- 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 Kennecott Utah Copper LLC (Refinery)	))))))	DOCKET NO. 10-035-113 ORDER APPROVING POWER PURCHASE AGREEMENT

ISSUED: December 22, 2010

By The Commission:

This matter is before the Commission on the application of PacifiCorp ("Application"), doing business in Utah as Rocky Mountain Power ("Company"), for approval of a power purchase agreement ("Agreement") between the Company and Kennecott Utah Copper, LLC ("Kennecott"). The Company submitted its Application together with a copy of the underlying Agreement on October 7, 2010.

The Administrative Law Judge of the Commission held a duly-noticed scheduling conference on October 26, 2010 and a hearing on November 18, 2010. The parties represented included the Company, Kennecott, the Division of Public Utilities ("Division"), and the Office of Consumer Services ("OCS"). The Division filed a memorandum expressing its recommendation on November 15, 2010. The OCS did not submit a written recommendation.

Kennecott owns, operates, and maintains near Magna Utah a new waste-heat-fired steam cogeneration facility for the generation of electric power. The facility is operated as a qualifying facility ("QF"), as defined in 18 C.F.R Part 292, with a nameplate capacity rating of 7.54 megawatts ("MW"). The average output is expected to be about 5.4 MW.

The facility is referred to informally as the Kennecott-Refinery QF. All interconnection requirements have been met, and the Kennecott-Refinery QF is fully integrated with the Company's system. Because this is a new facility, this Application is the first time a contract for this facility has been presented to the Commission for approval.

Under the Agreement, Kennecott has the option, but not the obligation, to sell to the Company all of the Kennecott Refinery QF net output. Kennecott estimates the average net monthly output of the facility will be about 3,900 megawatt-hours (MWh). The Agreement contemplates Kennecott will sell all of its Kennecott Refinery QF electric generation to the Company.

The Agreement will run for 12 months -- from January 1, 2011 through December 31, 2011. Pricing under the Agreement varies by month. The average annual price is approximately $35.00 per MWh. To this MWh price is added an adjustment for avoided line losses which increases the price by 3.63 percent.

The Agreement's monthly prices are based upon PacifiCorp's June 2010, forecast price curves. According to the Division, the price to be paid for delivered energy under the Agreement is similar to other contracts and appears reasonable. Relatively high prices during the months of July through September will provide an incentive for Kennecott to generate as much power as possible during those months of relatively high demand on PacifiCorp's system. The non-price terms and conditions within the Agreement appear to be generic and reasonable, in the Division's view.

The Agreement constitutes a "New QF Contract" under the PacifiCorp Inter-Jurisdictional Cost Allocation Protocol and, as such, Agreement costs are allocated as a system resource, unless any portion of those costs exceeds the costs the Company would have otherwise incurred acquiring comparable resources. In that event, the Revised Protocol assigns those excess costs on a situs basis to the State of Utah. The Company represents that its costs under the Agreement do not exceed the costs it would have incurred acquiring other market resources. The Division accepts this representation based upon its prior analysis of the Company's avoided cost reports.

The Division has reviewed the Application and Agreement and recommends their approval. The OCS does not oppose approval. The specifics of the Agreement are detailed in the Application, which includes the Agreement, and are summarized in the Division's November 15, 2010, memorandum.

ORDER

Based on the unopposed Application submitted by the Company, and the recommendation of the Division, the Commission finds the terms and conditions of the Agreement to be just and reasonable, and in the public interest. Accordingly, the Application and the Agreement are hereby approved. As recommended by the Division, the Company shall provide to the Division, at least quarterly, data reflecting the hourly power purchased under the Agreement, so that the Division may monitor contract performance.

Pursuant to Sections 63G-4-301 and 54-7-15 of the Utah Code, an aggrieved party may request agency review or rehearing of this Order by filing a written request with the Commission within 30 days after the issuance of this Order. Responses to a request for agency review or rehearing must be filed within 15 days of the filing of the request for review or rehearing. If the Commission does not grant a request for review or rehearing within 20 days after the filing of the request, it is deemed denied. Judicial review of the Commission's final agency action may be obtained by filing a petition for review with the Utah Supreme Court within 30 days after final agency action. Any petition for review must comply with the requirements of Sections 63G-4-401 and 63G-4-403 of the Utah Code and the Utah Rules of Appellate Procedure.

DATED at Salt Lake City, Utah this 22nd day of December, 2010.

/s/ Ruben H. Arredondo
Administrative Law Judge

Approved and confirmed this 22nd day of December, 2010 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#70230