning with the surcharge that is intended to true up base EBA costs to actual EBA costs incurred in the first calendar year of the new agreement. Based on the current procedural schedule set forth in Schedule 94, Kennecott expects RMP to file the EBA application regarding this surcharge on or about May 1 of 2027, that interim rates (if approved) would go into effect on July 1 of 2027, and that final EBA rates would be set after the Commission's order on or about February 25, 2028.

Pursuant to the Settlement Stipulation in Docket No. 16-035-33, Kennecott is not currently subject to the EBA related rate changes. Paragraph 12 of the Settlement Stipulation states that "[t]he 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."[8] Kennecott should not be subject to EBA surcharges intended to true up base EBA costs to actual EBA costs incurred by RMP during the last year of the 2016 ESA.

Q. Can Kennecott provide demand response products to RMP?

A. Yes. Kennecott is able and willing to provide demand response products to RMP at mutually-acceptable rates. Kennecott does not in this proceeding propose particular rates, terms, or conditions for it to act as a demand response resource. Rather, in the event that the Commission grants the relief that Kennecott requests in this proceeding, Kennecott expects that it will engage in discussions with RMP regarding rates and terms for demand response products.

Conclusion

Q. Are the rates, terms, and conditions of service Kennecott requests in this proceeding in the public interest?

A. Yes. As RMP has acknowledged in prior proceedings before this Commission, other RMP ratepayers benefit when Kennecott remains as a customer of RMP and contributes to fixed costs. Kennecott's proposal to pay Schedule 31 tariff rates applicable to a transmission voltage customer, as set by the Commission in RMP's next general rate case, ensures that Kennecott pays its full cost of service.

Q. Does this conclude your direct testimony?

A. Yes.

[8] *Id*.