Randall C. Budge, ISB No. 1949
Thomas J. Budge , ISB No. 7465
RACINE, OLSON, NYE, BUDGE &
BAILEY, CHARTERED
P.O. Box 1391; 201 E. Center
Pocatello, Idaho 83204-1391
Telephone: (208) 232-6101
Fax: (208) 232-6109
rcb@racinelaw.net

Attorneys for Intervenor Monsanto Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE PACIFICORP DBA ROCKY MOUNTAIN POWER'S 2013 INTEGRATED RESOURCE PLAN	)	**CASE NO. PAC-E-13-05**
	)	**COMMENTS OF MONSANTO COMPANY**

INTRODUCTION

Monsanto Company ("Monsanto") submits these comments to the Idaho Public Utilities Commission ("Commission") regarding PacifiCorp dba Rocky Mountain Power ("Company") 2013 Integrated Resource Plan ("IRP") filing on April 30, 2013 and pursuant to Order No. 32838 giving notice and directing that written comments be filed no later than August 8, 2013. Monsanto does not request a hearing or other proceedings on the IRP which, like prior filings, should be accepted as a compliance filing that is non-binding on the Commission with all prudency review decisions reserved until a general rate case.

Monsanto filed comments dated August 20, 2007 and dated July 7, 2011 on the Company's prior IRP filings with many of the concerns raised at that time remaining valid today. Particularly, these concerns include: a) the importance of properly recognizing Monsanto as a long-standing interruptible load and resource; b) the need for resource planning analysis that focuses upon "least cost" resource principles; c) the need to address the economic impacts and

affordability of capital expenditures; and d) properly addressing the critical question of whether the costs exceeds value or benefit derived to the ratepayers.

In these comments Monsanto will address four issues: (1) Inconsistent and unexplained changes to the capacity contribution at system peak for existing interruptible resources; (2) the Company's reliance on its newly-developed System Operational and Reliability Benefits Tool as an analytical model designed to measure incremental economic benefits of specific transmission projects, (4) Double counting in the Energy Balance Account; and (4) the complexity of the Company's IRP process rendering it difficult for customers to participate in any meaningful way.

I.

INCONSISTENT AND UNEXPLAINED CHANGES TO THE CAPACITY CONTRIBUTION AT SYSTEM PEAK FOR EXISTING INTERRUPTIBLE RESOURCES

Significant and unexplained changes in the amount of existing interruptible resources available have been made in the 2013 IRP. Furthermore, the 2013 IRP presents inconsistent and conflicting amounts of the interruptible resource. This should be corrected.

For example, Table 5.2 of the 2011 IRP detailed 281 MW of interruptible resource available at system peak (*see page 85 of 2011 IRP*). This was further described in the 2011 IRP on page 93 in Table 5.10 ("... for a total of 281 MW") as well as on page 98:

> **Interruptible.** There are three east-side load curtailment contracts in this category. These agreements with Monsanto, MagCorp and Nucor provide 281 MW of load interruption capability at time of system peak. Both the capacity balance and energy balance count these resources at the level of full load interruption on the executed hours. Interruptible resources directly curtail load and thus planning reserves are not held for them. (*2011 IRP, p. 98)*

Consequently, all three references to interruptible contracts in the 2011 IRP (pages 85, 93 and 98) consistently used 281 MW.

In contrast, the 2013 IRP is confusing and inconsistent. Table 5.2 on page 81 of the 2013 IRP shows the interruptible resource category is forecast to contribute 141 MW at system peak. PacifiCorp has provided no explanation whatsoever of this significant decline in interruptible contracts from the 2011 IRP.

Footnote 2 on page 81 of the 2013 IRP explains Table 5.2 column heading "L&R

Balance Capacity at System Peak (MW) as: "Represents the capacity available at the time of system peak used for preparation of the capacity load and resource balance. For specific definitions by resource type see the section entitled, "Load and Resource Balance Components", later in this chapter." The section entitled "Load and Resource Balance Components" is found starting at page 92 of the 2013 IRP, and the interruptible description is on page 95:

> **Interruptible.** There are three east-side load curtailment contracts in this category. These agreements with Monsanto, US Magnesium, and Nucor provide about **324 MW of load interruption capability at time of system peak.** Both the capacity balance and energy balance count these resources at the level of full load interruption on the executed hours. Interruptible resources directly curtail load and thus planning reserves are not held for them. As with Class 1 DSM, this resource is now categorized as a decrease to the peak load. *(2013 IRP, p. 95, emphasis added)*

This description of 324 MW is vastly different than the 141 MW shown on Table 5.2. PacifiCorp must explain and correct this discrepancy.

Interruptible contracts are also listed in Table 5.10 found on page 90 of the 2013 IRP under the Class 1 DSM heading, with the following amounts shown under the column heading "Energy Savings or Capacity at Generator":

2013~324 MW
2014~298 MW
2015-2022~310 MW

While the 324 MW shown in Table 5.10 for 2013 at least matches with the description of page 95, there is no discussion of the changes made for the subsequent years. This should be explained in the IRP.

As background, PacifiCorp's March 31, 2010 IRP update included 327 MW of interruptible resource (Table 5.6, PacifiCorp 2008 IRP Update). The amount of 324 MW found on pages 90 and 95 of the 2013 IRP substantiates and is in line with the 327 MW amount found in the 2008 IRP Update. It is also consistent with a total that includes Monsanto's long-standing interruptible product as Monsanto pointed out in its previous IRP Comments. *See Case No. PAC-E-13-05, Comments of Monsanto Company, July 7, 2011.*

In sum, the 2013 IRP is perplexing as to the amount of existing interruptible resources available as none of the references appear to be consistent. Furthermore, the 2013 IRP fails to

address the changes in the amount of interruptible resource. According to page 28 of Appendix B, the Idaho Commission requires IRP analyses to include, "Known or potential changes to existing resources". The 2013 IRP has not done so. The Commission should seek clarification on the proper amount of existing interruptible resource.

II.

THE ENERGY BALANCE DETERMINATION DOUBLE COUNTS SALES

The Company has updated the calculation of the Load and Resource balance in-step with the upgraded IRP models. Interruptible contracts items have moved from increasing Existing Resources to reducing obligation *(see page 93 of 2013 IRP)*. PacifiCorp has done a good job of showing the "Old IRP Format" on Table 5.11 and the "Updated Format" on Table 5.12 demonstrating that both methods result in the same System Position. Due to the movement of Sales, Non-Owned Reserves, Class 1 DSM and Interruptible contracts, PacifiCorp has effectively reduced its 2013 existing resources of 11,962 MW down to 10,010 MW, or a reduction of 1,952 MW. Likewise, PacifiCorp has reduced the 2013 obligation plus reserves of 12,786 MW down to 10,834 MW, or a reduction of 1,952. Consequently, the 2013 System Position, thus remains at (824) MW in both the "Old IRP Format" and the "Updated Format". Monsanto sees no problem with this change in format.

The updated Energy Balance Determination *(see page 101 of 2013 IRP)*, however, is not consistent with the updated Capacity Balance Determination. The Capacity Balance Determination equations are found on page 96 of the 2013 IRP. Specifically, existing Resources do not include interruptible contracts, but instead Interruptibles act to reduce obligation:

Capacity Balance Determination Methodology

Existing Resources = *Thermal + Hydro + Renewable + Firm Purchases + Qualifying Facilities – Firm Sales – Non-Owned Reserves*

Obligation = *Load – Class I DSM - Interruptibles*

The Energy Balance Determination equations are shown on page 101 of the 2013 IRP. In contrast, the interruptibles are included in the Existing Resources, and Sales are deducted. Sales are also included in the Obligation equation. This double counts Sales as both reducing

resources and increasing load obligation.

Energy Balance Determination Methodology

Existing Resources = *Thermal + Hydro + Class 1 DSM + Renewable + Firm Purchases + Qualifying Facilities + Interruptible – Sales*

Obligation = *Load + Sales*

The double counting of sales in the Energy Balance Determination should be corrected. Further, if the changes to the four categories (Sales, Non-Owned Reserves, Class 1 DSM and Interruptibles) are to be made in the Load and Resource Balance Components as explained at page 93 of the 2013 IRP, then one would expect the changes to be made to both the Capacity as well as the Energy Balance Determination. PacifiCorp has not addressed why it changed only the Capacity Balance Determination.

III.

THE NEWLY-DEVELOPED SYSTEM OPERATIONAL AND RELIABILITY BENEFITS TOOL IS UNVERIFIED AND UNTESTED AND MUST BE VERIFIED FOR COST ALLOCATION PURPOSES.

A significant overlap exists between the IRP which discusses the selection of resources and the Multi-State Process ("MSP"), where the states attempt to work together and reach an agreement concerning how the costs of the integrated system should be allocated to each state. Accordingly, resources discussed within the IRP may eventually impact cost allocation issues being addressed in the MSP.

Of primary concern to Monsanto is the IRP's reliance on its newly-developed System Operational and Reliability Benefits Tool ("SBT"). The SBT is an analytical model designed to "measure" incremental economic benefits not otherwise captured in the IRP's modeling of specific transmission projects, such as segments of PacifiCorp's massive Energy Gateway project. The Company's SBT model is untested and the results have not to date been verified or replicated by third parties and stakeholders. Therefore, the various transmission "benefits" presented in the IRP should not be accepted at face value until independent review and verification has been performed.

The SBT's unverified results that are presented in the IRP have potential adverse consequences for the MSP's allocation of costs to Idaho. In the IRP, the Company presents SBT analysis for two portions of the overall Energy Gateway project, the first associated with the Siguard to Red Butte transmission line, and the second associated with the Windstar to Populus (segment D) investment. The SBT "benefits" reported in the IRP for Siguard are a net present value of $645 million and for Windstar $1.565 billion net present value. The SBT purports to show that the vast majority of the economic benefits from these transmission projects are energy related, being in excess of 90% for Siguard and about 80% for Windstar. While undoubtedly some of the benefits from these transmission lines would be energy loss reductions and therefore energy related, since the apparent intent of some MSP participants is to allocate costs in part based upon perceived "benefits," the SBT analysis could be used to support a substantial allocation of fixed transmission costs on the basis of energy consumption, as opposed to peak demand. This would likely be detrimental to Monsanto and other PacifiCorp ratepayers in Idaho.

Monsanto has consistently advocated that costs should be allocated primarily based on objectively-determined cost causation rather than on perceived subjective assignments of benefits. Unfortunately, the transmission "benefits" reported in the IRP could be used to argue in favor of cost allocation based on such perceived benefits rather than on more objective cost causation principles. This underscores the importance of independent verification and testing of the analytical accuracy of SBT before the results are accepted. Only after a detailed independent review of the modeling algorithms and assumptions underlying the SBT have been performed can the SBT results be evaluated. Monsanto urges the Commission in this docket and in future proceedings to reserve judgment on the value of and weight to be given to the SBT results presented in the IRP filing.

Notwithstanding, Monsanto's concern regarding the Company's heavy reliance on the untested SBT, Monsanto has identified three aspects of the IRP that may prove useful to Idaho participants as supportive of positions in the ongoing MSP discussions: (1) the use of planning criteria in the IRP based on achieving a 13% reserve margin associated with summer peak loads, (2) forecasted energy shortages and the importance to the PacifiCorp system of the differences between on-peak and off-peak consumption of electricity, and (3) the role of the state Renewable Portfolio Standards ("RPS") in the IRP process, including the newly-developed "RBS scenario

maker" which was included in the IRP to identify and isolate the costs associated with the state's specific RPS requirements. These appear to be positive features of the IRP.

IV.

THE PUBLIC PARTICIPATION IN THE IRP PROCESS IS OVERLY COMPLEX AND DIFFICULT FOR CITIZENS TO PARTICIPATE IN IN ANY MEANINGFUL WAY AND SHOULD BE REMODELED

Monsanto is mindful of the importance of the IRP and MSP processes because they each may directly impact costs incurred by the Company, allocated to the States, and paid for by the ratepayers. For that reason, Monsanto has undertaken a renewed effort to actively participate in these processes in a meaningful way. Recognizing this involves a significant and ongoing commitment of personnel and resources, Monsanto has assigned personnel to regularly participate in the ongoing public IRP and MSP processes. As a result of extensive and ongoing participation in both Idaho Power and PacifiCorp IRP processes it is Monsanto's assessment that the PacifiCorp process appears to have been intentionally designed to be overly complex, bureaucratic and laborious to discourage citizen participation in any meaningful way, absent the employment of experts. For example, some of the modeling is so complex that it is not even understood or capable of being explained by the presenters, whose answer is simply to go hire (at your expense) the expert modelers employed by the Company. While conference call-in participation has been made available to help minimize time and expense, given the phone system and number of participants it is ineffective and nearly impossible to participate by phone. The PacifiCorp process is a stark contrast with that of Idaho Power, which effectively utilizes a citizens advisory board to address planning issues in a simple, straightforward and functional manner together with an outside facilitator which helps resolve conflicts and problems of domination by small special interest groups.

It is noteworthy that the Company's IRP filing in addressing the Idaho IRP requirements states as follows:

> "Twenty-year plan to meet load obligations at least-cost, with equal consideration to demand side resources. The plan to address risks and uncertainties. **Emphasis on clarity, understandability, resource capabilities and planning flexibility.**" (Emphasis added.) PacifiCorp – 2013 IRP, App. B – IRP Regulatory

Compliance, Table B.2, p. 27.

The Company's IRP process for citizen's involvement falls far short of meeting Idaho's stated IRP requirements and requires overhaul.

The Commission's consideration of Monsanto's IRP Comments is appreciated. Monsanto intends to continue its participation in the Company's IRP and MSP processes and to work collaboratively with Staff and other participants.

RESPECTFULLY SUBMITTED this 8th day of August, 2013.

RACINE, OLSON, NYE, BUDGE &
BAILEY, CHARTERED

By Randall C. Budge
RANDALL C. BUDGE

CERTIFICATE OF MAILING

I HEREBY CERTIFY that on this 8th day of August, 2013, I served a true, correct and complete copy of the foregoing document, to each of the following, via the method so indicated:

Jean D. Jewell, Secretary (original and 7)
Idaho Public Utilities Commission
P.O. Box 83720
Boise, ID 83720-0074
E-mail: jjewell@puc.state.id.us — Hand Delivery

Ted Weston
Daniel E. Solander
Mark C. Moench
Rocky Mountain Power
201 South Main, Suite 2300
Salt Lake City, Utah 84111
E-mail: ted.weston@pacificorp.com — E-Mail
E-mail: Daniel.solander@pacificorp.com
E-mail: mark.moench@pacificorp.com

Scott Woodbury
Deputy Attorney General
Idaho Public Utilities Commission
P. O. Box 83720
Boise, Idaho 83720-0074 — E-Mail
E-mail: scott.woodbury@puc.idaho.gov

Benjamin J. Otto
Idaho Conservation League
P. O. Box 844
Boise, Idaho 83702 — E-Mail
E-mail: botto@idahoconservation.org

Ken Miller
Clean Energy Program Director
Snake River Alliance
P.O. Box 173
Boise, Idaho 83701
kmiller@snakeriveralliance.org — E-Mail

Thomas H. Nelson
P.O. Box 1211
Welches, Oregon 97067
E-mail: nelson@thnelson.com — E-Mail

Nancy Esteb, Ph.D.
P.O. Box 490
Carlsborg, Washington 98324
E-mail: betseesteb@qwest.net E-mail

John Lowe, Director
Renewable Energy Coalition
12050 SW Tremont Street
Portland, Oregon 97225
E-mail: jravenesanmarcos@yahoo.com E-mail

Katie Iverson
Brubaker & Associates
19540 N. Wessex Dr.
Surprise, Arizona 85387 E-Mail
E-mail: kiverson@consultbai.com

James R. Smith
Monsanto Company
P. O. Box 816
Soda Springs, Idaho 83276 E-Mail
E-mail: jim.r.smith@monsanto.com

Randall C. Budge
RANDALL C. BUDGE