

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Petition of US	)	<u>DOCKET NO. 03-035-38</u>
Magnesium LLC for Approval of a	)	
Contract for the Sale of Capacity and	)	
Energy from Its Existing Proposed QF	)	<u>REPORT AND ORDER</u>
Facilities	)	

ISSUED: December 16, 2004

By The Commission:

On November 29, 2004, pursuant to regular notice, the Commission held a hearing on a proposed Power Purchase Agreement (Agreement) between PacifiCorp and US Magnesium LLC (US Mag). Through the Agreement, PacifiCorp will purchase non-firm energy generated by US Mag from its 36 Megawatt qualifying facility located in Tooele County, Utah. The Agreement is for a term beginning January 1, 2005 and ending December 31, 2009.

At the hearing, PacifiCorp, US Mag, the Division of Public Utilities (Division) and the Committee of Consumer Services (Committee) presented evidence in support of the Agreement. No person appeared opposing approval of the Agreement.

Dr. Powell, for the Division, testified that the Agreement is in accordance with the pricing and conditions, for a qualifying facility greater than one megawatt, previously approved by the Commission in Docket No. 03-035-14 and is in the public interest. Mr. Hayet, for the Committee, testified that the issues raised in this proceeding by the Committee have been addressed in the Agreement and the Committee supports approval of the Agreement. Similarly, US Mag witness Roger Swenson testified that the Agreement is in the public interest and should be approved. PacifiCorp witness Bruce Griswold testified that the US Mag facility is a self-certified qualifying facility and the Agreement, which includes an adjustment for losses, is consistent with the stipulation approved by the Commission in Docket No. 03-035-14. Mr. Griswold also testified that the prices to be paid for non-firm energy under the Agreement are just and reasonable and in the public interest and do not exceed the costs PacifiCorp would otherwise incur acquiring comparable resources.

Based upon the evidence given at the hearing, and no opposition appearing, the Commission will enter an order approving the Agreement.

Wherefore, we find that the terms of the Agreement are just and reasonable and that the Agreement is in the public interest pursuant to our discussion herein. We enter this ORDER approving the Agreement between PacifiCorp and US Magnesium.

DATED at Salt Lake City, Utah, this 16<sup>th</sup> day of December, 2004.

/s/ Ric Campbell, Chairman

/s/ Constance B. White, Commissioner

/s/ Ted Boyer, Commissioner

Attest:

/s/ Julie Orchard  
Commission Secretary