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September 27, 2007

Jean Jewell, Secretary  
Idaho Public Utilities Commission  
472 W. Washington Street  
Boise, Idaho 83702

Re: *PAC-E-07-5*

Dear Mrs. Jewel:

Enclosed please find for filing in the above matter Monsanto's pre-filed Direct Testimony and Exhibits as follows:

1. James R. Smith with exhibits 201 through 204.
2. Daniel R. Schettler with no exhibits.
3. Kathryn E. Iverson with exhibits 205 through 213.
4. Michael Gorman with exhibits 214 through 238.
5. Confidential Exhibit 213 (KEI-9) and Exhibit 217 (MPG-4) and Michael Gorman Confidential Testimony page 3, all submitted under seal and filed pursuant to Protective Agreement between PacifiCorp dba Rocky Mountain Power and IPUC Staff dated June 26, 2007.
6. Notice of Service.

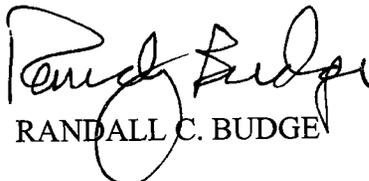
September 27, 2007

Page 2

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Please file the original Public Testimony and Exhibits. Please maintain the confidential filings under seal pursuant to the Protective Agreement. Copies of the same included with the testimony should be provided only to the Commission and those Staff members who have signed the Protective Agreement. This information is not being served upon any other parties excepting PacifiCorp/Rocky Mountain Power.

Sincerely,



RANDALL C. BUDGE

RCB:rr

Enclosures

cc. Service List

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Attorneys for Intervenor Monsanto Company

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

IN THE MATTER OF THE APPLICATION OF )  
ROCKY MOUNTAIN POWER FOR APPROVAL )  
OF CHANGES TO ITS ELECTRIC SERVICE )  
SCHEDULES )  
\_\_\_\_\_ )

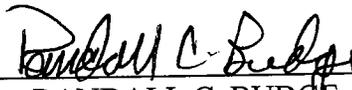
**Case No. PAC-E-7-5**

**MONSANTO COMPANY'S NOTICE OF SERVICE**

You will please take notice that MONSANTO COMPANY, by and through their attorneys of record, served the Direct Testimony and Exhibits of Daniel J. Schettler, James R. Smith, Kathryn E. Iverson and Michael Gorman upon the parties to this action by providing said documents to the following individuals in the manner specified in the attached Certificate of Service below.

DATED this 27th day of September, 2007.

RACINE, OLSON, NYE, BUDGE &  
BAILEY, CHARTERED

By   
RANDALL C. BUDGE

**CERTIFICATE OF MAILING**

I HEREBY CERTIFY that on this 27<sup>th</sup> day of September, 2007, I served a true, correct and complete copy of the foregoing document, to each of the following, via the method so indicated:

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**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION** RECEIVED

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IN THE MATTER OF THE APPLICATION OF )  
ROCKY MOUNTAIN POWER FOR APPROVAL )  
OF CHANGES TO ITS ELECTRIC SERVICE )  
SCHEDULES )  
\_\_\_\_\_ )

Case No. PAC-E-07-05 IDAHO PUBLIC UTILITIES COMMISSION

**TESTIMONY OF  
JAMES R. SMITH**

Direct Testimony of

**JAMES R. SMITH**

On Behalf of

**Monsanto Company**

**September 28, 2007**

**Table of Contents to the  
Direct Testimony of James R. Smith**

	<b>Page</b>
I. INTRODUCTION	2
II. HISTORY AND OPERATIONS OF SODA SPRINGS PLANT	4
III. HISTORY OF MONSANTO'S ELECTRICAL CONTRACTS	11
IV. REVIEW OF MONSANTO'S CURRENT 2007 ELECTRIC SERVICE CONTRACT	13
V. HISTORY OF INTERRUPTIONS	19
VI. ECONOMIC IMPACTS OF MONSANTO'S SODA SPRINGS PLANT	20

**EXHIBITS**

201	Phosphorus Manufacturing Process
202	Monsanto Curtailment History
203	Interruptible Events
204	Monsanto Rate Change Graph

1  
2 **INTRODUCTION**  
3

4 **Q PLEASE STATE YOUR NAME, EMPLOYER AND BUSINESS ADDRESS.**

5  
6 A My name is James R. Smith. I am employed by Monsanto Company at the Soda  
7 Springs Plant and my business address is P.O. Box 816, Soda Springs, Idaho  
8 83276.

9 **Q PLEASE PROVIDE YOUR EDUCATIONAL BACKGROUND, WORK  
10 EXPERIENCE AND CURRENT POSITION AT MONSANTO.**

11 A I graduated from Utah State University in 1986 with a B.S. in Accounting. I  
12 began working for Monsanto in 1988 as an accountant at the Soda Springs plant  
13 and have continued to work for Monsanto to date in various capacities. I am  
14 currently the Purchasing Lead for the Soda Springs plant and Rock Springs,  
15 Wyoming coke plant.

16 **Q WHAT RESPONSIBILITIES DO YOU HAVE FOR PURCHASING?**

17 A I am responsible for all electricity and other purchases at the Soda Springs and  
18 Rock Springs plants. During my employment at Monsanto I have been directly  
19 involved in all electricity contract negotiations and all electrical contracts entered  
20 into between Monsanto and PacifiCorp since 1988. I have also reviewed and am  
21 familiar with previous electricity contracts serving the Soda Springs Plant and the  
22 related submissions to the Idaho Public Utilities Commission and approval  
23 Orders.

24 **Q WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

25 A The purpose of my testimony is to: (1) provide a history and information  
26 concerning the operation of Monsanto's Soda Springs Plant; (2) review the

1 history of Monsanto's Special Contracts for Electric Service; (3) discuss the  
2 background and status of the current 2007 Electric Service Agreement; (4) discuss  
3 pricing methods proposed by PacifiCorp and adopted by the Commission in prior  
4 contract approval proceedings; (5) review the history and function of Monsanto  
5 interruptibility; (6) discuss past and present methods of valuing Monsanto  
6 interruptibility; and (7) discuss economic and other impacts of the Monsanto Soda  
7 Springs Plant.

8 **Q PLEASE INTRODUCE OTHER MONSANTO WITNESSES IN THIS**  
9 **CASE.**

10 **A** 1. Daniel Schettler, Vice President of Procurement for Monsanto, will present  
11 testimony regarding the production, sale and use of phosphorus in the world wide  
12 market, the role and commitments made to the Soda Springs plant and factors  
13 necessary for it to remain a competitive and viable facility. Mr. Schettler will also  
14 present Monsanto's senior management perspective and will discuss operational  
15 and economic factors relating to the 1000 hours of interruption of Monsanto's  
16 load.

17 2. Kathryn Iverson of Brubaker & Associates, Inc. will critique and make  
18 recommendations regarding PacifiCorp's proposed cost of service studies. Mrs.  
19 Iverson will also present testimony valuing Monsanto interruptibility and will  
20 make pricing recommendations.

21 3. Michael Gorman of Brubaker & Associates, Inc. will make recommendations  
22 regarding adjustments to the Company's claimed revenue requirement and a fair  
23 return on common equity and overall rate of return for Rocky Mountain Power.

1  
2 **I. HISTORY AND OPERATIONS OF SODA SPRINGS PLANT**

3  
4 **Q PLEASE PROVIDE A BRIEF HISTORY AND OVERVIEW OF THE**  
5 **OPERATION OF MONSANTO'S SODA SPRINGS PLANT.**

6 A The Soda Springs plant began operations in 1952. Since opening it has operated  
7 continuously and without any employee layoffs. The plant produces one product,  
8 elemental phosphorus ("P4"), an essential building block for many products.

9 **Q DESCRIBE HOW PHOSPHORUS IS MANUFACTURED.**

10 A Phosphate ore is mined in the mountains east of Soda Springs and transported by  
11 truck to the plant. The phosphate ore is calcined in a kiln and then combined with  
12 coke, much of which is manufactured at our sister plant in Rock Springs,  
13 Wyoming, and with quartzite, which we mine from a quarry west of the plant.  
14 The mixture is placed in one of three electric furnaces and energized with  
15 electricity, resulting in a chemical reaction liberating the phosphorus as a gas.  
16 The phosphorus is filtered, condensed and then shipped to other locations.  
17 Exhibit 201 depicts this capital intensive phosphorus manufacturing process.

18 **Q WHERE IS THE PHOSPHORUS SHIPPED AND HOW IS IT USED?**

19 A Most of the phosphorus is shipped by rail and by ship to Monsanto facilities in  
20 Louisiana and Brazil. There it is converted to manufacture glyphosate, the active  
21 ingredient in Roundup® herbicide. Additional amounts of phosphorus are sold to  
22 other entities for use in a variety of products.

23 **Q DESCRIBE THE ELECTRICAL SERVICES AT THE SODA SPRINGS**  
24 **PLANT.**

1 A Monsanto currently operates three electric furnaces totaling approximately 162  
2 MW, all at the Soda Springs plant. Furnace No. 7 is approximately 46 MW,  
3 Furnace No. 8 is approximately 49 MW, and Furnace No. 9 is approximately 67  
4 MW, for a total of 162 MW. With approximately 20 MW of auxiliary load, of  
5 which 9 MW is "firm" the total load is approximately 182 MW.

6 **Q HOW MUCH ELECTRICITY DOES MONSANTO CONSUME AT THE**  
7 **SODA SPRINGS PLANT?**

8 A Approximately 1.4 billion kWh of energy is consumed annually. We are  
9 PacifiCorp's largest single point customer.

10 **Q ARE THERE OTHER ELECTRIC FURNACES USED TO**  
11 **MANUFACTURE PHOSPHORUS?**

12 A Not in the United States, Monsanto's first six electric furnaces to manufacture  
13 phosphorus were built and operated in Columbia, Tennessee. That plant closed in  
14 1986 when it became uncompetitive to operate, primarily due to rising electricity  
15 costs. At the Soda Springs plant Monsanto initially constructed Furnace Nos. 7  
16 and 8, which began operating in 1952. Furnace No. 9 was constructed and  
17 became operational in 1966 and was the last and largest electric furnace  
18 constructed in North America. At that time there were 31 electric phosphorus  
19 furnaces in operation in North America. With the closure of the FMC-Astaris  
20 Plant in Pocatello in 2001, Monsanto's three electric furnaces are the only ones  
21 remaining in operation in the U.S. I have pictures of the FMC furnaces being  
22 dismantled in my office to remind me of the importance of remaining

1 competitive. Outside of North America there are furnaces operating in the  
2 Netherlands and in China.

3 **Q WHAT WERE THE PRINCIPAL FACTORS RESULTING IN THE**  
4 **CLOSURE OF THE OTHER FURNACES IN NORTH AMERICA?**

5 A I am aware of three major factors which contributed to the closures of these other  
6 furnaces. First, the rising cost of electricity, which is the largest single cost  
7 component in the production of phosphorus. Second, competition from new  
8 technology called purified wet acid ("PWA") which competes head-to-head with  
9 many end products produced from phosphorus. Third, the elimination of tri-  
10 sodium phosphate ("TSP") from laundry detergent. Mr. Schettler will further  
11 discuss the P4 global market and competition.

12 **Q ISN'T IT INEVITABLE THAT THE SODA SPRINGS PLANT WILL**  
13 **ALSO BECOME NON-COMPETITIVE AND BE SHUT DOWN?**

14 A I strongly believe that the Soda Springs plant can remain competitive and stay in  
15 business for the long term. Monsanto has developed specific products and  
16 businesses that make our phosphorus more viable and marketable. We have 40  
17 plus years of phosphate ore reserves that can be feasibly mined. We have a highly  
18 educated and trained work force, committed to the successful long-term operation  
19 of the plant. We have practices and experience which enable us to produce P4 in  
20 the safest and most environmentally responsible manner in the world. We have  
21 and will continue to make the necessary capital expenditures to modernize the  
22 operations and meet the latest environmental restrictions.

1   **Q    WITH RISING ELECTRICITY COSTS, WHAT IS NEEDED FOR THE**  
2   **MONSANTO SODA SPRINGS PLANT TO REMAIN COMPETITIVE?**

3   **A**In my opinion the plant must have affordable electricity at a price that is relatively  
4           stable and reliable. While Monsanto's demand on the electrical market has been  
5           stable and consistent for many, many years, we are highly concerned about the  
6           costly new assets PacifiCorp is constructing to meet the load growth, and the  
7           demand for "green" resources in other states. To offset these rising costs  
8           allocated to Idaho and Monsanto, Monsanto must be able to achieve  
9           commensurate value for the benefits its interruptibility provides to the system.  
10          This most important consideration was recognized by the Commission in Order  
11          No. 30197 in Case No. PAC-E-06-09 approving the current Agreement stating at  
12          page 9:

13                    "The Commission also recognizes that the value of interruptible  
14                    products furnished by Monsanto as well as Monsanto's cost of  
15                    service will be important considerations in establishing the net rate  
16                    to Monsanto in the future. Consequently, we expect the parties to  
17                    address interruptible product valuation in the context of a general  
18                    rate case when Monsanto's cost of service is determined."  
19

20                    The interruptible credit should provide Monsanto with a natural hedge  
21                    which, if appropriately priced, should provide a level of price stability and  
22                    reasonable net power costs. Simply put, as the cost of electricity goes up, so  
23                    should the value of the credit derived from the interruption of the Monsanto load.

24   **Q    PLEASE EXPLAIN WHY MONSANTO INTERRUPTIBILITY IS**  
25   **UNIQUE?**

1 A Monsanto is unlike any other interruptible customer on the PacifiCorp system.  
2 The value of Monsanto interruptibility to the PacifiCorp system is unique  
3 because of its magnitude, providing 1000 hours and up to 162 MW of  
4 curtailments. Additionally, Monsanto interruptions can be made available in a  
5 matter of seconds, far quicker than any of PacifiCorp's peaker resources. As  
6 will be discussed in greater detail below, under the current Agreement,  
7 Monsanto's three furnaces can be interrupted separately as well as collectively in  
8 any combination. Interruptions can occur within seconds to meet system  
9 emergencies and provide operating reserves, even though two hours notice is  
10 required to interrupt for economic reasons. The benefit of these products to the  
11 PacifiCorp system is undisputed, even though the price or credit received by  
12 Monsanto for these curtailment products has and continues to be a matter of  
13 substantial disagreement.

14 AVOIDED generation, transmission and environmental costs are all factors  
15 to consider in establishing a proper value for the ability to interrupt the Monsanto  
16 load. It is also noteworthy that Monsanto operates its furnaces seven days a week,  
17 24 hours a day, 365 days a year, excepting maintenance and repair. This high  
18 load factor provides significant advantage to the utility during their off-peak  
19 hours, providing a base load to service with its coal generation assets. Monsanto  
20 takes service at transmission levels avoiding the usual distribution and customer  
21 service costs.

22 **Q HOW HAS MONSANTO'S INTERRUPTIBILITY BEEN VALUED IN**  
23 **THE PAST?**

1 A There has been no specific methodology established and accepted by the  
2 Commission. How interruptibility has been valued has changed over time.

3 Q PLEASE EXPLAIN.

4 A Prior to the 2003 Contract, the parties always reached an agreement through  
5 negotiations establishing the value of interruptibility which was jointly presented  
6 to the Commission and approved. The value established in the 2003 Contract was  
7 established by the Commission in contested case No. PAC-E-01-16, Final Order  
8 No. 29157 dated January 27, 2003. In that case Monsanto had offered up to 1000  
9 hours of interruptibility. Monsanto proposed to value interruptibility based upon  
10 the avoided cost of a combustion turbine (CT) or "peaker plant". The Company  
11 proposed a lost revenue adjustment and recommended a "Black Scholes" pricing  
12 model which values economic curtailment based upon projected market prices.  
13 Monsanto challenged the Black Scholes pricing model, asserting that the results  
14 were illogical. This was because PacifiCorp's pricing model purported to show  
15 that economic interruptions greater than 500 hours provided no more value. In  
16 fact the model showed a negative value, in essence showing Monsanto would  
17 have to pay PacifiCorp for economic curtailment greater than 500 hours. Under  
18 those circumstances Monsanto obviously would not offer more hours of  
19 interruptions and reduced its offer to 500 hours of economic curtailment with a  
20 total of 800 hours. The Commission did not accept either Monsanto's or  
21 PacifiCorp's valuation methods and limited total interruptions to 800 hours,  
22 consisting of 500 hours of economic interruptions at 67 MW, 288 hours of

1 operating reserve interruptions at 95 MW and 12 hours of system emergency  
2 interruptions at 162 MW

3 Regarding Monsanto's peaker proposal the Commission stated at page 12  
4 in Final Order 29157:

5 "The peaking resource methodology used by Monsanto results in a  
6 wide range of credit values that are dependent upon the type of  
7 resource selected, the hours and magnitude of interruption assumed  
8 and the amount of energy consumed annually. While we find  
9 merit in the adjustments included by Monsanto for reserve margin  
10 and transmission losses, we are concerned that the resulting credit  
11 values on based on hours and magnitude of interruption that are  
12 beyond those deemed appropriate by the Commission in this  
13 Order. Moreover, the total peaker costs used by Monsanto  
14 (Exhibit No. 246) is considerably higher than the total peaker costs  
15 used by Staff for the same peaking resource. (Exhibit No. 101)

16 Therefore, we cannot find the avoided peaker resource to be  
17 the definitive methodology for valuing the interruptibility credit."  
18

19 In rejecting the Company's proposal the Commission stated on page 11-12:

20 "In assessing the reasonableness of the values produced by the  
21 Company's Black-Scholes model, we note, as pointed out by  
22 Monsanto, that the model purports to provide neither value to  
23 Monsanto nor the Company for the additional or second 500 hours  
24 of economic curtailment offered by Monsanto. Exhibit 244 The  
25 Commission was disappointed that the Company appeared to be  
26 aware of this apparent anomaly yet failed to disclose it to the  
27 parties and the Commission. It also does not help in assessing the  
28 reasonableness of the model that the economic curtailment option  
29 offered by Monsanto was not available in the market and that there  
30 are no counter-parties willing to sell this product. The record, we  
31 find, cannot support a use of the Black Scholes model as a  
32 definitive methodology for valuing the interruptibility credit.  
33 Rather, as in most economic forecasts, it serves only to establish a  
34 point in an estimated range of reasonableness."  
35

36 Ultimately the Commission exercised judgment in establishing an appropriate  
37 value for interruptibility stating as follows in arriving at the credit value on page  
38 12 of the Order:

1 “As noted by Staff witness Schunke and acknowledged by  
2 Monsanto, the ‘cost of service for firm load customers is an  
3 imprecise science and establishing the cost of service for an  
4 interruptible load is even more difficult, requiring considerable  
5 judgment.’ As a result of inconsistencies in both methods used to  
6 derive the value of the interruptibility credit, we find that a credit  
7 value of 7.48 mills/kWh representing the mid-point of a range  
8 established by the two methodologies is reasonable. In fact, the  
9 record does not support any finding that is more precise or exact.”

10  
11 The price under the current 2007 Agreement was reached by agreement  
12 negotiated by the parties, submitted to the Commission and approved by the  
13 Commission. As discussed below, the 2007 Agreement for the first time will  
14 have both firm and interruptible rates based on tariff schedules subject to  
15 adjustment in general rate cases. Accordingly, the Commission will again be  
16 required to value various mechanisms for establishing Monsanto’s interruptible  
17 credit and exercise sound judgment in establishing a net rate to Monsanto in the  
18 future. This was recognized by the Commission when the 2007 Contract was  
19 approved in Case No. PAC-E-06-09, Order No. 30197, where the Commission  
20 stated:

21 “The transition of Monsanto from contract to tariff standard  
22 customer, we find, will facilitate future rate adjustments and  
23 should serve to keep Monsanto’s rate better aligned with its cost of  
24 service. We appreciate that in moving to a tariff-based rate  
25 Monsanto has given up some of the certainty provided in a  
26 contract-based rate structure. In doing so, however, we note that  
27 Monsanto was the last of PacifiCorp’s contract customers to make  
28 the transition. While tariff rates may present Monsanto with new  
29 challenges, we perceive the regulatory result to be positive and one  
30 of greater equity. Under the submitted agreement Monsanto’s  
31 future rates after January 1, 2008, will be adjusted using the same  
32 process as all other customers.”

1           **III. HISTORY OF MONSANTO'S ELECTRICAL CONTRACTS**

2   **Q   PLEASE PROVIDE A BRIEF HISTORY OF THE ELECTRIC SERVICE**  
3   **CONTRACTS SUPPLYING THE SODA SPRINGS PLANT.**

4   **A**   Monsanto has been a special contract customer of PacifiCorp and its predecessor  
5       Utah Power & Light Company since 1951. The 1951 contract was for a term of  
6       10 years and supplied 54 MW of interruptible and 6 MW of firm power. After  
7       No. 9 Furnace became operational, an additional contract was entered into in 1965  
8       to supply an additional 71 MW for 10 years. This contract was also interruptible  
9       for economic and emergency reasons. These contracts continued to be extended  
10      until replaced by a single contract in 1991 which supplied 154 MW interruptible  
11      and 9 MW of firm power. The 1991 contract provided that the power supplied to  
12      Monsanto could be interrupted for both emergency and economic purposes. The  
13      1991 contract was replaced by the 1995 contract providing for 206 MW of  
14      interruptible and 9 MW of firm power. This contract allowed Monsanto to be  
15      interrupted for system emergency purposes but not for economic reasons. This is  
16      the first and only contract that did not provide for economic interruptions. The  
17      rates and terms of all special contracts up to this point were arrived at by  
18      agreement negotiated between the parties and approved by the Commission.

19           After PacifiCorp was acquired by Scottish Power in 1999, the parties were  
20      unable to arrive in agreement by negotiations as in the past. In fact, Monsanto  
21      and PacifiCorp became engaged in litigation in U.S. District Court for the District  
22      of Idaho, Case No. CIV-01-0607-E-BLW to establish a termination date for the  
23      1995 contract. By reason of the District Court's decision in favor of Monsanto's

1 position, affirmed by the Ninth Circuit Court of Appeals, and Commission Order  
2 No. 29918, December 31, 2002 was established as the termination date of the  
3 prior 1995 contract. The rates and terms of the 2003 Contract were established by  
4 the Commission in Order Nos. 28918, 29157 and 29206 as a result of contested  
5 proceedings in Case No. PAC-E-01-16.

6 The 2003 Contract contained unique features which included 800 hours of  
7 interruption options. These consisted of 288 hours of operating reserves, 12 hours  
8 of system integrity interruptions and 500 hours of economic interruptions.  
9 Monsanto was provided with the option of buying through interruptions at  
10 replacement energy costs at an adjusted index price. As a result of taking both  
11 firm and interruptible service, the overall net rate to Monsanto, after excluding  
12 any economic curtailment buy-through, averaged 22.97 mills per kWh. While the  
13 800 hours of interruption has a negative affect on Monsanto's production and  
14 increases the phosphorus cost per pound, the resulting overall rate enabled  
15 Monsanto's Soda Springs plant to continue to operate competitively.

16 **IV. REVIEW OF MONSANTO'S CURRENT 2007**  
17 **ELECTRIC SERVICE AGREEMENT**

18 **Q PLEASE DESCRIBE THE CURRENT CONTRACT.**

19 **A** The current contract became effective January 1, 2007. After Mid-American  
20 Energy Corporation's acquisition of PacifiCorp from Scottish Power closed in  
21 March 2006, the parties entered into a new Electric Service Agreement on May  
22 18, 2006 (2007 Agreement) which became effective January 1, 2007. The 2007  
23 Contract was approved by Commission Order No. 30197 entered December 18,  
24 2006, in Case No. PAC-E-06-09. That case arose out of PacifiCorp's Application

1 in Case No. PAC-E-06-04 seeking to revise rates in electric tariff schedules 10  
2 (irrigation), 400 (Monsanto Company) and 401 (Nu-West Industries). As a result  
3 of the stipulations entered into with these three parties, tariff schedules were  
4 revised resulting in a net increase in base rates of \$8.25 million (5.1 percent for  
5 retail customers), with rates increasing \$6.8 million (16.5 percent for Monsanto),  
6 \$150,000 (4 percent for Nu-West), and \$1.7 million (5 percent for irrigation).

7 **Q PLEASE DESCRIBE THE LENGTH OF THE CURRENT 2007**  
8 **AGREEMENT.**

9 A The 2007 Agreement became effective January 1, 2007, with an initial duration  
10 lasting through December 31, 2009. The Agreement will automatically renew for  
11 successive one-year terms unless and until either party gives not less than 180  
12 days notice of termination.

13 **A PLEASE DESCRIBE THE BASIC TERMS OF THE 2007 AGREEMENT.**

14 The 2007 Agreement contains three significant changes from the 2003  
15 Agreement:

- 16 (1) the firm rate was increased 16.5% - \$6.8 million;
- 17 (2) the hours of interruptions were increased 25%, from 800 hours to  
18 1000 hours;
- 19 (3) a new price adjustment mechanism was added with rates based upon  
20 tariff rate changes after January 1, 2008.

21 **Q DID MONSANTO AGREE UPON ANY METHOD TO ESTABLISH THE**  
22 **VALUE OF THE INTERRUPTIBLE SERVICE FOR PURPOSES OF THE**  
23 **2007 CONTRACT?**

1 A No. While PacifiCorp presented various cost-of-service studies and other  
2 methodologies, none were agreed to or accepted. We simply negotiated a net  
3 price which both parties concurred was fair, just and reasonable under the  
4 circumstances. At that time Monsanto (and we thought PacifiCorp) believed that  
5 the new rate increase coupled with the additional hours of interruptions,  
6 effectively brought Monsanto to a rate that was fair, just and reasonable, at or near  
7 true cost of service and fairly valuing interruptibility as of January 1, 2007. Had  
8 that not been the case the parties would not have reached a mutually acceptable  
9 agreement. Otherwise the parties would not have achieved the benefit of their  
10 bargain, or were not negotiating in good faith.

11 **Q PLEASE DESCRIBE HOW FUTURE PRICE ADJUSTMENTS WILL**  
12 **OCCUR.**

13 A Pursuant to Section 2.2 of the Agreement, the prices specified in Section 4.1 of  
14 the Agreement and in Idaho Electric Service Schedule No. 400 are subject to  
15 adjustment resulting from any general rate case or other filing by PacifiCorp after  
16 January 1, 2008, effective on the Commission authorized date.

17 **A ARE PRICE ADJUSTMENTS MANDATORY UNDER THE CURRENT**  
18 **AGREEMENT?**

19 A No. Like other customers, adjustments to Monsanto's tariff rate schedule are  
20 subject to the exercise of sound discretion by the Commission. However, I  
21 respectfully suggest the Commission resist any urge to change the new contract  
22 rates that just went into effect January 1, 2007. By entering into the new contract  
23 Monsanto already just received a substantial increase. Given the new contract,

1 its complexity and the increased interruptibility benefits to the system, little or no  
2 increase to Monsanto is appropriate.

3 **Q IS THIS THE FIRST TIME MONSANTO'S RATES HAVE BEEN**  
4 **SUBJECT TO TARIFF RATE ADJUSTMENTS?**

5 A Yes.

6 **Q WHY DID MONSANTO AGREE TO CHANGE TO TARIFF BASED**  
7 **RATES AFTER SOME FIFTY PLUS YEARS AS A SPECIAL CONTRACT**  
8 **CUSTOMER?**

9 A Subjecting Monsanto to tariff rate adjustments after more than fifty years as a  
10 special contract customer represents a substantial departure from all past  
11 contracts. This was a considerable concession made by Monsanto in order to  
12 establish a new and improved business relationship with the new PacifiCorp,  
13 which disliked special contracts and prefers to have all customers on tariff based  
14 rates. More importantly, Monsanto was mindful of the desires of the Commission  
15 Staff and PacifiCorp to align the timing of the Monsanto rate changes with that of  
16 other customers and to overcome perceived problems with cost of service studies  
17 and the allocation of costs and revenues on an inter-jurisdictional basis.

18 **Q WHAT DID MONSANTO GIVE UP BY MOVING TO TARIFF BASED**  
19 **RATES?**

20 A Monsanto gave up price certainty and stability for a known contract term which it  
21 had enjoyed previously. By moving to tariff based rates, Monsanto has given up  
22 control over the frequency and amount of pricing changes. PacifiCorp now solely  
23 controls when rate changes are filed and the Commission now ultimately controls

1 the amount of price changes. Monsanto has no opportunity to negotiate a tariff  
2 rate, but each time a new rate adjustment case is filed Monsanto must now fully  
3 participate at considerable time and expense to assess, evaluate and try to protect  
4 electricity price changes.

5 Price certainty and stability remain very important to Monsanto's business  
6 which is very capital intensive and competitive. In recent years Monsanto has  
7 spent and is committed to spend millions of dollars on necessary projects at the  
8 Soda Springs plant. We are working on permitting a new mine and developing  
9 the infrastructure needed to safely operate it, which takes capital. Without some  
10 stability in knowing what the cost of production will be, or if the operation will be  
11 profitable, it makes committing new capital dollars to the Soda Springs plant very  
12 difficult. Mr. Schettler will discuss this problem as one of Monsanto's senior  
13 level managers.

14 **Q WHY DID MONSANTO RAISE THE HOURS OF INTERRUPTION**  
15 **FROM 800 TO 1000 HOURS?**

16 **A** Monsanto reluctantly agreed to raise the hours of interruption from 800 to 1000  
17 hours, a 25 percent increase from the previous 2003 Contract. Both parties  
18 continue to place considerable value on the size, timing and dependability of  
19 Monsanto interruptions. The agreed-upon interruptible credit was a matter of  
20 compromise necessary to achieve the agreement both parties strongly sought. The  
21 value agreed upon was not based upon any agreed upon methodology.

1 Q SINCE THE SCOTTISH POWER MERGER IN 1999 AND CONTINUING  
2 THROUGH THE MID-AMERICAN MERGER IN 2006 HOW HAVE  
3 MONSANTO'S RATES INCREASED AS COMPARED WITH OTHER  
4 IDAHO CUSTOMERS?

5 A Monsanto's rates have gone up significantly and more frequently than other  
6 customers. When PacifiCorp and Scottish Power's merger was approved in Order  
7 No. 28213 issued November 15, 1999, in Case No. PAC-E-99-01, all customers  
8 except Monsanto received a \$6.4 million merger credit allocated among  
9 PacifiCorp's retail customers, \$1.6 million per year for the years 2000 through  
10 2003. Next, on June 7, 2002, the Commission entered Order No. 29034 in Case  
11 No. PAC-E-02-1 approving a proposed Settlement Agreement which resulted in a  
12 34% decrease for general service customers, 28.1% decrease for residential  
13 customers, 28% decrease for irrigation customers, and a maximum of 4% increase  
14 for Schedules 6, 9, 10 and 13. Monsanto, as a Special Contract customer, did not  
15 share in these decreases. Moving forward, on January 1, 2003, pursuant to Order  
16 No. 29157 in Case No. PAC-E-01-16, Monsanto's firm rates increased January 1,  
17 2003, 24.1%, plus Monsanto provided 800 hours of interruptions, while other  
18 customers' rates remained unchanged.

19 Despite these significant and disproportionate increases to Monsanto,  
20 PacifiCorp's current filing proposes to raise Monsanto's firm price another 24.1%  
21 and net rates 32.9% (increasing the net price of \$25.55 per MWH to \$33.96 per  
22 MWH) as contrasted with a 10.3% overall price increase for other Idaho  
23 ratepayers. PacifiCorp's filing and news releases indicated Monsanto's rate were

1 proposed to increase 21.4%, which is correct as to firm rates. However, I  
2 calculate that our net rate will increase from \$25.55 per MWH to \$33.96 per  
3 MWH, or 32.9%.

4 **Q HAVE YOU PREPARED AN EXHIBIT TO REFLECT RECENT**  
5 **CHANGES IN MONSANTO'S PRICES AS COMPARED WITH OTHER**  
6 **CUSTOMERS?**

7 A Yes. I have prepared Exhibit 204 to reflect changes in Monsanto's rates since  
8 1995 as compared to the rates of other customers based on information PacifiCorp  
9 has produced in this case in response to discovery requests. Exhibit 204 page 1  
10 is a graph reflecting rate changes since 1995. Page 2 of this exhibit reflects the  
11 changes on a percentage basis. Both are prepared based upon PacifiCorp's  
12 response to Monsanto Data Request 7.1, Exhibit 204 page 3. As can be seen from  
13 Exhibit 204, Monsanto's rates have dramatically and disproportionately increased  
14 since 2003 compared to other customers. If PacifiCorp's proposed increase is  
15 approved, Monsanto's net rates will have increased an incredible 83.57% since  
16 2003.

17 Quite frankly, I cannot understand or accept how PacifiCorp can now  
18 justify disproportionately increasing Monsanto's firm rates an additional 24.1%  
19 and net rate an additional 32.9% on the back of the recent increases. This  
20 certainly constitutes rate shock and does not meet the test of fair, just and  
21 reasonable rates under these circumstances.

22 **V. HISTORY OF INTERRUPTIONS**

1 **Q HAVE YOU PREPARED AN EXHIBIT REFLECTING THE HISTORY**  
2 **OF CURTAILMENTS AT THE SODA SPRINGS PLANT?**

3 A Yes. Exhibit 202 reflects the Soda Springs plant curtailment history from 1986 to  
4 date. It was prepared by me and is based upon the daily logs maintained by our  
5 operators.

6 **Q PLEASE DESCRIBE EXHIBIT 202 AND 203.**

7 A Exhibit 202 reflects from 1986 through September 24, 2007 date the total annual  
8 curtailments in KWH by type. It also shows by year the total amounts paid by  
9 Monsanto to buy-through curtailments. Exhibit 203 reflects the curtailments by  
10 month and year from 1992 through September 24, 2007. It shows that  
11 curtailments are taken every month of the year, although most are taken in the  
12 summer and winter peak months. While the types and amounts of curtailments  
13 have varied over the years based on the different contracts and PacifiCorp's  
14 needs, all of our special contracts since 1952 have contained provisions allowing  
15 PacifiCorp (and its predecessor Utah Power) to interrupt Monsanto's load. As  
16 shown in Exhibit 202 there were no operating reserve or economic curtailments  
17 only under the 1995 contract because there was surplus energy in the market at  
18 that time and PacifiCorp had no need for it.

19 **Q DO YOU EXPECT PACIFICORP TO USE ALL OF THE HOURS OF**  
20 **INTERRUPTIONS AVAILABLE THIS YEAR?**

21 A Yes. PacifiCorp representatives have indicated to me that all hours of economic  
22 interruptions will be utilized.

1 **Q HAS PACIFICORP REQUESTED INTERRUPTIONS IN EXCESS OF**  
2 **CONTRACTUAL ENTITLEMENTS?**

3 A Yes. During energy shortages in 2000, 2001 and 2002, Monsanto entered into  
4 four separate agreements with PacifiCorp providing for additional curtailments.  
5 Additionally on July 25, 2006 we agreed to shut down additional power to assist  
6 PacifiCorp during an emergency they faced in Utah along the Wasatch Front.

7 **VI. ECONOMIC IMPACTS OF MONSANTO'S**  
8 **SODA SPRINGS PLANT**

9 **Q DO YOU BELIEVE THE COMMISSION SHOULD GIVE**  
10 **CONSIDERATION TO OTHER FACTORS IN ADDITION TO COST OF**  
11 **SERVICE STUDIES?**

12 A Yes. Cost of service studies are certainly important to be considered in setting  
13 rates. However, it is well recognized that cost of service studies are based upon  
14 complex models and assumptions which give rise to results which may not be  
15 precise, certain or entirely reliable. For that reason it is my understanding that  
16 this Commission, prior Commissions and even the Idaho Supreme Court have  
17 recognized that cost of service studies are but one of many factors that the  
18 Commission may consider in setting rates. For that reason, I believe it is  
19 appropriate to discuss and make a record of other factors which I believe are  
20 important to consider.

21 **Q PLEASE DESCRIBE SOME OF THE OTHER FACTORS THAT SHOULD**  
22 **BE CONSIDERED IN SETTING MONSANTO'S RATES.**

1 A I believe it is important to consider changes in Monsanto's rates in recent years as  
2 compared with other customers. I also believe it is very important to fully  
3 consider and fairly value the long-term past and future benefits Monsanto  
4 provides to the PacifiCorp system as an interruptible customer. I further believe it  
5 is important to consider the economic benefits Monsanto provides to the region  
6 and the importance of maintaining a solid and consistent base of high-paying jobs.

7 **Q HOW MANY EMPLOYEES ARE EMPLOYED BY MONSANTO**  
8 **RELATING TO THE OPERATION OF THE SODA SPRINGS PLANT.**

9 A On average, 700 fulltime employees are employed in the operation of the Soda  
10 Springs plant. Of these, an average of 380 are direct fulltime employees of  
11 Monsanto. The remaining are fulltime employees of our mining subcontractor  
12 and other subcontractors, as well as additional part-time and seasonal employees  
13 of Monsanto. There have been no significant changes in these employment  
14 numbers over the past 30 years.

15 **Q WHERE DO THE FULLTIME EMPLOYEES RESIDE?**

16 A The breakdown by county is as follows: Caribou – 426, Bannock – 111, Bear  
17 Lake – 88, Franklin – 19, and other – 56.

18 **Q WHAT WAS MONSANTO'S TOTAL PAYROLL FOR YEAR 2006?**

19 A The payroll and benefits for all Monsanto fulltime, part-time and seasonal  
20 employees in 2006 was \$29.4 million dollars. This does not include payroll  
21 overhead or amounts paid to employees of subcontractors. The average wage rate  
22 for our employees is \$24.60 per hour and our average salary \$74,252 per year.

1 This is significantly higher than the average of non-industrial wages paid locally  
2 and in the region.

3 **Q WHY DO THESE JOBS PAY MORE THAN THE AVERAGE JOB IN THE**  
4 **REGION?**

5 A Monsanto jobs require a high level of training and/or education. Our employees  
6 consist of highly-skilled and trained technicians, journeymen and professionals.  
7 Monsanto's salary jobs are made up of engineers, geologists, safety specialists,  
8 accountants and other professionals. Simply put, Monsanto pays market wages in  
9 order to attract the type and quality of workers needed to successfully operate the  
10 Soda Springs facility.

11 **Q DOES MONSANTO MAKE OTHER FINANCIAL CONTRIBUTIONS TO**  
12 **BENEFIT THE LOCAL ECONOMY?**

13 A Yes. In 2006 Monsanto paid \$85.6 million to approximately 400 vendors who  
14 provide material and services to Monsanto. Economists typically use a multiplier  
15 to indicate the indirect economic effects of a business. These indirect effects arise  
16 because payments made to the company's workers and vendors increase the  
17 community's overall income. For example, when workers receive their wages  
18 they use this income to buy goods or services from others businesses in the local  
19 and regional economy. This income is used to pay employees and purchase goods  
20 and services from other businesses, and in turn they spend this money on goods  
21 and services, and the moneys ripple through the economy. I have seen estimates  
22 that this may occur from 2 to 6 times before the moneys flow out of the local  
23 economy. Using these multipliers, the impact to the local Idaho economy from

1 Monsanto wages, salaries, and payment to vendors which totals approximately  
2 \$115 million per year, would produce a range of Idaho economic impact of  
3 somewhere between \$230 million and \$690 million annually.

4 **Q WHAT OTHER WAYS DOES MONSANTO'S SODA SPRINGS**  
5 **OPERATIONS IMPACT THE LOCAL ECONOMY?**

6 A Monsanto pays local property taxes, state mine license tax and federal mineral  
7 royalties as well and other state and local taxes, fees and licenses, which are  
8 important to running and maintaining local, state and federal governments and  
9 programs benefiting all citizens. In addition, Monsanto actively encourages its  
10 employees to be civically and politically active in the community. You will find  
11 Monsanto employees actively involved in local and state government, and in  
12 almost all philanthropic activities in the region.

13 **Q DOES MONSANTO CONTRIBUTE TO THESE LOCAL**  
14 **PHILANTHROPIC EFFORTS?**

15 A Monsanto's Soda Springs plant will donate approximately \$100,000 to local  
16 philanthropic efforts, with which many Monsanto employees are actively  
17 involved. These donations are in addition to our corporate philanthropic efforts.  
18 Monsanto matches, dollar for dollar, all employee donations to non-profit  
19 philanthropic organizations. Monsanto also routinely donates other items; 28  
20 laptop computers to the local school districts, corn seed to the local Pheasants  
21 Forever Club for a habitat program, and chain link fencing used by the Caribou  
22 County fair board to improve the fair grounds.

1 **Q ARE MONSANTO'S IMPACTS OF PARTICULAR IMPORTANCE TO**  
2 **THE LOCAL ECONOMY?**

3 A Monsanto and Agrium's plants are absolutely the single most important factor in  
4 the local economy. The last census indicated that 70% of the non-farm wages in  
5 the area were paid to 30% of the local work force working in phosphate related  
6 mining and manufacturing jobs. This is significant and shows just how important  
7 this industry is to the area.

8 **Q IS THE REGION ENJOYING THE SAME STRONG ECONOMIC AND**  
9 **POPULATION GROWTH OCCURING ESLEWHERE IN IDAHO?**

10 A No, for the past several years Caribou and Bear Lake Counties have lost jobs.  
11 School student enrollments have significantly declined. This is largely  
12 attributable to the loss of industrial jobs in the area. Plant closures in recent years  
13 include Kerr-McGee, Chemical Lime, and Astaris's purified wet acid plants.  
14 Additionally, a number of mining jobs were lost when the FMC plant, and wet  
15 acid plants were closed. Several businesses have had work force reductions,  
16 including J.R. Simplot, Union Pacific and the local school districts. As these  
17 reductions occur, Monsanto's and Agrium's presence becomes even more  
18 important to the area.

19 **Q HOW DOES THE COMMUNITY FEEL ABOUT MONSANTO?**

20 A A study by Adams Research in 1997 concluded that Monsanto's Soda Springs  
21 plant had the highest level of respect and trust from the residents of the local cities  
22 and counties of any business in any other location, and in fact had received the  
23 highest support they have ever encountered for an industry. Monsanto is also an

1 OSHA STAR facility the highest award OSHA provides for safety. In addition  
2 Monsanto has been awarded numerous awards for its mining and reclamation  
3 efforts. These awards show Monsanto's commitment to earn the right to operate  
4 each and everyday, by being a safe place to work, and a responsible citizen and  
5 neighbor.

6 **Q HAS THE SIZE AND DISPROPORTIONATELY LARGE AMOUNT OF**  
7 **THE REQUESTED INCREASES FOR MONSANTO CAUSED**  
8 **CONCERNS WITH SUPPLIERS AND IN THE COMMUNITY?**

9 A Not surprisingly we have received numerous inquiries from our suppliers, local  
10 government leaders and others in the community about Monsanto's future  
11 viability if the proposed large and disproportionate increase for Monsanto went  
12 into effect on the back of the recent substantial increase January 1, 2007. The  
13 local paper, the Caribou County Sun, has published a number of articles providing  
14 facts, figures and other detailed information about the PacifiCorp filing. While  
15 this has provided information and has been helpful to inform and educate the  
16 public, it has also created "rumors" about the plant's future that we have had to  
17 deal with. Local leaders have requested briefings which we have responded to.

18 **Q DOES MONSANTO'S SODA SPRINGS PLANT PROVIDE BENEFIT**  
19 **OUTSIDE OF IDAHO**

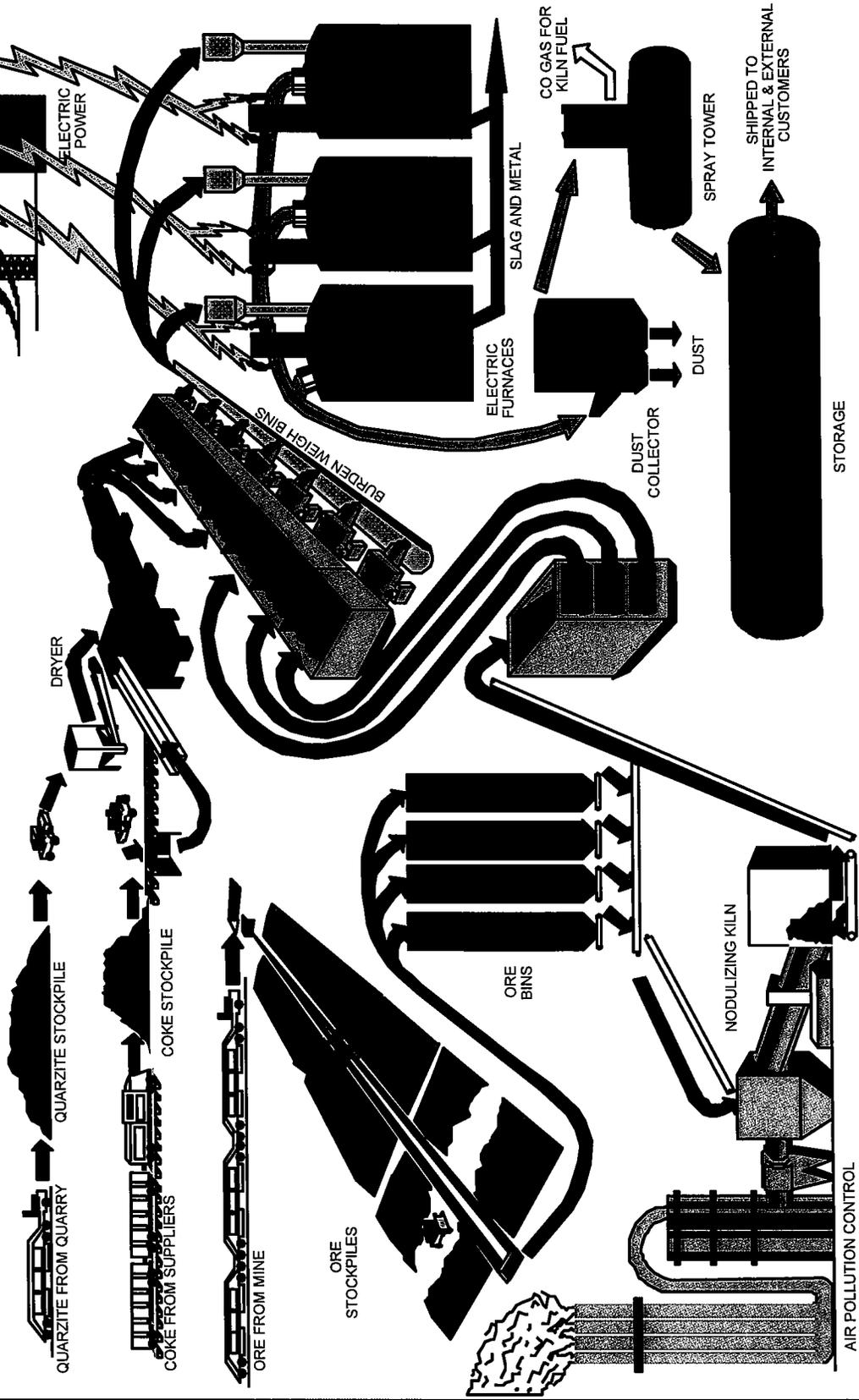
20 A Yes, in two specific ways. First, through the interruption of our electrical load the  
21 "operating reserve" and "system emergency" interruptibility provides electrical  
22 system reliability and stability to people and business of all western states, and the  
23 economic interruptibility reduces the need for high cost peaking resources. This

1 reduces cost and eliminates the need to burn fuels, which provides a benefit to the  
2 environment. Second, the Monsanto's Soda Springs plant has significant  
3 expenditures elsewhere, both nationally and globally, including 2006 expenditures  
4 of \$8.5 million with Colorado Businesses, \$7.3 million with California  
5 businesses, \$6.8 million with Wyoming businesses, and 5.6 million with Utah  
6 businesses.

7 **Q DOES THIS CONCLUDE YOUR TESTIMONY?**

8 **A Yes.**

# Phosphorus Manufacturing Process



## Monsanto 20-Year Curtailment History

Year	Total Curtailment (KWH)	System Curtailment <sup>5</sup> (KWH)	Economic Curtailment <sup>6</sup> (KWH)	Premium <sup>8</sup> (\$)
1986	329,963	259,963	70,000	\$ 390
1987	7,481,460	1,297,368	6,184,092	\$ 31,435
1988	109,238,360	973,113	108,265,247	\$ 622,100
1989	98,853,300	705,000	98,148,300	\$ 923,368
1990	18,992,250	787,250	18,205,000	\$ 145,085
1991	16,815,080	791,080	16,024,000	\$ 102,636
1992	138,074,680	459,680	137,615,000	\$ 700,755
1993	148,072,620	4,381,620	143,691,000	\$ 801,032
1994	100,580,820	2,951,820	97,629,000	\$ 401,983
1995 <sup>1</sup>	5,687,780	37,780	5,650,000	\$ 4,140

Year	Total Curtailment (KWH)	Operating Reserve <sup>4</sup> (KWH)	System Emergency (KWH)	Economic Curtailment <sup>7</sup> (KWH)	Buy Through <sup>9</sup> (\$)
1996 <sup>1</sup>	0	0	0	0	\$ -
1997 <sup>1</sup>	0	0	0	0	\$ -
1998 <sup>1</sup>	49,940	0	49,940	0	\$ -
1999 <sup>1</sup>	37,010	0	37,010	0	\$ -
2000 <sup>1</sup>	1,884,967	1,645,483	239,484	0	\$ -
2001 <sup>1</sup>	2,268,120	2,268,120	0	0	\$ -
2002 <sup>1</sup>	7,368,867	6,988,567	380,300	0	\$ -
2003 <sup>2</sup>	35,650,766	1,003,183	1,147,583	33,500,000	\$ 49,562
2004 <sup>2</sup>	37,915,050	3,882,550	532,500	33,500,000	\$ 863,390
2005 <sup>2</sup>	41,546,984	3,450,117	5,735,867	32,361,000	\$ 21,453
2006 <sup>2</sup>	39,654,500	4,687,533	1,466,967	33,500,000	\$ 598,859
2007 YTD <sup>3</sup> (September)	39,758,783	3,280,600	1,102,183	35,376,000	\$ -

**Foot Notes**

<sup>1</sup> (November) 1995-2002 Contract eliminated economic curtailment.

<sup>2</sup> 2003 Contract 800 total hours of curtailment.

<sup>3</sup> 2007 Contract 1000 total hours of curtailment.

<sup>4</sup> 2000-2002 PacifiCorp purchased Operating Reserve by separate contracts.

<sup>5</sup> System Curtailment is defined as interruptions needed to maintain the integrity of the electrical grid. (No power is available due to system problems.)

<sup>6</sup> Pre 1995 Economic Curtailment were interruptions that occurred by contract when the price of power reached a predefined (trigger) price.

<sup>7</sup> Post 2002 Economic Curtailment may be taken at PacifiCorp's discretion. Monsanto has rights to 'buy through' curtailments at market prices.

<sup>8</sup> Premium is defined as the difference between the contract rate and the actual market price paid to buy through the curtailment.

<sup>9</sup> Buy Through is defined as the dollar value at the actual value of the market price to buy through the economic curtailment.

**Interruptible Events**

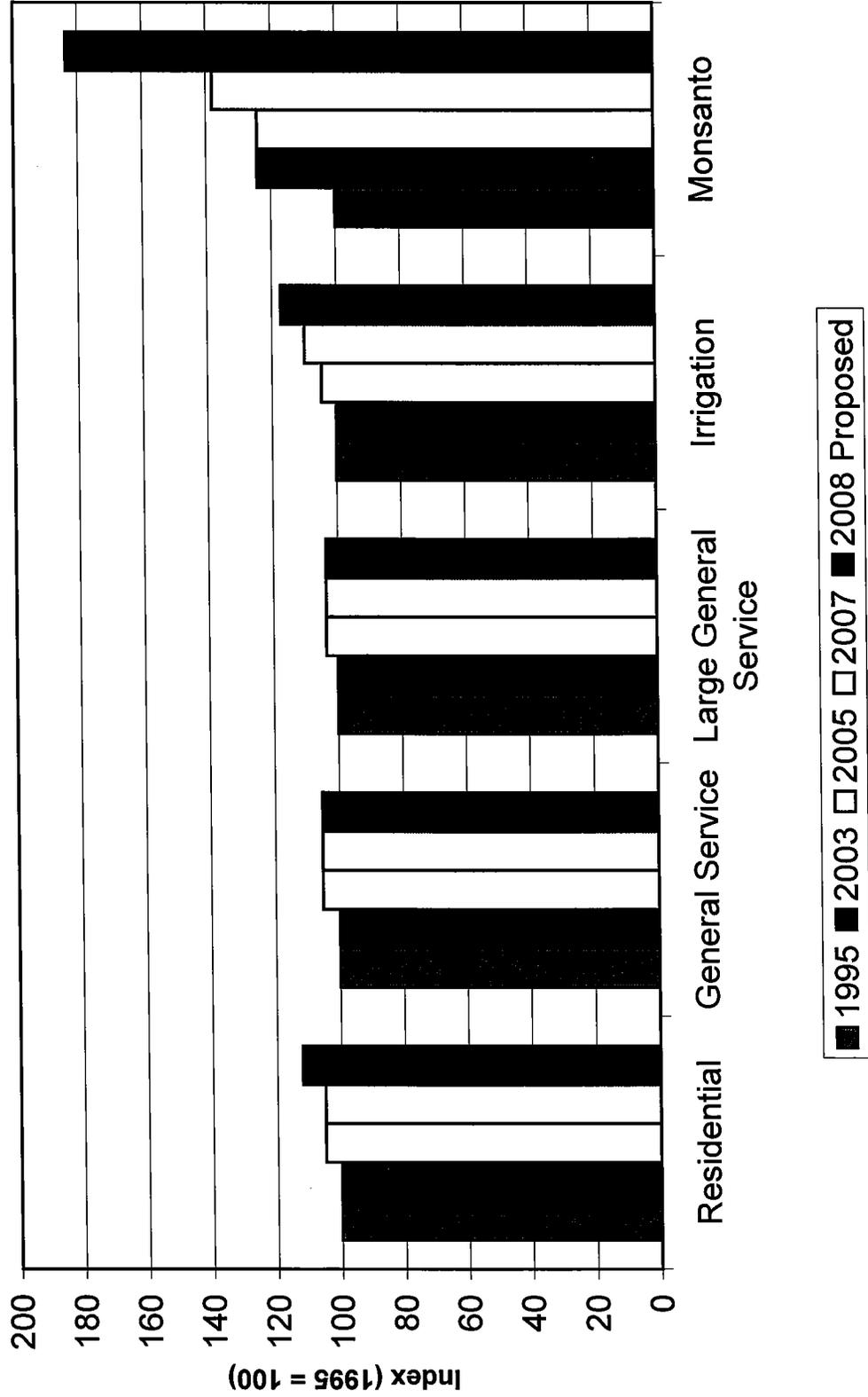
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
January	0	1308	169	27	0	0	0	0	0	2	2	0	35	14	17	30
February	0	949	173	0	0	0	0	0	0	7	0	3	18	20	16	5
March	0	496	0	0	0	0	0	0	1	4	4	6	16	8	2	11
April	84	0	30	0	0	0	0	3	4	0	1	2	16	5	17	15
May	1017	0	459	0	0	0	1	0	9	8	3	21	24	9	7	22
June	363	170	315	0	0	0	2	0	7	12	12	54	7	50	33	78
July	289	14	826	0	0	0	0	0	7	7	64	181	45	112	154	198
August	538	174	951	164	0	0	0	0	3	5	113	111	39	125	137	193
September	457	33	159	15	0	0	0	0	3	0	98	61	45	41	52	70 Accurate as of 9/10/2007
October	444	312	36	0	0	0	0	0	0	3	0	49	170	68	12	12
November	155	786	438	0	0	0	0	0	4	3	3	18	92	109	22	22
December	647	1068	332	0	0	0	0	0	4	5	5	36	114	46	136	136
	4,224	5,310	3,888	206			3	3	42	56	281	542	621	607	605	622

Note: 1 One Curtailment equals one (1) furnace interrupted for up to one (1) hour.

2 1995 contract eliminated economic curtailment (November 1, 1995).

3 2001-2002 curtailment pursuant to short-term Operating Reserve Agreements.

**Exhibit 204, page 1  
PacifiCorp Rate Changes - Idaho Customers**



**Exhibit 204, page 2  
PacifiCorp Rate Changes by Percentage  
Idaho Customers**

	Residential	General Service	Large General Service	Irrigation	Monsanto
2003	0.00%	0.00%	0.00%	0.00%	24.16%
2005	4.98%	5.30%	3.61%	4.59%	0.00%
2007	0.00%	0.00%	0.00%	5.00%	11.23%
2008 - proposed	6.70%	0.00%	0.00%	6.70%	32.92%
<b><u>Indexed to 1995 (=100)</u></b>					
1995	100.000	100.000	100.000	100.000	100.000
2003	100.000	100.000	100.000	100.000	124.162
2005	104.980	105.300	103.610	104.590	124.162
2007	104.980	105.300	103.610	109.820	138.108
2008 proposed	112.014	105.300	103.610	117.177	183.568

**ROCKY MOUNTAIN POWER  
STATE OF IDAHO  
SUMMARY OF PRICE CHANGES**

Exhibit 204, p. 3  
PacificCorp Response to Monsanto  
Data Request 7.1

FILING DATE	EFFECTIVE DATE	TEST PERIOD	DESCRIPTION	OVERALL		RESIDENTIAL		GENERAL SERVICE		LARGE GENERAL SERVICE		IRRIGATION		NATIONAL CONSUMER PRICE INDEX* (1/86=100)
				% CHANGE (5)	INDEX (1/86=100) (6)	% CHANGE (7)	INDEX (1/86=100) (8)	% CHANGE (9)	INDEX (1/86=100) (10)	% CHANGE (11)	INDEX (1/86=100) (12)	% CHANGE (13)	INDEX (1/86=100) (14)	
(1)	(2)	(3)	(4)		100		100		100		100		100	Jan 1986 100
12/87	04/88	12/31/1985	Tax Act	(2.1)	97.9	0.0	100.0	(6.9)	93.1	(7.7)	92.3	0.0	100.0	Jan 1988 106
12/87	1/89	12/31/1987	Tax Act	(1.1)	96.9	0.0	100.0	(3.7)	89.6	(4.2)	88.5	0.0	100.0	Jan 1989 110.8
02/89	02/89	12/31/1987	Limited Issue	(1.0)	95.9	(0.9)	99.1	(0.8)	88.9	(1.4)	87.3	(1.2)	98.8	
03/89	03/89	12/31/1987	Merger Benefits	(2.2)	93.8	(2.2)	96.9	(2.2)	87.0	(2.3)	85.3	(2.2)	96.6	
04/90	05/90	12/31/1988	Limited Issue	(2.6)	91.3	(2.6)	94.4	(2.6)	84.7	(2.6)	83.0	(2.7)	94.0	Jan 1990 116.4
03/91	03/91	12/31/1988	General	0.0	91.3	2.7	96.9	(12.3)	74.3	(7.4)	76.9	4.7	98.4	Jan 1991 123.9
08/93	10/93	12/31/1988	BPA	0.0	91.3	0.0	96.9	0.0	74.3	0.0	76.9	0.0	98.4	Jan 1993 131.8
08/95	10/95	12/31/1988	BPA	0.0	91.3	0.0	96.9	0.0	74.3	0.0	76.9	0.0	98.4	Jan 1995 138.4
09/96	10/96	12/31/1988	BPA	0.0	91.3	0.0	96.9	0.0	74.3	0.0	76.9	0.0	98.4	Jan 1996 141.4
04/97	05/97	12/31/1988	BPA	0.0	91.3	0.0	96.9	0.0	74.3	0.0	76.9	0.0	98.4	Jan 1997 145.4
04/97	10/97	12/31/1988	BPA	0.0	91.3	0.0	96.9	0.0	74.3	0.0	76.9	0.0	98.4	
06/98	08/98	12/31/1988	BPA	0.0	91.3	0.0	96.9	0.0	74.3	0.0	76.9	0.0	98.4	Jan 1998 148.5
06/99	07/99	12/31/1988	BPA	0.0	91.3	0.0	96.9	0.0	74.3	0.0	76.9	0.0	98.4	Jan 1999 151.5
12/99	01/00	12/31/1998	Merger Credit	0.0	91.3	0.0	96.9	0.0	74.3	0.0	76.9	0.0	98.4	Jan 2000 155.7

Note: To calculate the percentage between two years, divide the last index for the second year by the last index of the preceding year and subtract 1.

\*Source: Bureau of Labor and Statistics, CPI - All Urban Consumers, West Region

**ROCKY MOUNTAIN POWER  
STATE OF IDAHO  
SUMMARY OF PRICE CHANGES**

Exhibit 204, p. 3  
PacificCorp Response to Monsanto  
Data Request 7.1

FILING DATE	EFFECTIVE DATE	TEST PERIOD	DESCRIPTION	OVERALL		RESIDENTIAL		GENERAL SERVICE		LARGE GENERAL SERVICE		IRRIGATION		NATIONAL CONSUMER PRICE INDEX* (1/86=100)	
				% CHANGE (5)	INDEX (1/86=100) (6)	% CHANGE (7)	INDEX (1/86=100) (8)	% CHANGE (9)	INDEX (1/86=100) (10)	% CHANGE (11)	INDEX (1/86=100) (12)	% CHANGE (13)	INDEX (1/86=100) (14)		
(1)	(2)	(3)	(4)											(15)	(16)
04/00	06/00	12/31/1988	BPA	0.0	91.3	0.0	96.9	0.0	74.3	0.0	76.9	0.0	98.4		
01/02	02/02	3/31/2001	BPA	0.0	91.3	0.0	96.9	0.0	74.3	0.0	76.9	0.0	98.4	Jan 2002	166.1
1/02	6/02	3/31/2001	Power Cost	0.0	91.3	0.0	96.9	0.0	74.3	0.0	76.9	0.0	98.4		
1/02	2/03	3/31/2001	BPA	0.0	91.3	0.0	96.9	0.0	74.3	0.0	76.9	0.0	98.4	Jan 2003	169.9
1/02	6/03	3/31/2001	Power Cost, Second Year	0.0	91.3	0.0	96.9	0.0	74.3	0.0	76.9	0.0	98.4		
3/03 & 4/04	6/04	3/31/2003	RMA 3rd Year, Power Cost/	0.0	91.3	0.0	96.9	0.0	74.3	0.0	76.9	0.0	98.4	Jan 2004	172.5
12/04	1/05	3/31/2004	BPA Reduction	0.0	91.3	0.0	96.9	0.0	74.3	0.0	76.9	0.0	98.4	Jan 2005	177.1
1/05	9/05	3/31/2004	GRC	4.9	95.8	5.0	101.8	5.3	78.2	3.6	79.7	4.6	102.9		
06/06	1/07	9/30/2005	Rate Change for Irrg. and Spol Contr.	1.5	97.2	0.0	101.8	0.0	76.2	0.0	79.7	5.0	108.1	Jan 2007	189.2
08/06	2/07	9/30/2005	BPA	0.0	97.2	0.0	101.8	0.0	78.2	0.0	79.7	0.0	108.1		
6/07	??	12/31/2006	Proposed GRC	4.9	101.9	6.7	108.6	0.0	78.2	0.0	79.7	6.7	115.3		

Note: To calculate the percentages between two years, divide the last index for the second year by the last index of the preceding year and subtract 1.

\*Source: Bureau of Labor and Statistics, CPI - All Urban Consumers, West Region