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November 6, 2007

*Via hand delivery*

Jean Jewell  
Commission Secretary  
Idaho Public Utilities Commission  
472 W. Washington  
Boise, ID 83720

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2007 NOV - 6 AM 10: 28  
IDAHO PUBLIC  
UTILITIES COMMISSION

Re: *Stipulation for Settlement of Issues in General Rate Case for PacifiCorp  
dba Rocky Mountain Power Case No. PAC-E-05-05*

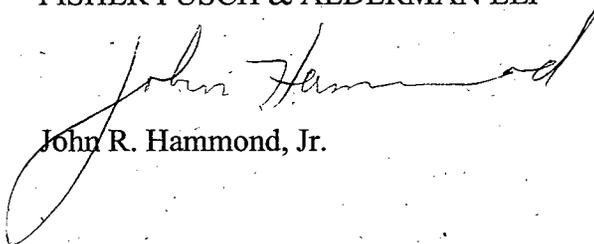
Dear Ms. Jewell:

Enclosed for filing in the above matter please find an original and seven (7) copies of the Stipulation for settlement of all issues in the PacifiCorp General Rate Case, Case No. PAC-E-07-05. The Stipulation will be presented to the Commission for their review and approval at today's scheduled hearing.

Thank you for your assistance and if you have any questions, please contact me.

Sincerely,

FISHER PUSCH & ALDERMAN LLP



John R. Hammond, Jr.

JRH:hva  
Encl.

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*Attorneys for Rocky Mountain Power*

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE )  
APPLICATION ROCKY MOUNTAIN ) CASE NO. PAC-E-07-05  
POWER FOR APPROVAL OF )  
CHANGES TO ITS ELECTRIC ) STIPULATION  
SERVICE SCHEDULES )  
\_\_\_\_\_ )**

This stipulation (“Stipulation”) is entered into by and among Rocky Mountain Power, a division of PacifiCorp (“Rocky Mountain Power” or the “Company”); Staff for the Idaho Public Utilities Commission (“Staff”); Agrium, Inc. (“Agrium”); the Community Action Partnership Association of Idaho (“CAPAI”); Mr. Timothy Shurtz; Idaho Irrigation Pumpers

Association, Inc. (“IIPA”); and Monsanto Company (“Monsanto”) (collectively referred to as the “Parties”).

## **I. INTRODUCTION**

1. The terms and conditions of this Stipulation are set forth herein. The Parties agree that this Stipulation represents a fair, just and reasonable compromise of the issues raised in this proceeding and that this Stipulation is in the public interest. The Parties, therefore, recommend that the Idaho Public Utilities Commission (“Commission”) approve the Stipulation and all of its terms and conditions. See IDAPA 31.01.01.271, 272, and 274.

## **II. BACKGROUND**

2. On June 8, 2007, Rocky Mountain Power filed an Application seeking authority to increase the Company’s base rates for electric service by \$18.47 million annually, an average increase of approximately 10.3%. The increase in rates varied by individual customer and actual usage. Rocky Mountain Power sought to increase rates effective January 1, 2008.

3. On September 28, 2007, Staff and intervenors filed direct testimony in this case. On October 25, 2007, Rocky Mountain Power filed rebuttal testimony. As a result of corrections to the filing and the Company accepting certain proposed adjustments, Rocky Mountain Power’s rebuttal filing lowered the requested increase in this case to \$15.4 million, or approximately 8.6% overall.

4. With a view toward resolving the issues raised in Rocky Mountain Power’s Application in this proceeding, representatives of the Parties met several times pursuant to IDAPA 31.01.01.271 and 272, to engage in settlement discussions.

Based upon the settlement discussions between the Parties, as a compromise of the positions in this proceeding, and for other consideration as set forth below, the Parties agree to the following terms:

### III. TERMS OF THE STIPULATION

#### Revenue Requirement

5. The Parties, except Monsanto (which does not object), agree to support an overall revenue requirement increase in this case of \$11.5 million or 6.4%. The increase shall be effective January 1, 2008, for all affected customers.

6. The Parties, except Monsanto (which does not object), agree that Rocky Mountain Power's cost of capital shall be determined using a capital structure consisting of 50.4% common stock equity, 49.1% long-term debt and 0.5% preferred stock. Rocky Mountain Power's authorized return on equity shall be 10.25%; the Company's cost of debt shall be 6.26%. These components produce an authorized rate of return of 8.27%.

7. The Parties, except Monsanto (which does not object), agree that Rocky Mountain Power should receive recovery of previously deferred costs and should return previously deferred credits as proposed in this case, to the extent that Staff did not challenge such recovery in its direct testimony. Specifically, these deferred items include: (a) Grid West loan as approved in Order No. 30156. These costs will continue to be amortized as ordered; (b) MEHC Commitments I27 and I31 (West Valley lease and A&G credit) as approved in Order No. 30076. Amortization of the deferred benefits will begin January 1, 2008, on the Company's accounting records. All financial benefits as described in Commitments I26 through I31 are deemed to be reflected in the Company's rates effective January 1, 2008 and will be reaffirmed in subsequent rate cases through the expiration of each commitment; (c) MEHC transition severance expense as approved in Order No. 30225. Severance expense deferred will equal \$31,169,477 as proposed by Staff witness Joe Leckie. Amortization of the deferred costs will begin January 1, 2008; and (d) Powerdale hydro facility accounting as approved in Order No. 30344 and as included in this case.

8. Certain expenses incurred by the Company have been deferred as regulatory assets on the Company's balance sheet. This Commission has previously issued orders allowing the deferral and amortization of these regulatory assets and subsequent recovery in rate

proceedings. This Stipulation does not alter or impair the recovery of these regulatory assets previously deferred by the Commission orders under FAS 71.

Cost of Service, Rate Spread and Rate Design

9. The Parties agree to the rate spread set forth in the following table. Except where otherwise specified in this Stipulation, rate changes to each affected rate schedule shall be implemented consistent with the methods proposed in the testimony and exhibits of the Company’s witness on rate spread and rate design, Mr. William R. Griffith.

Idaho Rate Spread - \$11.50M Increase					
Schedule	Description	COS		Rate Spread	
		Percent	Dollar	Percent	Dollar
1	Residential	5.50%	\$1,632	4.89%	\$1,450
36	Residential TOD	4.06%	\$867	4.89%	\$1,045
10	Irrigation	6.80%	\$2,679	4.89%	\$1,928
7/7A/11/12	Street & Area Lighting	74.67%	\$255	75.29%	\$257
Contract 1	Agrium	11.98%	\$479	6.25%	\$250
Contract 2	Monsanto	16.47%	\$8,014	13.50%	\$6,570
6/8/9/19/23/35	General Service		(\$2,424)	0.00%	\$0
<b>Total</b>		6.43%	\$11,504	6.42%	\$11,500

10. With respect to the rate plans for 2008 through 2010 for Agrium and Monsanto referenced below, the Company agrees that in any rate filing during the terms of such rate plans that it will not seek to recover any revenue shortfalls related to Agrium and Monsanto from other Idaho customers when compared to cost of service studies in those filings. This provision does not apply to any rate filing for rate changes effective after December 31, 2010, which may be based in whole or in part on historic test year data during the rate plan period.

11. The cost of service methodology proposed by the Company in this proceeding will remain in effect as the accepted methodology through the maximum duration of the rate plans for Agrium and Monsanto, which expire December 31, 2010. This provision does not apply to any rate filing for rate changes effective after December 31, 2010, which may be based in whole or in part on historic test year data during the rate plan period.

## Irrigation Customer Issues

12. For inter-jurisdictional cost allocation purposes, the Parties agree that the Company's Irrigation Load Control Program shall be situs-assigned in this case. Rocky Mountain Power will directly assign to Idaho both the cost responsibility for the incentive payments and the reduction in loads associated with the program. In the future, Parties may raise the issue of how to allocate the Irrigation Load Control Program at the MSP Standing Committee, or may pursue this issue in a future general rate case.

13. Rocky Mountain Power and IIPA agree that irrigation class revenues shall increase by 4.89% effective January 1, 2008.

14. Rocky Mountain Power and IIPA agree that, for the 2008 and 2009 irrigation seasons, the load control credit for the Scheduled Irrigation Load Control Program will remain at the current level of \$11.19/kw-yr and there will be no change to the current tariff or operational characteristics of the program.

15. Rocky Mountain Power and IIPA agree that, for the 2008 and 2009 irrigation seasons, the load control credit for the Dispatchable Irrigation Load Control Program shall be increased from the current level of \$11.19/kw-yr to \$23.00/kw-yr, which is subject to further increase to up to \$28.00/kw-yr, according to the total amount of participation in the Irrigation Load Control Program, both Scheduled and Dispatchable, during the 2008 and 2009 irrigations seasons. The table below sets forth the applicable credit at different participation levels for the 2008 and 2009 irrigation seasons. Participation levels in the Dispatchable Irrigation Load Control Program are subject to validation through load history data that must demonstrate the existence of load at the requested site for a period of two years prior to being eligible to participate in the program. The escalation of the credit is designed to increase participation.

MW Participation Level		
<u>Minimum</u>	<u>Maximum</u>	Credit \$/kw-yr
0	149	\$ 23.00
150	174	\$ 26.00
175	No limit	\$ 28.00

16. Rocky Mountain Power and IIPA agree that participants in the Dispatchable Irrigation Load Control Program may “opt-out” of up to 5 Dispatch Events in one irrigation season; further opt-outs are not permitted and shall result in Early Termination under the terms of Special Condition-Early Termination, and removal from the program for the remainder of the irrigation season.

17. Permissible opt-outs will reduce the participant’s load control credit by the \$/MWh the Company pays for power at the time of the Dispatch Event. Such \$/MWh prices will be provided by the Company’s Commercial & Trading organization and will be based on the established Four Corners and Palo Verde trading hubs and the prices actually paid by the Company. Opt-outs will be computed at the conclusion of the irrigation season and will be included as a reduction to the participant’s load control credit issued on the participant’s October check.

18. By December 7, 2007, Rocky Mountain Power will provide IIPA with documentation of the valuation methodology it proposes to use to value the Dispatchable Irrigation Load Control Program. If a Party disputes any aspect of the methodology, then Rocky Mountain Power and IIPA will file a request with the Commission to resolve the dispute.

19. The Company will use the methodology to potentially adjust the load control credit for the Dispatchable Irrigation Load Control Program for the 2008 and 2009 irrigation season at participation levels of 175 MW or greater, as further explained in the following paragraph, and to assign a value for the load control credit for the Dispatchable Irrigation Load Control Program after the 2009 irrigation season.

20. Rocky Mountain Power and IIPA agree that the agreed-upon load control credit of \$28.00/kw-yr for the Dispatchable Irrigation Load Control Program for participation levels of 175 MW or greater is subject to adjustment for the 2008 and 2009 irrigation seasons based upon the results of Rocky Mountain Power's valuation methodology that will be provided to IIPA no later than December 7, 2007. The adjustment shall be to the final price suggested by the Company's methodology and either agreed to by IIPA or determined by Commission order, unless the final price is greater than either \$2.00 above or below \$28.00/kw-yr, then the adjustment shall be limited to a total \$2.00 adjustment. For example, if participation levels are at or above 175 MW and the Company's valuation methodology generates a price of \$35.00/kw-yr (an amount exceeding the \$2.00 band), then the Dispatchable Irrigation Load Control Credit would increase to \$30.00/kw-yr. Similarly, if the Company's valuation methodology results in a final price of \$26.50/kw-yr (an amount not exceeding the \$2.00 band), then the credit would only decrease to \$26.50/kw-yr. Dispatchable Load Control Credits will be computed at the conclusion of the irrigation season and the Company will issue a check to the participants in October.

21. Rocky Mountain Power and IIPA agree that the Company will work in good faith to meet all installation requests, but cannot guarantee that it can respond to all installation requests received.

22. Rocky Mountain Power agrees to support a request by IIPA to the Commission for intervenor funding in this case.

#### Consumer Related Issues

23. The Parties will defer consideration of the consumer related changes proposed in this case (recovery of collection agency costs, fees for reconnection of service, and line extension changes). Rocky Mountain Power agrees not to submit Ms. Carole Rockney's testimony on these issues into the record in this proceeding. Parties may raise the issues addressed by Ms. Rockney for Commission consideration in future proceedings.

Agrium

24. Rocky Mountain Power and Agrium agree that Agrium's tariff contract revenues under Schedule 401 will increase 6.25% effective January 1, 2008. Rates for service to Agrium or to any other customers served under Schedule 9 will not change on January 1, 2008.

25. Rocky Mountain Power and Agrium further agree that Agrium's tariff rates will be increased 3% effective January 1, 2009 and 7% effective January 1, 2010. Rocky Mountain Power and Agrium agree that the Company will file a revised Schedule 401 with the Commission on or about November 30 of 2008 and 2009 to implement the subsequent year's retail rate change specified herein. The price changes specified herein shall be applied as a uniform percentage increase to the Customer Charge, the Demand Charge, and the HLH and LLH Energy Charges in Schedule 401.

26. Rocky Mountain commits to make no further adjustments to Agrium's tariff rates prior to January 1, 2011.

Monsanto Tariff Contract and Curtailment Value

27. Rocky Mountain Power and Monsanto agree that the existing Electric Service Agreement (Monsanto ESA) and tariff schedule that became effective January 1, 2007 shall remain in full force and effect according to its terms until December 31, 2007. The new Monsanto ESA, dated November 5, 2007, shall become effective January 1, 2008. A redacted copy of the new Monsanto ESA is attached hereto as Attachment 1; a non-redacted copy shall be filed under seal with the Commission.

28. Rocky Mountain Power and Monsanto agree that Monsanto's total firm revenues shall be increased by 13.5% effective January 1, 2008, and that both Monsanto's firm rates and curtailment credit rates will be increased 3% effective January 1, 2009 and 5% effective January 1, 2010. Rocky Mountain Power and Monsanto agree that the Company will file a revised Schedule 400 with the Commission on or about November 30 of 2008 and 2009 to implement the subsequent year's retail rate change specified in this rate plan. The price changes specified herein shall be applied as a uniform percentage increase to the Firm Energy

Charge, the Customer Charge, the Firm Demand Charge, and the Interruptible Power Energy Charge in Schedule 400.

29. Rocky Mountain Power and Monsanto have agreed to changes and clarifications to Monsanto's curtailment product as follows: (a) the number of economic curtailment hours shall be increased from 800 in 2008 to 830 for 2009 only, and to 850 for 2010 only; (b) operating reserve interruptions shall last up to 2 hours each and shall end at the top of the second hour following the reserve event; and (c) each hour or portion of an hour counts as a full hour, so that an interruption of 1 hour and 15 minutes will count as 2 hours against the current 188 hour limitation on interruptions.

30. Rocky Mountain commits to make no further adjustments to Monsanto's firm revenues and curtailment credit rates prior to January 1, 2011.

31. Monsanto commits not to seek further increases in its curtailment credit rates prior to January 1, 2011.

32. The curtailment valuation for Monsanto is based on a "black box" determination with no Party accepting a specific methodology for setting this valuation.

#### General Provisions

33. The Parties agree that this Stipulation represents a compromise of the positions of the Parties on all issues in this proceeding. Other than the above referenced positions and any testimony filed in support of the approval of this Stipulation, and except to the extent necessary for a Party to explain before the Commission its own statements and positions with respect to the Stipulation, all negotiations relating to this Stipulation shall not be admissible as evidence in this or any other proceeding regarding this subject matter.

34. The Parties submit this Stipulation to the Commission and recommend approval in its entirety pursuant to IDAPA 31.01.01.274. The Parties shall support this Stipulation before the Commission, and no Party shall appeal any portion of this Stipulation or Order approving the same. If this Stipulation is challenged by any person not a party to the Stipulation, the Parties to this Stipulation reserve the right to cross-examine witnesses and put

on such case as they deem appropriate to respond fully to the issues presented, including the right to raise issues that are incorporated in the settlement embodied in this Stipulation. Notwithstanding this reservation of rights, the Parties to this Stipulation agree that they will continue to support the Commission's adoption of the terms of this Stipulation.

35. In the event the Commission rejects any part or all of this Stipulation, or imposes any additional material conditions on approval of this Stipulation, each Party reserves the right, upon written notice to the Commission and the other Parties to this proceeding, within 15 days of the date of such action by the Commission, to withdraw from this Stipulation. In such case, no Party shall be bound or prejudiced by the terms of this Stipulation, and each Party shall be entitled to seek reconsideration of the Commission's order, file testimony as it chooses, cross-examine witnesses, and do all other things necessary to put on such case as it deems appropriate.

36. The Parties agree that this Stipulation is in the public interest and that all of its terms and conditions are fair, just and reasonable.

37. No Party shall be bound, benefited or prejudiced by any position asserted in the negotiation of this Stipulation, except to the extent expressly stated herein, nor shall this Stipulation be construed as a waiver of the rights of any Party unless such rights are expressly waived herein. Execution of this Stipulation shall not be deemed to constitute an acknowledgment by any Party of the validity or invalidity of any particular method, theory or principle of regulation or cost recovery. No Party shall be deemed to have agreed that any method, theory or principle of regulation or cost recovery employed in arriving at this Stipulation is appropriate for resolving any issues in any other proceeding in the future. No findings of fact or conclusions of law other than those stated herein shall be deemed to be implicit in this Stipulation.

38. The obligations of the Parties under this Stipulation are subject to the Commission's approval of this Stipulation in accordance with its terms and conditions and, if judicial review is sought, upon such approval being upheld on appeal by a court of competent jurisdiction.

Respectfully submitted this 5<sup>th</sup> day of November, 2007.

**Rocky Mountain Power**

By Mark Menech  
—

**Community Action Partnership  
Association of Idaho**

By [Signature]

**Idaho Public Utilities Commission Staff**

**Agrium, Inc.**

By \_\_\_\_\_

By \_\_\_\_\_

**Timothy Schurtz**

**Idaho Irrigation Pumpers Association,  
Inc.**

By \_\_\_\_\_

By \_\_\_\_\_

**Monsanto Company**

By Randall C. Budge  
Randall C. Budge  
Attorney for Monsanto

**Rocky Mountain Power**

**Community Action Partnership  
Association of Idaho**

By \_\_\_\_\_

By \_\_\_\_\_

**Idaho Public Utilities Commission Staff**

**Agrium, Inc.**

By \_\_\_\_\_

By  \_\_\_\_\_

**Timothy Schurtz**

**Idaho Irrigation Pumpers Association,  
Inc.**

By \_\_\_\_\_

By \_\_\_\_\_

**Monsanto Company**

By \_\_\_\_\_

judicial review is sought, upon such approval being upheld on appeal by a court of competent jurisdiction.

Respectfully submitted this 5<sup>th</sup> day of November, 2007.

**Rocky Mountain Power**

**Community Action Partnership  
Association of Idaho**

By \_\_\_\_\_

By \_\_\_\_\_

**Idaho Public Utilities Commission Staff**

**Agrium, Inc.**

By \_\_\_\_\_

By \_\_\_\_\_

**Timothy Schurtz**

**Idaho Irrigation Pumpers Association,  
Inc.**

By Kevin B. Homer

By \_\_\_\_\_

**Monsanto Company**

By \_\_\_\_\_

**Rocky Mountain Power**

**Community Action Partnership  
Association of Idaho**

By \_\_\_\_\_

By \_\_\_\_\_

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By \_\_\_\_\_

By \_\_\_\_\_

**Timothy Shurtz**

**Idaho Irrigation Pumpers Association,  
Inc.**

By \_\_\_\_\_

By 

**Monsanto Company**

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By Scott D. Woodbury  
11/06/07

By \_\_\_\_\_

**Timothy Shurtz**

**Idaho Irrigation Pumpers Association,  
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By \_\_\_\_\_

By \_\_\_\_\_

**Monsanto Company**

By \_\_\_\_\_

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that on this 6<sup>th</sup> day of November, 2007, a true and correct copy of the foregoing document was served by first-class mail, postage prepaid, and addressed to; by fax transmission to; by overnight delivery to; or by personally delivering to or leaving with a person in charge of the office as indicated below:

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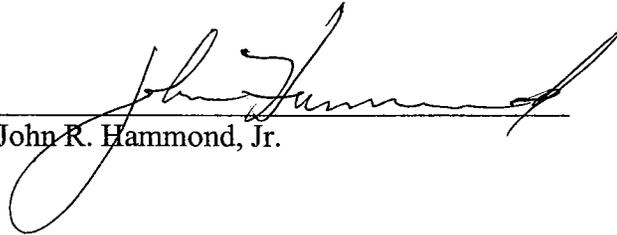
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\_\_\_\_\_  
John R. Hammond, Jr.

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IDAHO PUBLIC  
UTILITIES COMMISSION

**ELECTRIC SERVICE AGREEMENT  
BETWEEN  
PACIFICORP  
AND  
MONSANTO COMPANY**

THIS ELECTRIC SERVICE AGREEMENT ("Agreement"), dated as of November 5, 2007, is by and between PacifiCorp, an Oregon corporation that provides electric service in the State of Idaho (hereinafter referred to as "PacifiCorp"), and Monsanto Company, a Delaware corporation that owns and operates an elemental phosphorus plant at a site near Soda Springs City in Caribou County, Idaho (hereinafter referred to as "Monsanto"). PacifiCorp and Monsanto are also referred to herein individually as a "Party" and jointly as "Parties."

**WITNESSETH:**

WHEREAS, PacifiCorp is currently the provider of retail electric energy and power to Monsanto's elemental phosphorous production facilities located at Soda Springs, Idaho (the "Plant"), and

WHEREAS, PacifiCorp and Monsanto have agreed that their Agreement dated effective May 18<sup>th</sup>, 2006 ("2007 Agreement") shall remain in full force and effect through December 31, 2007 and shall be replaced and superseded by this Agreement dated November 5, 2007 ("2008 Agreement") effective January 1, 2008., and

WHEREAS, Monsanto desires to purchase electric power and electric energy requirements for the Plant under this Agreement, and

WHEREAS, PacifiCorp desires to be the exclusive provider of all electric power and energy to Monsanto's Plant, and

NOW, THEREFORE, the Parties agree as follows:

## **Section 1: Definitions**

As used in this Agreement, the following terms have the meanings specified. Definitions relating to Operating Reserves and System Integrity and Economic Curtailment are contained in Exhibits A and B, and are incorporated in this Agreement by reference.

1.1 Billing Period means the period of approximately thirty (30) days intervening between regular successive meter reading dates.

1.2 Day means calendar day, Pacific Prevailing Time.

1.3 Demand means the rate in kilowatts at which electric energy is delivered by PacifiCorp to Monsanto averaged over a fifteen (15) minute period of time.

1.4 Electric Service Regulations means PacifiCorp's currently effective electric service rules and regulations, on file with and approved by the Idaho Public Utilities Commission ("Commission"), as they may be amended or superseded from time to time with the approval of the Commission.

1.5 Firm Power and Energy means electric power expressed in kilowatts and associated energy expressed in kilowatt-hours intended to have assured availability to Monsanto to meet that portion of Monsanto's load requirements specified in this paragraph. In this Agreement, Firm Power and Energy shall be the first 9,000 kW of Measured Demand and associated energy in any Billing Period as measured at the Point of Delivery. Firm Energy during any Billing Period shall be the amount of energy, in kilowatt-hours, delivered to Monsanto equal to the number of hours in the Billing Period multiplied by the Firm Power.

1.6 Interruptible Power and Energy means electric power expressed in kilowatts and associated energy expressed in kilowatt-hours made available to Monsanto to meet the portion of Monsanto's load requirements subject to interruption of delivery at PacifiCorp's option as set forth in Exhibits A and B of this Agreement. Interruptible Power shall be the Measured Demand in any Billing Period in excess of the Firm Power. Interruptible Energy delivered to Monsanto during any Billing Period shall be the total energy in kilowatt-hours, in that Billing Period, less the Firm Energy, and less any Replacement Energy.

1.7 Measured Demand means the Demand in kilowatts supplied by PacifiCorp as shown by or computed from the readings of PacifiCorp's power meter(s) representing Monsanto's greatest use during the Billing Period.

1.8 Monsanto Electrical Facilities means all facilities and equipment within Monsanto's 138 kV substation at its Plant except for PacifiCorp's metering equipment, under-frequency relays, capacitors and any other equipment owned by PacifiCorp and installed in Monsanto's substation under the terms and conditions of this Agreement or any other agreement.

1.9 Point of Delivery for all power and energy delivered to Monsanto means the termination of PacifiCorp's two 138 kV transmission lines at Monsanto's substation located approximately eight miles from PacifiCorp's Soda (Idaho) hydroelectric station in Caribou County, Idaho, or such other point(s) of metering as PacifiCorp and Monsanto shall agree.

1.10 Prudent Electrical Practices means those practices, methods and equipment, as changed from time to time, that are commonly used in prudent electrical engineering and operations to operate electric equipment lawfully and with safety, dependability, efficiency and economy and that are in accordance with the IEEE Standards, the National Electrical Safety Code or the National Electric Code or any other applicable government code in effect during the term of this Agreement.

1.11 Replacement Energy Charge means the charge for Replacement Energy calculated in accordance with Section 4.1.3 of this Agreement.

1.12 Retail Customer means a PacifiCorp customer who purchases electric power and energy for its own consumption (i.e., not for resale).

1.13 Termination Date means hour ending 2400 on December 31, of the year established in paragraph 2.1.

1.14 Total Contract Demand means the specified Demand in kilowatts that Monsanto contracts with PacifiCorp to supply and that PacifiCorp agrees to have available for delivery to Monsanto. Monsanto may require the delivery of such amounts of Firm and Interruptible Power as Monsanto may require to meet Monsanto's load requirements up to, but not in excess of, the applicable Total Contract Demand, which

shall be 215,000 kW unless otherwise agreed in writing in accordance with the terms of this Agreement.

1.15 WECC means the Western Electricity Coordinating Council or a successor organization which assumes essentially the same functions as the Western Electricity Coordinating Council.

## **Section 2: Term; Reopeners**

2.1 Term. The initial term of this Agreement shall be for a period of three (3) years commencing on January 1, 2008 and ending at 2400 hours on December 31, 2010 (the "Initial Term"). This Agreement shall automatically renew for successive one (1) year terms unless and until either party gives not less than 180 days written notice of termination. Such notice may be given at any time to terminate the Agreement at the end of the Initial Term or the end of any annual renewal year. After the Termination Date PacifiCorp shall continue to provide any electric service to Monsanto as specified in Idaho Electric Service Schedule No. 400 or its successor then in effect until such time as the Commission establishes or approves other terms and conditions and prices.

2.2 Reopeners and Price Adjustments. The charges specified in Section 4.1 of this Agreement shall be adjusted so that the charges equal the Commission-approved rates applicable to Monsanto, including, but not limited to, customer charges, demand charges, energy charges, surcharges, and credits, as specified in Idaho Electric Service Schedule No. 400 or its successor. Adjustments to the charges in Section 4.1 of this Agreement shall become effective on the effective date of any adjustment to Electric Service Schedule No. 400 resulting from any general rate case or other filing by PacifiCorp. Provided, however, that no adjustment to Electric Service Schedule No. 400 shall go into effect prior to January 1, 2011.

2.2.1 This Agreement may be reopened and modified by the Commission, upon application of either PacifiCorp or Monsanto, in the following events: (i) direct access to wholesale electricity markets is implemented in the state of Idaho and available to Monsanto; or (ii) the WECC amends the quantity or requirements of either the contingency reserve or frequency response reserve component of Operating

Reserves or otherwise modifies Operating Reserves requirements in a manner that materially affects the availability or valuation of Operating Reserves under this Agreement.

2.2.2 PacifiCorp may apply to the Commission for a modification of this Agreement if PacifiCorp demonstrates that (i) Monsanto has shut down one or more of its furnaces for economic reasons for a period of 9 months or longer, excluding shut-downs for maintenance, repair or capital improvements, and (ii) PacifiCorp is materially financially harmed by reason of such reduction in furnace load, taking into account the price that could be obtained by PacifiCorp in a market sale of the energy available from the reduced load, among other things. PacifiCorp shall bear the burden of satisfying these conditions. The Commission shall determine whether these conditions have been satisfied and whether and in what respects this Agreement may be modified to address the change in Monsanto's furnace operations and the financial harm to PacifiCorp.

Should Monsanto reduce its furnace operations from the existing 3-furnace level by one furnace or more for a period of 60 continuous days or more, Monsanto agrees to provide PacifiCorp not less than 60 days written notice before resuming the operation of such furnace or furnaces.

### **Section 3: Purchase and Sale of Power**

3.1 Scope of Deliveries. PacifiCorp shall deliver such amounts of power and energy to the Point of Delivery as Monsanto requires to meet its load requirements up to, but not in excess of, Total Contract Demand, subject to the provisions of Exhibits A and B. Subject to the interruption and curtailment provisions of Exhibits A and B.. PacifiCorp shall use its reasonable best efforts to supply Monsanto's Interruptible Power and Energy requirements.

3.2 Delivery Voltage. PacifiCorp shall deliver power and energy at the Point of Delivery in the form of three-phase, alternating current at a nominal frequency of 60 cycles per second, and at a nominal voltage of 138,000 volts, in accordance with Prudent Electrical Practices. Except during temporary emergency conditions, PacifiCorp shall maintain voltage within the limits of 5 percent above and 5 percent below a normal operating voltage, such normal voltage to be established by PacifiCorp

from time to time upon reasonable notice to Monsanto, between the limits of 120,000 volts and 138,000 volts. PacifiCorp reserves the right to modify the voltage standards in this Section to conform to changes in applicable ANSI standards.

3.3 Reactive Requirements. Monsanto shall control and limit the flow of reactive power between PacifiCorp's and Monsanto's system so as to maintain a Power Factor in accordance with Section 4.1.4.

3.4 Phase Balance. Monsanto shall balance its loads among phases to the extent practicable. If the difference between maximum and minimum phase loads regularly or frequently exceeds 10 percent, based upon a defined place of measurement, PacifiCorp may require that Measured Demands be determined on the basis of three times the load in the maximum phase.

3.5 Wave Form. In the design, selection, and operation of equipment using electric power, Monsanto shall observe due precautions to avoid distortion of wave form that, reacting through the system of PacifiCorp, may result in interference to operation of telephone systems or in other injurious effects to PacifiCorp's electrical system or other Retail Customers. If such adverse effects result at any time from distortion of wave form by causes originating in the Monsanto Electrical Facilities, Monsanto shall remediate such effects in accordance with Section 3.7 of this Agreement.

3.6 Cooperation in Operation.

3.6.1 Monsanto shall endeavor to supply PacifiCorp in advance with information as to conditions affecting Monsanto's power load that may aid PacifiCorp in load dispatching and in planning PacifiCorp's power system operation, such as the probable times and durations of substantial daily load changes. Following an unexpected furnace outage, Monsanto shall notify PacifiCorp's dispatcher as quickly as possible of the expected duration of such outage. Such estimates or advance information shall not be binding on either Party.

3.6.2 PacifiCorp shall hold in reserve sufficient generating capacity to supply Monsanto's anticipated load requirements for a period not to exceed thirty (30) minutes beyond Monsanto's estimated time of load increase. If Monsanto's load requirements have not begun to increase within such thirty (30) minute period, PacifiCorp may sell or otherwise dispose of such reserve capacity as surplus energy

until such time as Monsanto is ready to increase load. However, if such a sale is made, Monsanto may not increase load until such sale can be terminated or PacifiCorp is able to obtain additional capacity through some other means. Such restriction to Monsanto's load shall not be accounted for as curtailment, but shall not extend more than one (1) hour beyond the time Monsanto is ready to increase load.

3.6.3 In order to administer the terms and conditions of this Agreement, PacifiCorp and Monsanto shall each designate from time to time in writing their respective representatives for the purpose of giving and receiving informal communications required under this Agreement.

3.6.4 PacifiCorp acknowledges that Monsanto's electric furnaces require shutdowns for maintenance and overhauling, and it is the intent of the Parties that such shutdowns and consequent reduction of power requirements be predetermined insofar as possible by agreement between the Parties. Except as otherwise provided in Exhibits B, Monsanto shall provide PacifiCorp with at least thirty (30) days written notice of all planned shutdowns of the furnaces.

3.7 Remediation. In the event Monsanto's operations fail to comply with technical requirements of this Agreement or the Electric Service Regulations, or adversely affect the operation of PacifiCorp's transmission or distribution system or other PacifiCorp retail customers, PacifiCorp will promptly give Monsanto written notice thereof. Within thirty (30) days after such notice a working team will be formed with members designated by each Party. The working team will then consult and meet as needed to identify and agree upon: (1) the nature and extent of the alleged problem or deficiency; (2) the cause and responsibility for the problem; (3) reasonable alternative solutions together with the costs and implementation time associated with each; and (4) a mutually acceptable remedial action plan. If the Parties fail to agree, either may petition the Commission to resolve any disputes, which determination shall be binding.

Any remedial action agreed upon by the Parties or determined by the Commission shall be promptly undertaken and pursued to completion. Should Monsanto fail to begin to take corrective action within thirty (30) days after the established start date, PacifiCorp may perform the necessary action and Monsanto shall reimburse PacifiCorp the reasonable costs therefor.

**Section 4: Payment for Power and Energy**

4.1 Determination of Billing Amounts.

4.1.1 The following charges apply each Billing Period to all Firm Power and Energy delivered to Monsanto under this Agreement:

Calendar Year 2007

Firm Energy Charge:	19.40 mills per kilowatt hours of Firm Energy
Customer Charge:	\$1,000 per Billing Period
Firm Demand Charge:	\$10.00 per kW of Firm Power

Calendar Year 2008

Firm Energy Charge:	22.02 mills per kilowatt hours of Firm Energy
Customer Charge:	\$1,135 per Billing Period
Firm Demand Charge:	\$11.35 per kW of Firm Power

Calendar Year 2009

Firm Energy Charge:	22.68 mills per kilowatt hours of Firm Energy
Customer Charge:	\$1,169 per Billing Period
Firm Demand Charge:	\$11.69 per kW of Firm Power

Calendar Year 2010

Firm Energy Charge:	23.81 mills per kilowatt hours of Firm Energy
Customer Charge:	\$1,227 per Billing Period
Firm Demand Charge:	\$12.27 per kW of Firm Power

4.1.2 The following charges apply each Billing Period to all Interruptible Power and Energy delivered to Monsanto under this Agreement:

Calendar Year 2007

Interruptible Energy Charge:	19.40 mills per kilowatt hours of Interruptible Energy
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Interruptible Demand Charge: Firm Demand Charge minus Interruptible Credit.  
Interruptible Credit: [REDACTED] per kW of Interruptible Power

Calendar Year 2008

Interruptible Energy Charge: 22.02 mills per kilowatt hours of Interruptible Energy  
Interruptible Demand Charge: Firm Demand Charge minus Interruptible Credit.  
Interruptible Credit: [REDACTED] per kW of Interruptible Power

Calendar Year 2009

Interruptible Energy Charge: 22.68 mills per kilowatt hours of Interruptible Energy  
Interruptible Demand Charge: Firm Demand Charge minus Interruptible Credit.  
Interruptible Credit: [REDACTED] per kW of Interruptible Power

Calendar Year 2010

Interruptible Energy Charge: 23.81 mills per kilowatt hours of Interruptible Energy  
Interruptible Demand Charge: Firm Demand Charge minus Interruptible Credit.  
Interruptible Credit: [REDACTED] per kW of Interruptible Power

4.1.3 Replacement Energy Price: The following Replacement Energy Charges apply for each Economic Curtailment Hour in the Billing Period:

*Adjusted Index Price multiplied by Replacement Energy.*

Monthly Replacement Energy Charges shall equal the sum of hourly Replacement Energy Charges for the Billing Period. An example showing the calculation of the Adjusted Index Price for certain Economic Curtailment Hours under certain stated assumptions is set forth in Exhibit B.

4.1.4 Power Factor: The prices set forth in this Agreement are predicated upon the electric power supplied to Monsanto being taken at a nominal power factor of 0.95 or higher at all times, corresponding to a kilovar demand of 33 kilovars per 100 kW of Demand. Monsanto shall pay PacifiCorp \$0.75 per month for each kilovar of Average Kilovar Demand in excess of 33 kilovars per 100 kW of Measured Demand. Average Kilovar Demand shall be the average of the Daily Kilovar Demands for that Billing

Period. Daily Kilovar Demand means, as to any day, the kilovar demand measured during the 15-minute interval corresponding to the 15-minute interval during which Monsanto's Measured Demand occurs for the Billing Period which includes that day.

4.1.5 Power and energy delivered under this Agreement shall be recorded by appropriate metering devices as installed and described in Section 7. All billing statements for power and energy shall show the amount due for the type and quantity of power and energy purchased and charged in accordance with this Agreement. Total charges for the Billing Period shall be the sum of the charges for Firm Power and Energy, Interruptible Power and Energy and Replacement Energy, and charges for power factor pursuant to section 4.1.4. The billing statement shall also include details on all interruptions and curtailments for the Billing Period, including the following information:

- Type of interruption or curtailment
- Date
- Beginning and end time
- Duration
- Megawatts interrupted or curtailed by Monsanto
- Year-to-date total hours of each type of interruption or curtailment
- Replacement Energy purchased, Index Price and Adjusted Index Price

4.1.6 All payments to PacifiCorp under this Agreement shall be delivered by wire transfer as follows within thirty (30) days of the date of the invoice.

4.2 Billing Disputes. In the event that all or a portion of Monsanto's bill, or of any other claim or adjustment arising hereunder, is disputed, Monsanto shall pay the undisputed portion of the bill when due. At the time of the payment, Monsanto shall provide PacifiCorp with a written explanation of any disputed portion withheld ("Monsanto Notice of Billing Dispute"). Monsanto and PacifiCorp shall seek to make a determination on any disputed amount within sixty (60) days after issuance of Monsanto's Notice of Billing Dispute. If it is determined that the disputed portion is due PacifiCorp, Monsanto shall pay such to PacifiCorp within 15 days following such determination, together with interest from the date the bill was originally due at the rate then specified in the Electric Service Regulations or, if no rate is specified, the then

effective prime rate as established by the Morgan Guaranty Trust Bank of New York.

4.3 Deposits. If at any time either Party becomes aware of information regarding the other Party which it believes will substantially impair the other Party's ability to perform its obligations under this Agreement, such Party may request assurances of performance in writing from the other Party. If such assurances are not satisfactory to the requesting Party, after consultation with the other Party, the requesting Party may petition the Commission for appropriate protections including but not limited to a financial deposit, guarantee or letter of credit.

#### **Section 5. Interruptible or Curtailment Options**

Monsanto agrees to provide PacifiCorp with the following three interruptible or curtailment options in the amounts and in accordance with the terms and conditions of Exhibits A and B, Operating Reserves, and System Integrity and Economic Curtialment.

#### **Section 6: Operations and Maintenance**

6.1 Licenses. Monsanto hereby licenses to PacifiCorp for its use in connection with this Agreement and during the term of this Agreement, reasonably sufficient space in Monsanto's 138 kV substation to be used solely by PacifiCorp's metering equipment, static capacitors, not to exceed 30,000 kilovars, and associated facilities necessary or useful for PacifiCorp's provision of electric service to Monsanto, consistent with Prudent Electrical Practices, which license shall include reasonable rights of ingress and egress necessary for PacifiCorp's exercise of such license. In the exercise of this license and their rights, PacifiCorp shall, acting consistent with Prudent Electrical Practices, not interfere with the operations of Monsanto, shall schedule and coordinate its activities to avoid such interference and shall abide by Monsanto safety requirements.

6.2 Monsanto's 138 kV Substation. Monsanto shall be responsible for the operation and maintenance of its own facilities and equipment within Monsanto's 138 kV substation. Any equipment supplied by PacifiCorp shall remain the property of PacifiCorp and shall be maintained by PacifiCorp.

6.3 Operation of Monsanto Electrical Facilities.

6.3.1 In order to minimize the hazards to both PacifiCorp's and Monsanto's electrical systems, protective devices, circuit breakers and other Monsanto Electrical Facilities interconnected with PacifiCorp shall be operated by qualified Monsanto personnel only upon prior notification to, and receipt of permission from, PacifiCorp's SCC Region Dispatcher, except as provided in Paragraph 6.4 hereof. PacifiCorp's Dispatcher shall honor Monsanto's verbal requests for permission to operate Monsanto's protective devices and other Monsanto Electrical Facilities if such operation will not, in the opinion of PacifiCorp, impair such facilities and the reliable operation of PacifiCorp's electrical system or impair service to other Retail Customers of PacifiCorp; provided, that Monsanto may operate Monsanto's circuit breakers and other Monsanto Electrical Facilities without prior notification when Monsanto deems it necessary to protect persons or property at its Plant. In such event, Monsanto shall assume full and sole liability for injury or damages to persons or property at the Plant resulting from such operation of the circuit breakers or other Monsanto Electrical Facilities.

6.3.2 Monsanto currently provides potential and current transformers for use in connection with its own relaying and metering operations and PacifiCorp may use such transformers to any reasonable extent for PacifiCorp's metering, relaying, and communication requirements. Should Monsanto's potential and current transformers not meet PacifiCorp's requirements, Monsanto shall install any potential and current transformers required by PacifiCorp that are supplied by PacifiCorp.

6.3.3 PacifiCorp may operate the circuit breakers feeding Monsanto's interconnections to accommodate operation of PacifiCorp's and Monsanto's systems in a manner consistent with Prudent Electrical Practices; provided, that, except as provided in Paragraph 6.4, PacifiCorp shall notify Monsanto prior to operating such circuit breakers and shall keep Monsanto informed as to the operating status of such breakers.

6.3.4 Upon notice to Monsanto, PacifiCorp shall have reasonable access to Monsanto's substation control building(s). PacifiCorp personnel shall comply with all health, safety, and confidentiality rules, regulations and practices that Monsanto has provided to PacifiCorp.

6.3.5 Any failure of the Monsanto Electrical Facilities to operate adequately or properly shall not subject PacifiCorp to liability to Monsanto for any resulting loss or damages, or consequential damages of any kind, and Monsanto hereby releases PacifiCorp from any such liability.

6.4 Emergency Conditions. In the event of an emergency resulting in danger to persons or property, or potential danger to Monsanto's and/or PacifiCorp's systems, either PacifiCorp or Monsanto may open their respective circuit breakers without notice to the other Party. Whenever possible, the Parties shall notify the other Party prior to opening any such device, and notification shall be made as soon as possible after the device has been opened. When corrective actions have been completed, PacifiCorp shall restore service upon receiving notice and being satisfied that all necessary corrections have been made.

6.5 Relays. PacifiCorp may provide and install on Monsanto's relay panel under-frequency relays for the purpose of tripping Monsanto's power circuit breakers at such under-frequencies as may be specified by PacifiCorp in accordance with Prudent Electrical Practices.

6.6 Maintenance of Monsanto Electrical Facilities.

6.6.1 Monsanto shall be solely responsible for the operation and maintenance of the Monsanto Electrical Facilities. Monsanto shall inspect the Monsanto Electrical Facilities on a regularly scheduled basis and maintain them in safe operating condition.

6.6.2 PacifiCorp may, but is not required to, inspect the Monsanto Electrical Facilities during reasonable business hours and if, in the sole judgment of PacifiCorp, the Monsanto Electrical Facilities are not maintained in safe operating condition, thereby creating a hazard to persons or property or to the operation of PacifiCorp's system, PacifiCorp shall notify Monsanto promptly stating the required maintenance, replacement, or repair necessary to put the Monsanto Electrical Facilities in safe operating condition and specifying a reasonable period in which to make repair. Such inspections shall be performed by a person or persons that have been certified as safety trained, when required, and shall be in full compliance with all Monsanto rules and regulations. PacifiCorp will advise Monsanto of the names and titles of persons to

be admitted to the Monsanto site. Monsanto shall make such or equivalent repairs, replacement or maintenance within a reasonable time. In the event specified corrective procedures are not completed as required by the notice, PacifiCorp may, without further notice to Monsanto, discontinue service to Monsanto. In the event PacifiCorp discontinues service under this Section, PacifiCorp shall not be liable to Monsanto for any resulting loss or damage, including, but not limited to, lost profits or consequential damages of any kind, and Monsanto hereby releases PacifiCorp from any such liability. The provisions of this Section for the restoration of safe operating conditions are not subject to the remediation procedures of Section 3.7 of this Agreement.

### **Section 7: Metering**

7.1 **PacifiCorp Obligations.** PacifiCorp shall provide, maintain, and test meters and metering equipment required for purposes of settlement hereunder, except any potential transformers and current transformers owned by Monsanto under Section 6.3.2. Meters, metering equipment and measurement shall be located at the Point of Delivery. Maintenance and periodic testing procedures with respect to meters and metering equipment shall be in accordance with generally accepted practices and the rules and standards established by the Commission. In addition to PacifiCorp's periodic tests, special tests shall be made if requested by Monsanto, which special tests shall be conducted at the expense of Monsanto. Monsanto shall furnish without charge reasonable incidental service, such as removal of tapes and charts, and shall communicate to PacifiCorp the meter readings necessary for operation. PacifiCorp's designated agents shall have access to such metering equipment at all reasonable times and shall be permitted to install and operate from time to time any testing equipment needed in connection with operations or settlements hereunder.

7.2 **Obligations.** If either Monsanto or PacifiCorp provides check-metering equipment, information with respect to registrations thereof will be provided.

7.3 **Meter Testing.** Representatives of PacifiCorp and Monsanto may be present at all routine or special tests of meters and metering equipment and upon occasions when any readings are taken for purpose of settlements.

7.4 Adjustments to Bills. If, at any test of any meter or metering equipment, an inaccuracy is disclosed exceeding two percent, the account for service theretofore supplied shall be adjusted to correct for such inaccuracy for a period of 90 days prior to the date of such test, or for the period during which such inaccuracy may be determined to have existed, whichever period is the shorter. Should any meter at any time fail to register, or should the registration be so erratic as to be meaningless, the quantities shall be determined from PacifiCorp's check meters or otherwise from the best available data.

7.5 Telecommunications Facilities. Upon PacifiCorp's request, Monsanto shall maintain a dedicated telephone line for meter reading purposes without charge to PacifiCorp. Monsanto shall pay all recurring charges related to line operation.

#### **Section 8: Force Majeure**

Neither PacifiCorp nor Monsanto shall be subject to any liability or damages for inability to provide or receive service to the extent that such failure shall be due to causes beyond the control of either PacifiCorp or Monsanto, including, but not limited to the following: (a) the operation and effect of any rules, regulations and orders promulgated by any commission, municipality, or governmental agency of the United States, or subdivision thereof (so long as the claiming Party has not applied for or assisted in the application for, and has opposed where and to the extent reasonable, such government action); (b) restraining order, injunction or similar decree of any court; (c) war; (d) explosion; (e) fire; (f) major breakage or failure of equipment; (g) flood; (h) earthquake; (i) act of God; (j) sabotage; or (k) strikes or boycotts (such events constituting a "Force Majeure"). Should a Force Majeure occur, the Party claiming Force Majeure shall have no liability for performance during the period of Force Majeure; provided, the Party claiming Force Majeure shall make every reasonable attempt to remedy the cause thereof as diligently and expeditiously as possible.

### **Section 9: Resale of Power**

Electric power and energy delivered to and purchased by Monsanto pursuant to this Agreement may not be resold directly or indirectly by Monsanto to any person or entity.

### **Section 10: Liability**

10.1 Liability. Each Party hereto (the "liability causing Party") shall defend, indemnify and hold harmless the other Party from and against any liability, damage, loss, costs and expenses, including but not limited to attorneys' fees, on account of injury to or death of persons including, but not limited to, Monsanto's employees and PacifiCorp's employees, or damage to property to the extent caused by or arising from the negligent acts or omissions of the liability causing Party.

10.2 Limitation of Liability. PacifiCorp shall endeavor at all times to provide steady and continuous service to Monsanto and shall make reasonable efforts to prevent irregularities and interruptions. PacifiCorp shall use its best efforts to notify Monsanto prior to or, in any event, immediately after an interruption or irregularity in order that Monsanto may attempt to mitigate its damages resulting therefrom. If due to causes beyond the control of PacifiCorp the supply of electricity is irregular, defective, or fails, PacifiCorp shall not be liable for any physical damages, economic losses, costs or damages resulting therefrom, including but not limited to special, indirect, incidental, consequential, punitive, or exemplary damages.

### **Section 11: Successors and Assigns**

Neither PacifiCorp nor Monsanto shall assign this Agreement without the written consent of the other Party, which consent shall not be unreasonably withheld, except Monsanto may assign this Agreement without any such consent to the acquirer of the majority of the value of the Plant, provided that Monsanto as assignor shall continue to guarantee the performance by the assignee of the Monsanto obligations under this Agreement and further provided that PacifiCorp may assign this Agreement without any such consent to an entity that acquires the majority of the value of PacifiCorp's facilities, in which event PacifiCorp as assignor, shall guarantee the assignee's performance of

PacifiCorp's obligations. Any assignee or successor of Monsanto shall remain subject to such assignee's or successor's qualification as a customer under PacifiCorp's policies and Electric Service Regulations, and shall be bound by this Agreement, the Electric Service Regulations, and assume the obligations of Monsanto from the date of assignment. If assigned with such consent, this Agreement shall inure to the benefit and be binding upon the assignee, its agents and assigns; provided, that nothing herein shall prevent either Party from assigning this Agreement to its parent corporation or to its survivor in connection with a corporate reorganization, provided that such assignee is solvent and is able to meet its obligations hereunder.

### **Section 12: Jurisdiction of Regulatory Authorities**

12.1 Regulatory Authorities. This Agreement is subject to the approval of the Commission.

12.2 Electric Service Regulations. The Electric Service Regulations are incorporated herein and made a part of the Agreement. Once the Commission approves the Agreement, the provisions of the Agreement shall take precedence over any conflicting provisions of PacifiCorp's Electrical Service Regulations. The Parties acknowledge and agree that they are familiar with such existing regulations and agree to abide by them and all amendments and changes thereto so approved by the Commission. In the event that the Commission or any other state, federal, or municipal authority having jurisdiction issues any rules, regulations, or orders that require PacifiCorp to alter or amend any of the terms and conditions of this Agreement or to terminate or curtail the delivery of power and energy to Monsanto, neither Party shall be liable for damages or losses of any kind whatsoever which the other Party may sustain as a result of such rule, regulation or order, including consequential damages.

### **Section 13: Remedies**

Each Party may exercise any or all of its rights and remedies under this Agreement, the applicable Electric Service Regulations and under any applicable laws, rules and regulations. No provision of this Agreement or the Electric Service Regulations shall be deemed to have been waived unless such waiver is in writing

signed by the waiving Party. No failure by any Party to insist upon the strict performance of any provision of this Agreement, the Electric Service Regulations or to exercise any right or remedy consequent upon a breach thereof, shall constitute a waiver of any such breach of such provision or of any other provision. No waiver of any provision of this Agreement or the Electric Service Regulations shall be deemed a waiver of any other provision of this Agreement, the Electric Service Regulations or a waiver of such provision with respect to any subsequent breach, unless expressly provided in writing.

#### **Section 14: Representatives and Notices**

For the purposes of this Agreement, any notices required to be given hereunder shall be sent postage prepaid, by registered or certified mail, return receipt requested (or alternately by facsimile or any other method acceptable by both Parties) to the Parties at the respective addresses below and shall be deemed to have been given when received as evidenced by the appropriate receipt verifying delivery:

Representatives of Monsanto:

Plant Manager  
Monsanto Company  
P.O. Box 816  
Soda Springs, Idaho 83276  
Tel: (208) 546-4300, ex 201  
Fax: (208) 547-3312

Vice President - Procurement  
Monsanto Company  
800 N. Lindbergh Blvd.  
St. Louis, MO 63167  
Tel: (314) 694-5756  
Fax: (314) 694-2169

Representatives of PacifiCorp:

General Counsel  
PacifiCorp dba Rocky Mountain Power  
201 S, Main, Suite 2300  
Salt Lake City, UT 84111  
Fax 801-220-4804

With a copy to:

Director, Contract Administration  
PacifiCorp  
825 NE Multnomah, Suite 600  
Portland, OR 97232  
Fax: 503-813-6291

This notice requirement does not apply to regular and ordinary business and operation communications between the Parties' employees.

### **Section 15: Other Contracts**

This Agreement constitutes and contains the entire Agreement of the Parties hereto and supersedes any and all prior negotiations, correspondence, understanding, and agreements between the Parties respecting the subject herein. This Agreement may not be modified, altered, or changed in any manner whatsoever except pursuant to the express provisions of this Agreement or by written agreement between the Parties hereto, subject to Commission approval.

### **Section 16: Governing Law; Jurisdiction; Venue**

All provisions of this Agreement and the rights and obligations of the Parties shall in all cases be governed by and construed in accordance with the laws of the State of Idaho applicable to contracts executed in and to be wholly performed in Idaho by persons domiciled in the State of Idaho. Each Party hereto agrees that any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement, the Electric Service Regulations or the transactions contemplated hereby or thereby, may only be brought before the Commission, the Federal courts located within the State of Idaho, or state courts of the State of Idaho, and each Party hereby consents to the exclusive jurisdiction of such forums (and of the appellate courts therefrom) in any such suit, action or proceeding.

### **Section 17: Attorney's Fees**

If any suit or action arising out of or related to this Agreement or the Electric Service Regulations is brought by any Party, the prevailing Party shall be entitled to recover the costs and fees (including, without limitation, reasonable attorneys' fees, the fees and costs of experts and consultants, copying, courier and telecommunication costs, and deposition costs and all other costs of discovery) incurred by such Party in such suit or action, including, without limitation, any post-trial or appellate proceeding, or in the collection or enforcement of any judgment or award entered or made in such suit or action.

### **Section 18: Cooperation**

18.1 Whenever this Agreement requires that one Party comply with the rules, regulations, standards or requirements of the other Party, the Parties agree to cooperate with each other in requesting and providing such rules, regulations, standards or requirements on a timely basis.

18.2 In order to facilitate the economic management of PacifiCorp's wholesale power transactions necessary to carry out this Agreement, Monsanto agrees to inform PacifiCorp in a timely manner of planned furnace outages and of the expected return of furnaces to service.

### **Section 19: Exhibits**

The following Exhibits are attached to and incorporated into this Agreement by reference:

Exhibit A: Operating Reserves and System Integrity Interruption Options

Exhibit B: Economic Curtailment Option

### **Section 20: Headings/References**

The descriptive headings contained in this Agreement are included for reference only and shall not affect in any way the meaning or interpretation of this Agreement. References in this Agreement to Sections are to Sections of this Agreement unless otherwise stated or evident from the context.

### **Section 21: Construction of Agreement**

This Agreement was drafted as a joint effort of both Parties and may not be construed against one Party over the other in the event of a controversy over its meaning.

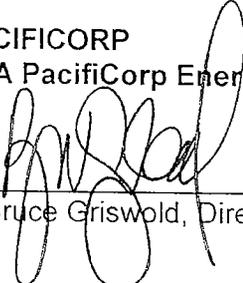
**Section 22: Counterparts**

This Agreement may be executed as one instrument signed by the Parties or may be executed in separate counterparts. Each separate counterpart is deemed an original.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their authorized officers or representatives as of the date first hereinabove written.

**PACIFICORP  
DBA PacifiCorp Energy**

By

  
\_\_\_\_\_  
Bruce Griswold, Director

**MONSANTO COMPANY**

By \_\_\_\_\_

**Section 22: Counterparts**

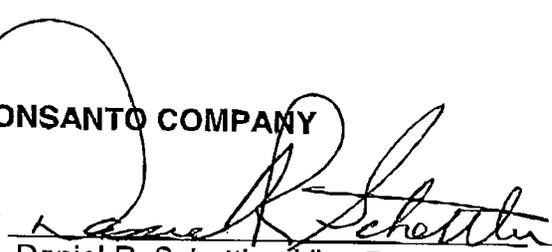
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**PACIFICORP  
DBA PacifiCorp Energy**

By \_\_\_\_\_  
Bruce Griswold, Director

**MONSANTO COMPANY**

By   
Daniel R. Schettler, Vice President

**EXHIBIT "A"**

**OPERATING RESERVE  
AND SYSTEM INTEGRITY INTERRUPTION OPTIONS**

This Operating Reserve and System Integrity Interruption Options, Exhibit A, is a part of the Electric Service Agreement between PacifiCorp and Monsanto Company, dated as of November 5, 2007, as amended from time to time (the "Agreement"), and is subject to the terms and conditions of the Agreement.

**1. Definitions**

Capitalized terms used in this Exhibit A shall have the meanings specified below or as contained in the Agreement:

1.1 Operating Reserve means a specific amount of electrical resources that all control areas must have available at all times to ensure the reliable operation of the interconnected electrical system pursuant to WECC guidelines and includes interruptible load as a non-spinning form of contingency Operating Reserves.

1.2 System Integrity means the ability of PacifiCorp's electric generation or transmission system to continue to operate at a high degree of reliability and at voltage levels consistent with Prudent Electrical Practices.

**2. Operating Reserve Interruptions**

PacifiCorp recognizes that each of Monsanto's electric phosphorus furnaces operate at different electrical rates. Upon telephone notification by PacifiCorp for Operating Reserves interruption, Monsanto will interrupt within six minutes its available furnace load as defined below, subject to the terms of this Exhibit A. At the time of the notification, Monsanto's operator shall inform PacifiCorp's dispatcher of the amount of service it will be interrupting.

2.1 Operating Reserve interruptions shall have priority over Economic Curtailment. If any of Monsanto's furnaces are not in operation, in order for PacifiCorp

to retain the ability to call for Operating Reserves, no furnace shall be considered available for Economic Curtailment during that time.

2.2 Curtailments for Operating Reserve will be as follows depending upon furnace availability at the time of notification:

2.2.1 If three furnaces are operating , Monsanto will curtail ■ MW .

2.2.2 If two furnaces are operating and the third is unavailable due to maintenance or overhaul, Monsanto will curtail a minimum of ■ MW.

2.2.3 If two furnaces are operating and the third is unavailable due to Economic Curtailment, Monsanto will curtail one furnace. The furnace so curtailed will be the largest operating furnace.

2.2.4 If only one Monsanto furnace is operating , Monsanto will curtail such furnace.

2.3 The interrupted service shall be restored at the earlier of: (1) notice from PacifiCorp's dispatcher, or, (2) the top of the second hour following the Operating Reserve interruption, provided that no interruption shall exceed one hundred and twenty (120) minutes. For example, if the Operating Reserve interruption begins at 1:45 am, the interrupted service shall be restored no later than 3:00 am. As a second example, if the Operating Reserve interruption begins at 1:00 am, the interrupted service shall be restored no later than 3:00 am. As a third example, if the operating reserve event begins at 1:10 am, the interrupted service shall be restored no later than 3:00 am.

### **3. System Integrity Interruptions**

PacifiCorp may request System Integrity Interruptions of up to ■ MW if the System Integrity Interruption is voltage related and up to ■ MW if the System Integrity Interruption is caused by a Double Contingency Event. A Double Contingency Event shall mean the forced outage of two or more PacifiCorp generating units totaling 500 MW or more of capacity. To qualify as a Double Contingency Event, two or more forced outages totaling 500 MW or more of capacity must occur within 48 hours of each other and must overlap for at least one hour. Once a Double Contingency Event begins, PacifiCorp may request System Integrity Interruptions at any time during the next 48 hours. After 48 hours after a Double Contingency Event begins, PacifiCorp may no

longer request System Integrity Interruptions in response to that specific Double Contingency Event. Monsanto will interrupt its available furnace load accordingly upon telephone notification. Under emergency conditions, such interruption may occur without advance notice to Monsanto. Otherwise, PacifiCorp shall give Monsanto not less than two (2) hours notice of the potential for interruption for System Integrity purposes and advance notice when such interruption will end.

3.1 System Integrity Interruptions shall be available to PacifiCorp all hours of every day, and have priority over any other interruption or curtailment option implemented at that time.

3.2 The interrupted service shall be restored when no longer needed to maintain System Integrity.

3.3 A System Integrity Interruption shall not relieve Monsanto of any hours under any other interruption or curtailment option. (For example, if a two-hour System Integrity Interruption occurs during a five-hour Economic Curtailment, Monsanto will be considered to have been economically curtailed for only three hours, but the Economic Curtailment shall end at the time stated in the Curtailment Notice.)

3.4 A System Integrity Interruption in response to a Double Contingency Event shall last no longer than two consecutive hours in any 48 hour period.

#### **4. Purpose of Interruption**

PacifiCorp may direct such interruptions at any time it concludes, in its sole discretion, that PacifiCorp needs to utilize the Operating Reserves or System Integrity Interruption, subject to the terms of the Agreement and this Exhibit A.

#### **5. Number of Interruptions**

5.1 The maximum number of Operating Reserve interruptions that PacifiCorp may direct shall be:

- (1) One hundred eighty-eight (188) hours per calendar year
- (2) Twenty-five (25) interruptions for each calendar month
- (3) Four (4) interruptions in any four (4) hour period
- (4) Up to two (2) hours per interruption

5.2 The maximum number of System Integrity interruptions that PacifiCorp may direct shall be twelve (12) hours per calendar year. Duration of any System Integrity interruption can be longer than one hour.

5.3 Any interruption pursuant to this Agreement including all exhibits shall count as a minimum of one (1) hour. Any Operating Reserve interruption that lasts longer than one (1) hour but shorter than two (2) hours shall count as two (2) hours. Any Operating Reserve interruption that lasts two (2) hours shall count as two (2) hours.

## **6. Operating Reserves Nonperformance.**

6.1 If, for any reason other than as defined in Section 8 of this Exhibit A (Communication of Maintenance Scheduling), Monsanto fails to comply with a request from PacifiCorp to interrupt load for Operating Reserves as specified in this Exhibit A, PacifiCorp shall have the following remedies:

6.1.1 Monsanto shall pay PacifiCorp as damages the amount of \$150,000 for each occurrence, which the Parties agree is a reasonable estimate of the damages expected to be incurred by reason of such nonperformance.

6.1.2 PacifiCorp may request that Monsanto provide assurances in writing that Monsanto will in the future comply with requests to interrupt load for Operating Reserves as specified in this Exhibit A, including any actions Monsanto will take to remedy the cause of such failure to comply.

6.1.3 In the event of a second failure by Monsanto to interrupt load for Operating Reserves as specified in this Exhibit A, PacifiCorp may petition the Commission for appropriate relief.

6.2 If, for any reason PacifiCorp requires Monsanto to interrupt load for Operating Reserves under circumstances not permitted in this Exhibit A, and Monsanto complies with such request, Monsanto shall have the following remedies:

6.2.1 PacifiCorp shall pay Monsanto as damages the amount of \$150,000 for each occurrence, which the Parties agree is a reasonable estimate of the damages expected to be incurred by reason of such load interruption.

6.2.2 Monsanto may request that PacifiCorp provide assurances in writing that PacifiCorp will in the future comply with the requirements for interrupting load for Operating Reserves as specified in this Exhibit A, including any actions PacifiCorp will take to remedy the cause of such failure to comply.

6.2.3 In the event of a second failure by PacifiCorp to comply with the requirements for interrupting load for Operating Reserves as specified in this Exhibit A, Monsanto may petition the Commission for appropriate relief.

6.3 The remedies provided in this Section 6 for the specified failures to comply with Operating Reserves requirements of this Exhibit A are the sole and exclusive remedies for such nonperformance.

## **7. Maintenance of Dedicated Telephone Line**

Monsanto and PacifiCorp shall maintain a dedicated telephone line at their own cost in their respective control rooms. This line shall be solely dedicated for communications between Monsanto furnace operators and PacifiCorp dispatchers. Each party shall have an authorized employee available at all times to immediately respond to telephone notices of interruption or curtailment of operations.

## **8. Communication of Maintenance Scheduling**

8.1 PacifiCorp acknowledges that the electric phosphorus furnaces at Monsanto will be removed from service from time to time during the Term of this Agreement for maintenance and overhauls. As provided for in Section 8 of Exhibit B, Monsanto will submit to PacifiCorp expected maintenance schedules and delays, as well as inform PacifiCorp dispatchers by telephone with a follow-up fax prior to restoring electrical power to a furnace after such a delay.

8.2 If Monsanto has unavailable furnaces due to maintenance or overhaul, and an interruption is called for either Operating Reserve or System Integrity, Monsanto will not resume operation of the unavailable furnaces until the earlier of: 1) notice from

PacifiCorp dispatcher or, 2) sixty (60) minutes after the notification by Monsanto to resume service.

## **9. Communication**

Notwithstanding the minimum notice requirements set forth in this Exhibit, the parties will use best efforts to provide each other with as much notice as possible of interruption or curtailment of operations.

PacifiCorp and Monsanto shall use an agreed-upon written communication script to use during the telephone notice from PacifiCorp's dispatcher requesting such interruption of electrical service for Operating Reserve.

The agreed-upon script may be updated from time to time by written mutual consent by both parties.

## **10. Contacts**

Monsanto operator:

Plant: (direct line)

Fax: 208-547-1197

PacifiCorp dispatch (Real-time desk):

Phone: 503-813- 5374

Fax: 503-813- 5512

## EXHIBIT "B"

### Economic Curtailment Option

This Economic Curtailment Option, Exhibit B, is a part of the Electric Service Agreement between PacifiCorp and Monsanto Company, dated as of November 5, 2007, as amended from time to time (the "Agreement"), and is subject to the terms and conditions of the Agreement.

#### **1. Definitions**

Capitalized terms used in this Exhibit B shall have the meanings specified below or as contained in the Agreement:

1.1 Adjusted Index Price means the Index Price for a given Day times the applicable hourly shaping factor set forth in Exhibit B-1 for each Economic Curtailment Hour. The hourly scalars shall be reviewed annually and if substantial changes occur, the scalars may be revised and updated per mutual agreement.

1.2 Economic Curtailment means an interruption of electric service to Monsanto's Plant made by PacifiCorp in its sole discretion in accordance with this Exhibit B.

1.3 Economic Curtailment Capacity means the ■ MW electric load available for Economic Curtailment under this Exhibit B.

1.4 Economic Curtailment Hours means the hours chosen by PacifiCorp for Economic Curtailment during each Day.

1.5 Economic Curtailment Notice means the notice of curtailment provided to Monsanto by PacifiCorp in accordance with Section 4 of this Exhibit B.

1.6 Economic Curtailment Response means Monsanto's response in accordance with Section 5 of this Exhibit B to an Economic Curtailment Notice.

1.7 Index Price means the price for a given Day as specified for the identified Dow Jones™ index. During those hours that more than ■ MW of PacifiCorp merchant's firm transmission rights (North to South) on Path C go unutilized and are available, as

determined on an after-the-fact basis by comparing PacifiCorp's scheduled usage, as of the beginning of each Economic Curtailment Hour, against firm Path C rights available to PacifiCorp's merchant function for that hour, Monsanto will pay PacifiCorp based on the lower of the appropriate (on-peak or off-peak) Dow Jones™ Mid-Columbia or Palo Verde Index Price for firm power as reported at [www.dowjones.com](http://www.dowjones.com) (or a successor site) each Monday through Sunday.

For those hours that less than ■ MW of PacifiCorp merchant's firm Path C transmission rights (north to south) on Path C are available, as determined on an after-the-fact basis by comparing PacifiCorp's scheduled usage against firm Path C rights available to PacifiCorp's merchant function for that hour, Monsanto will pay PacifiCorp based on the appropriate (on-peak or off-peak) Dow Jones™ Palo Verde Index Price for firm power; provided, however, that the Palo Verde Index Price, rather than the lower of the Palo Verde or Mid-Columbia Index Price, shall be paid only to the extent such transmission rights are constrained on a scheduled basis for each Economic Curtailment Hour. For example, if during an hour for which Monsanto has elected to buy through ■ MW, only 30 MW of such transmission rights are available, Monsanto will pay based on the lower of the Palo Verde or Mid-Columbia Index Price for 30 MWhs of the Replacement Energy delivered for that hour, and will pay based on the Palo Verde Index Price for the remaining Replacement Energy for that hour.

If separate on-peak and off-peak Dow Jones™ indices are not reported for any Day during the Term, the Dow Jones™ indices for the most recent preceding Day (i.e., Saturday for Sunday) shall be used to set the Index Price for the Day on which separate on-peak and off-peak Dow Jones™ indices are not reported. For reference, the Dow Jones description of the Dow Jones™ Mid-Columbia and Palo Verde indices is attached as Exhibit B-3.

If the "Dow Jones™ indices or any replacement of either the Mid-Columbia or Palo Verde index ceases to be reported during the Term, or ceases to be an accurate and reliable index for the types of transactions currently covered, the Parties shall mutually agree upon a substantially equivalent index that, after any appropriate or necessary adjustments, provides the most reasonable substitute for the index in

question. Neither PacifiCorp nor Monsanto shall unreasonably withhold, condition or delay agreement to such an index.

1.8 Path C means the particular high voltage transmission corridor comprised of the Borah-Ben Lomond 345 kV, Brady-Treasureton 230 kV, Goshen-Grace 161 kV and American Falls-Malad 138 kV lines, located in northern Utah and southern Idaho. In accordance with the WECC criteria for rating paths, its transfer capability is based on a simultaneous loss of both the Borah-Ben Lomond 345 kV and the Brady-Treasureton 230 kV lines, which share common right-of-way for approximately 50 miles. The amounts of Path C (North to South) firm and non-firm transfer capability that PacifiCorp's transmission function has available for sale is listed on PacifiCorp's OASIS web site at "<http://www.oasis.pacificorp.com>" under the path name of "W//PPW/PATHC-PACE//". The Parties acknowledge that the information supplied on PacifiCorp's OASIS web site may or may not be indicative of PacifiCorp merchant's actual Path C (North to South) firm right schedule at the beginning of any Economic Curtailment Hour, and PacifiCorp shall not be liable in any manner with respect to any curtailment or buy-through decisions of Monsanto hereunder based on such Path C information.

1.9 Replacement Energy means the energy for any Economic Curtailment Hour that Monsanto elects to buy through rather than physically curtailing its ■ MW electric phosphorous furnace load.

During such hours that Monsanto does not physically curtail its electric phosphorous furnace load, Replacement Energy shall be deemed to be ■ MWh per Economic Curtailment Hour. During Economic Curtailment Hours that notice is provided pursuant to Section 5 below that Monsanto intends to physically curtail electric phosphorous furnace load, Replacement Energy shall be deemed to equal ■ MWh per Economic Curtailment Hour less: (a) ■ MWh per Economic Curtailment Hour if furnace #9 is identified for furnace curtailment, or (b) ■ MWh per Economic Curtailment Hour if furnace #8 is identified for furnace curtailment, or (c) ■ MWh per Economic Curtailment Hour if furnace #7 is identified for furnace curtailment.

## **2. Amount of Economic Curtailment**

2.1 Monsanto agrees to supply PacifiCorp █ MW of Economic Curtailment up to a maximum of 800 hours in calendar year 2007, 800 hours in calendar year 2008, 830 hours in calendar year 2009, and 850 hours in calendar year 2010, upon not less than two (2) hours of fax notice, confirmed by telephone notice.

2.2 If any of Monsanto's furnaces are not in operation, in order for PacifiCorp to retain the ability to call for Operating Reserves, no furnace shall be considered available for Economic Curtailment during that time.

## **3. Purpose of Curtailment**

PacifiCorp may direct an Economic Curtailment at any time, subject to the terms of Exhibit A and this Exhibit B.

## **4. Curtailment of Monsanto**

4.1 PacifiCorp may exercise its right to Economic Curtailment, upon not less than two (2) hours of fax notice from PacifiCorp's dispatcher to Monsanto's control operator at (208) 547-1197, with prompt confirmation by telephone notice through Monsanto's direct line, requesting curtailment of electric service for economic purposes and providing the amount and duration, start and end time. Such fax notice shall utilize the form of curtailment notice attached hereto as Exhibit B-2. If at the time of the telephone notice Monsanto has not received the fax notice, the notice of curtailment shall be deemed given by telephone. With such notice, PacifiCorp will provide to Monsanto information regarding PacifiCorp's estimate of what Dow Jones may publish for the Index Price, prior to any adjustments as provided for herein, for the day associated with such period of curtailment. Such information will be based on market information reasonably known by PacifiCorp's dispatchers at the time with respect to the Index Price, but PacifiCorp shall not be bound by such information and will not be liable in any manner for the accuracy of such information or any differences between such estimates and the actual Index Price.

4.2 If PacifiCorp has not received notice from Monsanto in accordance with Section 5 below in response to an Economic Curtailment Notice, PacifiCorp will use

reasonable efforts to contact Monsanto by telephone, not less than one hour prior to the time the designated Economic Curtailment is to commence; provided, however, that in no event shall failure by PacifiCorp to make such contact relieve Monsanto of its obligation to pay Replacement Energy Charges for the Economic Curtailment Hours designated in PacifiCorp's Economic Curtailment Notice. Further, if notwithstanding PacifiCorp's attempts to provide notice to Monsanto pursuant to Section 4.1 above, and through no fault of PacifiCorp, Monsanto does not receive an Economic Curtailment Notice, Monsanto shall nevertheless pay Replacement Energy Charges for the Economic Curtailment Hours designated in such notice.

4.3 Monsanto shall take action as needed to curtail the electrical supply to up to ■ MW of its electric phosphorus furnace load at the designated curtailment time. The curtailed service shall be restored at the end of the duration of the Economic Curtailment.

## **5. Buy-Through Replacement Energy**

5.1 Monsanto shall have the option to buy-through Economic Curtailment by paying PacifiCorp for Replacement Energy costs at the Adjusted Index Price.

5.2 Monsanto may exercise its right to buy-through an Economic Curtailment, in whole or part, by fax notice to PacifiCorp's dispatcher at (503) 813-5512, with prompt confirmation by telephone notice at (503) 813-5374 (or alternatively, 503-813-5389), requesting such buy-through at any time up to one (1) hour prior to the time the designated Economic Curtailment is to commence. Regardless of whether Monsanto elects to buy through, it shall provide PacifiCorp an Economic Curtailment Response by fax and telephone to PacifiCorp's dispatcher, no later than one (1) hour prior to the time the designated Economic Curtailment is to commence, stating the amounts that Monsanto will curtail, the electric phosphorous furnace that Monsanto plans to curtail (if any), and the amount of Replacement Energy that Monsanto elects to buy through.

If Monsanto has curtailed load in accordance with an Economic Curtailment Notice, it may thereafter elect to buy-through a portion of the Economic Curtailment period by providing fax notice not less than one (1) hour prior to the hour it desires to commence the buy-through. Monsanto shall pay for Replacement Energy for any

amounts not curtailed pursuant to an Economic Curtailment Notice from PacifiCorp. If Monsanto curtails load in accordance with an Economic Curtailment Notice from PacifiCorp, but fails to provide an Economic Curtailment Response as required herein, Monsanto shall pay PacifiCorp an amount equivalent to what would be due for Replacement Energy as though it had elected to buy through the Curtailment Hours for the entire ■ MW, but only for those Curtailment Hours for which Monsanto had not provided an Economic Curtailment Response at least one hour in advance.

5.3 At all times, all furnaces shall remain subject to System Integrity interruption, and Monsanto shall not be obligated to pay for, nor entitled to receive, Replacement Energy during a period of System Integrity interruption, all of the foregoing in accordance with IPUC Order Nos. 29157 and 29206

5.4 All Economic Curtailment Notices and Economic Curtailment Responses to be provided under this Section 5 shall utilize the form of notice attached hereto as Exhibit B-2.

## **6. Economic Curtailment Nonperformance.**

If Monsanto does not fully comply with an Economic Curtailment Notice in accordance with this Exhibit B, Monsanto shall pay for Replacement Energy for those Curtailment Hours of noncompliance as specified in Section 4.1.3 of the Agreement and this Exhibit B

## **7. Maintenance of Dedicated Telephone Line and Fax Facilities**

7.1 Monsanto and PacifiCorp shall maintain a dedicated telephone line at their own cost in their respective control rooms. This line shall be solely dedicated for communications between Monsanto furnace operators and PacifiCorp dispatchers. Each party shall have an authorized employee available at all times to immediately respond to curtailment notices or curtailment of operations. Each party shall also maintain at their own cost fax facilities, with a telephone line dedicated for the fax facilities, necessary for transmitting and receiving fax notices as required herein. While PacifiCorp acknowledges that as of the date of this agreement Monsanto does not have in place a telephone line dedicated for such fax facilities, Monsanto shall with due

diligence obtain the installation of such a line and proper operation of the fax facilities as soon as possible. If such fax facilities cannot be made to function properly within three months, the parties will work in good faith to achieve an alternative means of notice.

7.2 The fax requirements under this agreement shall begin once the fax line to be installed by Monsanto is functioning properly.

## **8. Communication of Schedules**

8.1 PacifiCorp acknowledges that the electric phosphorus furnaces at Monsanto will be removed from service from time to time during the term of this Agreement for maintenance and overhauls. Monsanto will submit to PacifiCorp on the first business day of the month or as soon thereafter as practicable, by fax, expected maintenance schedules and delays, if any, expected during the following calendar month, including scheduled time of curtailment, duration, and electrical load of corresponding furnace. Monsanto shall provide such schedules using the best information reasonably available, but it is understood that they will reflect only an estimate and, therefore, shall not be binding on Monsanto. Further, the failure to provide such scheduling information shall not preclude Monsanto from taking furnaces out of service for maintenance. Monsanto will also inform PacifiCorp by telephone or fax prior to restoring electrical power to a furnace after such a delay.

8.2 In order to enable Monsanto to anticipate possible curtailment, to plan furnace operations and make buy-through decisions in accordance herewith, PacifiCorp shall submit to Monsanto on the first day of each calendar month, or as soon thereafter as practicable, by fax, a schedule showing the estimated times, durations and total hours of economic curtailments, if any, expected during the following calendar month. PacifiCorp shall prepare such schedule using the best information reasonably available, but it is understood that it shall reflect only an estimate of expected conditions and, therefore, shall not be binding upon PacifiCorp. Further, the failure to provide such scheduling information shall not preclude PacifiCorp from implementing Economic Curtailment.

## **9. Reporting**

Simultaneous with PacifiCorp's monthly invoice to Monsanto for power and energy purchased, PacifiCorp shall provide Monsanto with a report detailing all interruptions and curtailments during the previous month, including the following information:

- 1) Type of interruption or curtailment (system emergency or integrity, operating reserves, or Economic Curtailment)
- 2) Date
- 3) Beginning and end time
- 4) Duration
- 5) Megawatts interrupted or curtailed
- 6) Year-to-date total hours of each type of interruption or curtailment
- 7) Buy through charges, rate, source and energy purchased

## **10. Audit**

Monsanto reserves the right to perform audits of records of PacifiCorp related to the Replacement Energy prices and volume charged to Monsanto hereunder, including records regarding constraints on Path C affecting such prices. PacifiCorp will allow Monsanto reasonable access to such records at mutually agreed upon times. Neither party shall be responsible for any expenses incurred by the other party associated with such audits.



<b>HR0100</b>	1.00	1.00	0.98	1.02	1.00	0.95	1.02	1.03	1.09	1.01	1.00	1.00
<b>HR0200</b>	0.96	0.98	0.96	0.94	0.92	0.90	0.98	0.96	0.94	0.95	0.95	0.97
<b>HR0300</b>	0.96	0.98	0.95	0.92	0.88	0.84	0.89	0.84	0.96	0.92	0.94	0.95
<b>HR0400</b>	0.97	0.96	0.96	0.90	0.86	0.85	0.85	0.80	0.86	0.88	0.94	0.93
<b>HR0500</b>	0.97	0.97	0.95	0.90	0.86	0.78	0.82	0.80	0.89	0.89	0.93	0.94
<b>HR0600</b>	1.01	1.01	0.98	0.89	0.86	0.77	0.77	0.81	0.89	0.92	1.01	0.94
<b>HR0700</b>	0.95	0.96	0.86	0.79	0.71	0.57	0.58	0.48	0.80	0.73	0.88	0.82
<b>HR0800</b>	0.98	1.00	0.92	0.83	0.73	0.63	0.58	0.50	0.72	0.74	0.92	0.91
<b>HR0900</b>	1.02	0.99	0.93	0.91	0.81	0.70	0.65	0.59	0.74	0.85	0.94	0.99
<b>HR1000</b>	1.00	0.98	0.95	0.97	0.88	0.76	0.77	0.68	0.85	0.89	0.98	0.96
<b>HR1100</b>	0.99	0.97	1.00	0.99	0.97	0.88	0.88	0.81	0.94	0.95	1.00	0.97
<b>HR1200</b>	0.99	0.97	0.99	1.03	1.00	0.97	0.97	0.93	0.99	1.01	1.01	0.99
<b>HR1300</b>	0.97	0.96	0.99	1.01	1.03	1.08	1.06	1.02	1.06	1.06	0.99	0.98
<b>HR1400</b>	0.95	0.96	0.99	1.01	1.08	1.13	1.12	1.09	1.10	1.05	0.99	0.96
<b>HR1500</b>	0.93	0.94	0.98	1.01	1.09	1.17	1.18	1.32	1.14	1.05	0.98	0.94
<b>HR1600</b>	0.92	0.93	0.97	1.02	1.10	1.20	1.22	1.33	1.14	1.07	0.97	0.95
<b>HR1700</b>	0.92	0.95	1.00	1.03	1.13	1.19	1.24	1.34	1.16	1.07	1.02	1.01
<b>HR1800</b>	1.02	1.03	1.06	1.05	1.15	1.25	1.22	1.34	1.13	1.08	1.06	1.06
<b>HR1900</b>	1.11	1.10	1.11	1.07	1.12	1.16	1.20	1.21	1.13	1.15	1.10	1.12
<b>HR2000</b>	1.12	1.11	1.13	1.09	1.09	1.13	1.16	1.16	1.08	1.13	1.11	1.18
<b>HR2100</b>	1.09	1.09	1.08	1.12	1.07	1.13	1.11	1.13	1.03	1.11	1.07	1.12
<b>HR2200</b>	1.04	1.06	1.05	1.08	1.04	1.05	1.06	1.07	1.01	1.06	0.99	1.06
<b>HR2300</b>	1.10	1.09	1.15	1.25	1.39	1.56	1.38	1.45	1.21	1.25	1.19	1.19
<b>HR2400</b>	1.05	1.01	1.07	1.17	1.22	1.34	1.31	1.31	1.16	1.19	1.04	1.08

## Sunday

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
<b>HR0100</b>	0.83	0.88	0.86	0.86	0.73	0.66	0.83	0.75	0.72	0.84	0.87	0.84
<b>HR0200</b>	0.77	0.88	0.81	0.79	0.68	0.63	0.75	0.68	0.66	0.78	0.81	0.82
<b>HR0300</b>	0.75	0.87	0.78	0.71	0.66	0.59	0.67	0.64	0.64	0.74	0.77	0.79
<b>HR0400</b>	0.78	0.86	0.75	0.73	0.62	0.55	0.61	0.63	0.63	0.73	0.76	0.76
<b>HR0500</b>	0.78	0.87	0.76	0.71	0.61	0.54	0.55	0.57	0.62	0.71	0.76	0.76
<b>HR0600</b>	0.81	0.89	0.80	0.73	0.60	0.55	0.53	0.58	0.58	0.69	0.76	0.77

<b>HR0700</b>	0.92	0.95	0.84	0.82	0.69	0.57	0.56	0.61	0.59	0.76	0.87	0.86
<b>HR0800</b>	0.96	0.99	0.86	0.90	0.73	0.63	0.59	0.59	0.65	0.78	0.91	0.93
<b>HR0900</b>	1.00	1.00	0.90	0.94	0.77	0.70	0.63	0.68	0.73	0.83	0.96	0.98
<b>HR1000</b>	1.01	1.00	0.97	0.98	0.83	0.81	0.77	0.75	0.85	0.91	1.02	0.99
<b>HR1100</b>	1.02	1.01	1.00	1.01	0.89	0.92	0.97	0.87	0.97	0.94	1.03	1.00
<b>HR1200</b>	1.03	1.00	1.02	1.02	0.98	1.05	1.06	0.96	1.05	1.03	1.06	0.97
<b>HR1300</b>	1.02	0.99	1.00	1.08	1.03	1.20	1.21	1.10	1.12	1.05	1.06	0.97
<b>HR1400</b>	1.01	0.97	1.02	1.09	1.15	1.25	1.26	1.24	1.27	1.11	1.05	0.96
<b>HR1500</b>	0.99	0.98	1.02	1.10	1.32	1.29	1.33	1.42	1.34	1.15	1.06	0.95
<b>HR1600</b>	1.01	1.00	1.04	1.09	1.55	1.34	1.39	1.45	1.37	1.17	1.04	0.96
<b>HR1700</b>	1.10	1.01	1.03	1.11	1.70	1.36	1.40	1.44	1.39	1.18	1.08	1.09
<b>HR1800</b>	1.17	1.07	1.20	1.19	1.30	1.39	1.42	1.42	1.42	1.24	1.20	1.24
<b>HR1900</b>	1.25	1.18	1.44	1.22	1.54	1.42	1.41	1.47	1.41	1.36	1.26	1.31
<b>HR2000</b>	1.26	1.22	1.30	1.25	1.26	1.44	1.37	1.41	1.38	1.30	1.27	1.34
<b>HR2100</b>	1.24	1.20	1.29	1.28	1.25	1.45	1.29	1.35	1.31	1.30	1.26	1.33
<b>HR2200</b>	1.19	1.16	1.20	1.25	1.22	1.37	1.25	1.30	1.26	1.25	1.15	1.24
<b>HR2300</b>	1.08	1.05	1.09	1.13	1.00	1.20	1.11	1.10	1.06	1.14	1.04	1.15
<b>HR2400</b>	1.03	0.99	1.01	1.01	0.90	1.08	1.02	0.98	0.98	1.01	0.94	1.02

**Exhibit B-2  
Economic Curtailment Notice and Response**

**PACIFICORP NOTICE:**

To: Monsanto Fax 208-547-1197  
Voice: Direct Line

Date: \_\_\_\_\_  
(Month/Day/Year)

Time: \_\_\_\_\_  
(Mountain Prevailing Time)

**MONSANTO RESPONSE:**

To: PacifiCorp Fax 503-813-5512  
Voice: 503-813-5374  
(alternatively, 503-813-5389)

Date: \_\_\_\_\_  
(Month/Day/Year)

Time: \_\_\_\_\_  
(Mountain Prevailing Time)

**Economic Curtailment Notice:** PacifiCorp notice must be given no later than two (2) hours prior to the Curtailment Hour(s) during the Day.

**Economic Curtailment Response:** Monsanto response must be provided no later than one (1) hour from the time stamp on the Notice.

	<b>Month</b>	<b>Day</b>	<b>Year</b>
<b>Day:</b>			

**Each Curtailment Hour is one (1) hour in duration.**

<b>PacifiCorp's Economic Curtailment Notice</b>			<b>Monsanto's Economic Curtailment Response</b>			
<b>Start of Economic Curtailment</b>	<b>Curtailment Hour</b>		<b>Replacement Energy MW</b>		<b>Physical Curtailment MW</b>	<b>Total MW</b>
<b>Mountain Prevailing (Monsanto) Time</b>	<b>Indicate "X" for Curtailment Hour</b>	<b>Estimated Hourly Price \$/MWH</b>				
1:30 AM				+	=	
2:30 AM				+	=	
3:30 AM				+	=	
4:30 AM				+	=	
5:30 AM				+	=	
6:30 AM				+	=	
7:30 AM				+	=	
8:30 AM				+	=	
9:30 AM				+	=	
10:30 AM				+	=	
11:30 AM				+	=	
12:30 PM				+	=	
1:30 PM				+	=	
2:30 PM				+	=	
3:30 PM				+	=	
4:30 PM				+	=	
5:30 PM				+	=	
6:30 PM				+	=	
7:30 PM				+	=	
8:30 PM				+	=	
9:30 PM				+	=	

10:30 PM				+		=		
11:30 PM				+		=		
12:30 AM				+		=		

**Exhibit B-3**  
Description of Dow Jones™ Market Index



# WHOLESALE ELECTRICITY PRICE INDEXES

## MID-COLUMBIA

The Dow Jones Mid-Columbia Electricity Price Indexes are volume-weighted averages of specifically defined bilateral, wholesale, physical transactions. Calculations for these indexes average together power transactions from Columbia, Midway, Rocky Reach, Wells, and Wanapum/Vantage, delivery points along the Columbia River.

Index participants provide Dow Jones with their daily volume weighted average prices and total volumes for eligible electricity products sold at the Mid-Columbia delivery points, as well as with any purchases made from entities not contributing to the indexes.

Participants are asked to provide Dow Jones with daily index data by 10 a.m. Pacific Time, the day after the transacted power moves. Although some Mid-Columbia electricity indexes will be calculated for 365 days of the year, publication will occur only on business days. If a holiday falls during the week, data should be transmitted to Dow Jones on the first business day following a break.

Index Categories	
<u>Daily</u> Firm On-peak Firm Off-peak Non-Firm On-peak Non-Firm Off-peak	<u>Sunday and NERC Holidays</u> 24-Hour Firm

The following definitions have been designed to insure that each index category represents a specific power product. Since each category has a unique definition, no single transaction can be included in more than one category. If a transaction does not precisely fit into an index category, it will not be included in our index calculations.

**Firm Daily Indexes:** The firm daily indexes average together blocks of power sold on a one-day forward pre-scheduled basis. No real-time power is included in these indexes. Transactions are limited to power traded in 16-hour blocks during on-peak hours and 8-hour blocks for off-peak. Transactions which call for delivery for more than one day are not included in calculations for these indexes. Volume should be reported to Dow Jones as total megawatts transacted per hour.

**Firm Sunday and NERC Holidays Index:** A 24-hour firm index will be published for Sundays and NERC holidays. Transactions included in this index are limited to power traded in 24-hour pre-scheduled blocks.

**Non-firm Daily Indexes:** The non-firm indexes combine one day ahead pre-scheduled transactions with real-time transactions. The non-firm indexes follow the same convention as the firm indexes with respect to single day delivery. Volumes reported for these indexes should reflect the total number of MWh transacted for the entire ON- or OFF-PEAK reporting period.

### Terminology

**On-peak Hours:** Hours ending 0700 - 2200 (6 a.m. - 10 p.m.) Pacific Time at Mid-Columbia, seven (7) days a week including NERC holidays.

**Off-peak Hours:** Hours ending 2300 - 0600 (10 p.m. - 6 a.m.) Pacific Time at Mid-Columbia, seven (7) days a week including NERC holidays.

**Firm Energy:** Firm energy is defined as meeting a minimum criteria of being financially firm and backed with liquidating damages.

**Non-firm Energy:** Non-firm energy is defined as being subject to curtailment at any time for any reason. Any recall provision would be for less than one hour from the scheduled start of service.

**NOTE:** Power conforming to any other measures of "firmness" should not be included in the Mid-Columbia indexes.

### Index Dates

**Daily Indexes:** INDEX DATE = POWER DELIVERY DATE

The date on a daily index corresponds to the date the power is delivered. For example, Monday's prescheduled transactions are combined with Tuesday's real-time transactions to form Tuesday's index.

- Both Mid-C FIRM daily indexes are calculated seven days a week, including NERC holidays
- Both Mid-C NON-FIRM daily indexes are calculated seven days a week, including NERC holidays
- The Mid-C 24-Hour FIRM index will be calculated for Sundays and NERC Holidays.

## **PALO VERDE**

The Dow Jones Palo Verde Electricity Price Indexes are volume weighted averages of specifically-defined bilateral, wholesale, physical transactions quoted in either dollars per megawatthour (\$/MWH) or dollars per megawatt (\$/MW). Calculations for these indexes average together power transactions from both Palo Verde and Westwing in Arizona.

Index participants provide Dow Jones with their daily volume weighted average prices and total volumes for eligible electricity products sold at Palo Verde and Westwing, as well as with any purchases made from entities not contributing to the indexes.

Participants are asked to provide Dow Jones with daily index data by 10 a.m. prevailing time at Palo Verde, the day after the transacted power moves. Although some Dow Jones Electricity Indexes are calculated for 365 days year, publication occurs only on business days. If a holiday falls during the week, data is transmitted to Dow Jones on the first business day following a break.

<b>Index Categories</b>	
<u>Daily</u>	<u>Sunday and NERC Holidays</u>
Firm On-peak	24-Hour Firm
Firm Off-peak	
Non-Firm On-peak	
Non-Firm Off-peak	

**Firm Daily Indexes:** The firm daily indexes average together blocks of power sold on a one-day forward pre-scheduled basis. No real-time power is included in these indexes. Transactions are limited to power traded in 16-hour blocks during on-peak hours and 8-hour blocks for off-peak. Transactions which call for delivery for more than one day are not included in calculations for these indexes. Volume should be reported as total megawatts (MW) transacted per hour.

**Firm Sunday and NERC Holiday Index:** A 24-hour firm index will be published for Sundays and NERC holidays. Transactions included in this index are limited to power traded in 24-hour pre-scheduled blocks.

**Non-firm Daily Indexes:** The non-firm indexes combine one day ahead pre-scheduled transactions with real-time transactions. The non-firm indexes follow the same convention as the firm indexes with respect to single day delivery. Volumes reported should reflect the total number of MWh transacted during the ON- or OFF-PEAK reporting period.

### **Terminology**

**On-peak Hours:** Hours ending 0700 - 2200 (6 a.m. - 10 p.m.) prevailing time at Palo Verde, seven (7) days a week including NERC holidays.

**Off-peak Hours:** Hours ending 2300-0600 (10 p.m. - 6 a.m.) prevailing time at Palo Verde, seven (7) days a week.

NOTE: Since Arizona does not observe Daylight Savings Time, time-related definitions are based on Palo Verde prevailing time.

**Firm Energy:** Firm energy is defined as being financially firm and backed with liquidating damages.

**Non-firm Energy:** Non-firm energy is defined as being subject to curtailment at any time for any reason. Any recall provision would be for less than one hour from the scheduled start of service.

### **Index Dates**

**Daily Indexes:** INDEX DATE = POWER DELIVERY DATE

The date on a daily index corresponds to the date the power is delivered. For example, prescheduled power transacted on Monday for delivery on Tuesday is averaged to form Tuesday's index. For indexes that include real-time power, Monday's prescheduled transactions are combined with Tuesday's real-time transactions to form Tuesday's index.

- Palo Verde on-peak and off-peak daily indexes are calculated seven days a week, including NERC holidays.
- The Palo Verde 24-Hour FIRM index will be calculated for Sundays and NERC Holidays.

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*If you have any questions or if any information on this sheet is not expressed clearly, please call Antoine Eustache at (609) 520-7058 or Ernest Onukogu at (609) 520-4663.*