

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Application of Rocky Mountain Power for Approval of a Power Purchase Agreement between PacifiCorp and Tesoro Refining and Marketing Company)	<u>DOCKET NO. 09-035-102</u>
)	
)	<u>ORDER APPROVING POWER PURCHASE AGREEMENT</u>
)	
)	

ISSUED: December 10, 2009

By The Commission:

This matter is before the Commission on the Application of Rocky Mountain Power (Company) for Approval of a Power Purchase Agreement (Agreement) between PacifiCorp and Tesoro Refining and Marketing Company (Tesoro). The Administrative Law Judge of the Commission held a duly-notice scheduling conference on Wednesday, November 18, 2009. Daniel Solander was counsel for the Company. Paul Clements testified on behalf of the Company. Robert Reeder was counsel for Tesoro. Patricia Schmid, assistant attorney general, was counsel for the Division of Public Utilities (Division). Paul Proctor, assistant attorney general, was counsel for the Office of Consumer Services (OCS).

The Company submitted its Application on November 3, 2009. The underlying Agreement was filed under a protective order in this docket, being a confidential document. The Agreement is a modification of an existing agreement expiring December 31, 2009. The Commission approved the existing agreement in Docket No. 08-035-82. The specifics of the Agreement are detailed in the Application, attached Agreement, and summarized in the Division's recommendation. The Division filed its Recommendation on November 17, 2009 recommending approval of the Agreement. The OCS did not submit a written recommendation but did not oppose the approval of the Agreement.

Tesoro owns, operates and maintains a natural gas-fired cogeneration facility for the generation of electric power in Salt Lake City, Utah. This facility has a Nameplate Capacity Rating of 25.0 megawatts and qualifies as a qualified facility under 18 C.F.R. Part 292. Tesoro provided its FERC self-certification to PacifiCorp prior to implementation of the previous Agreement.

Under the terms of the Agreement, the Company will pay Tesoro according to the pricing methodology approved in Docket No. 03-035-14. The pricing calculation is identified in Section 5 of the Agreement and includes rates for both on and off peak periods. Tesoro will be paid an average price of \$39.00 per megawatt hour. The monthly rate calculation has a line loss factor of 1.0346, which is a slight increase from the current 1.0293 in the current Agreement.

Tesoro will use the output of the QF generation to first satisfy their retail load and all generation in excess of their needs will be sold to the Company, which is also a change from the previous agreement. Tesoro has the option to provide and deliver all or a portion of the net output to PacifiCorp at the point of delivery. There is no minimum delivery obligation, but Tesoro cannot sell net output to any other entity besides PacifiCorp.

This Agreement includes an avoided line loss adjustment of 3.46%, which is an increase from 2.93% in the current agreement.

ORDER

Based on the Application, Agreement submitted by the Company, the Recommendation of the Division and OCS testimony presented by the parties at the hearing, the Commission finds the approval of the Application to be in the public interest and therefore approves the Agreement between PacifiCorp and Tesoro.

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DATED at Salt Lake City, Utah this 10th day of December, 2009.

/s/ Ruben H. Arredondo
Administrative Law Judge

Approved and confirmed this 10th day of December, 2009 as the Order Approving
Power Purchase Agreement of the Public Service Commission of Utah.

/s/ Ted Boyer, Chairman

/s/ Ric Campbell, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Julie Orchard
Commission Secretary
G#64483