

ORIGINAL



0000171676

RECEIVED

BEFORE THE ARIZONA CORPORATION COMMISSION

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  
26

COMMISSIONERS

DOUG LITTLE – CHAIRMAN  
BOB STUMP  
BOB BURNS  
TOM FORESE  
ANDY TOBIN

Arizona Corporation Commission

DOCKETED

JUL 14 2016

AZ CORP COMMISSION  
DOCKET CONTROL

DOCKETED BY *[Signature]*

IN THE MATTER OF RESOURCE  
PLANNING AND PROCUREMENT IN  
2015 AND 2016

DOCKET NO. E-00000V-15-0094

NOTICE OF INTENT TO BE A  
PARTY AND INITIAL COMMENTS

Freeport Minerals Corporation (“Freeport”) hereby submits this Notice of Intent to Be a Party to the above-captioned proceedings, along with formal Initial Comments concerning the Integrated Resource Planning (“IRP”) process.

INITIAL COMMENTS

Freeport requests that the Arizona Corporation Commission (“Commission”) require the consideration of planned long-term commitments to opt-out of a utility’s native load generation obligations by qualified customers as a resource alternative in IRP planning. In response to a recent Request For Proposals (“RFP”), Freeport proposed a coordinated 2020 opt-out of retail generation requirements – directly backed by wholly-owned Freeport entities, including a Commission jurisdictional electric utility system and independent power producer with FERC Exempt Wholesale Generator status – that was not accepted as a conforming bid. Instead potentially higher-cost new resources, Purchased Power Agreements (“PPA”), or partial reductions of customer load through incentivized energy efficiency or demand response programs would be considered. Freeport asserts that consideration of its proposal would have provided an evaluation of

1 utilizing existing, potentially lower cost and already rate based utility generation assets  
2 against the development of new resources to serve projected customer growth and  
3 replacement of expiring contracts.

4 Freeport submits that IRPs considering only new or replacement resources come  
5 with risks, generally borne by customers and not the utility. The inability or  
6 unwillingness to consider a qualified and serious opt-out proposal in the RFP process  
7 perpetuates “chicken-and-egg” issues of stranded costs and lost revenue requirements to  
8 be reviewed and decided in the context of a rate case, rather than proactively responding  
9 to the changing needs of large customers and a rapidly evolving energy landscape.  
10 Freeport specifically seeks to minimize impacts to all Arizona retail customers while self-  
11 supplying its Arizona operations, allowing for the alignment of commodity risk profiles to  
12 meet the company’s objectives.

13 The current misalignment of risk between Freeport’s inputs and outputs puts the  
14 utility’s revenues and the communities Freeport operates in at risk of curtailment or  
15 closure, while self-supply would certainly reduce those external risks. It is widely  
16 accepted that reduced utility load continues to be the least cost resource, and under such a  
17 proposal all remaining customers should be better off in both the rise of the power bills  
18 over time and the underpinning economy which supports employment to pay those power  
19 bills.

20 A requirements to evaluate opt-out proposals is consistent with the Commission’s  
21 purpose and goal of an IRP:

22 “The purpose of IRP is to minimize the total societal cost of meeting the  
23 demand for electric energy services giving due consideration to ratepayer  
24 impacts, utility financial health and economic growth within a utility’s  
25 service area. The goal of resource planning can be achieved by finding the  
26 mix of supply and demand side resources that minimize society’s cost.”<sup>1</sup>

---

<sup>1</sup> ACC Decision No. 58643 (June 1, 1994)



1 COPY of the foregoing hand-delivered/mailed  
this 14<sup>th</sup> day of July, 2016 to

2  
3 Doug Little, Chairman  
4 Arizona Corporation Commission  
5 1200 West Washington Street  
6 Phoenix, Arizona 85007

7  
8 Bob Stump, Commissioner  
9 Arizona Corporation Commission  
10 1200 West Washington Street  
11 Phoenix, Arizona 85007

12  
13 Bob Burns, Commissioner  
14 Arizona Corporation Commission  
15 1200 West Washington Street  
16 Phoenix, Arizona 85007

17  
18 Tom Forese, Commissioner  
19 Arizona Corporation Commission  
20 1200 West Washington Street  
21 Phoenix, Arizona 85007

22  
23 Andy Tobin, Commissioner  
24 Arizona Corporation Commission  
25 1200 West Washington Street  
26 Phoenix, Arizona 85007

Dwight Nodes, Chief Hearing Officer  
Hearing Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Thomas M. Broderick, Director  
Utilities Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

23  
24 By: *Marin San Jose*  
11791302/023040.0041