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UTILITIES COMMISSION

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May 12, 2003

Ms. Jean D. Jewell  
Commission Secretary  
Idaho Public Utilities Commission  
472 West Washington Street  
Boise, ID 83702

**Re: Case No. PAC-E-01-16; PacifiCorp/Monsanto Electric Service Agreement**

Dear Ms. Jewell:

In accordance with the Commission's final Order in this case, enclosed for the Commission's approval is the Electric Service Agreement that has been negotiated by PacifiCorp and Monsanto to comply with the terms of Order Nos. 29157, issued January 27, 2003 and 29206, issued March 14, 2003. The parties are filing the Agreement with faxed signature pages and will submit a clean copy of the signature page as soon as possible.

Thank you for your assistance in this matter.

Very truly yours,

John M. Eriksson

Enclosures

cc: Randy Budge  
Scott Woodbury  
Bruce Griswold

Oregon  
Washington  
California  
Utah  
Idaho

## 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 January 1, 2003, 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 95 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 95 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) sixty (60) minutes after interruption of the furnace load.

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

PacifiCorp may request System Integrity Interruptions of up to 162 MW and 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.)

#### **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) Two hundred eighty eight (288) hours per calendar year
- (2) Twenty-five (25) interruptions for each calendar month
- (3) Three (3) interruptions in any four (4) hour period
- (4) Up to one (1) hour 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.

#### **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 January 1, 2003, 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.

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 67 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 67 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<sup>TM</sup> 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 67 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<sup>TM</sup> 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 67 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<sup>TM</sup> indices are not reported for any Day during the Term, the Dow Jones<sup>TM</sup> 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<sup>TM</sup> indices are not reported. For reference, the Dow Jones description of the Dow Jones<sup>TM</sup> Mid-Columbia and Palo Verde indices is attached as Exhibit B-3.

If the "Dow Jones<sup>TM</sup> 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 67 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 67 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 67 MWh per Economic Curtailment Hour less: (a) 67 MWh per Economic Curtailment Hour if furnace #9 is identified for furnace curtailment, or (b) 49 MWh per Economic Curtailment Hour if furnace #8 is identified for furnace curtailment, or (c) 46 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 67 MW of Economic Curtailment up to a maximum of 500 hours per calendar year 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 67 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 67 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.

Exhibit B-1  
Hourly Shaping Factors

January	114%
February	114%
March	114%
April	110%
May	122%
June	126%
July	130%
August	130%
September	119%
October	113%
November	111%
December	116%



**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.

	Month	Day	Year
Day:			

PacifiCorp's Economic Curtailment Notice				Monsanto's Economic Curtailment Response		
Start of Economic Curtailment		Curtailment Hour		Replacement Energy MW	Physical Curtailment MW	Total MW
Mountain Prevailing Time (Monsanto) Time	Pacific Prevailing Time Hour Ending	Indicate "X" for Curtailment Hour	Estimated Hourly Price \$/MWH			
1 AM	0100				+	= 67
2 AM	0200				+	= 67
3 AM	0300				+	= 67
4 AM	0400				+	= 67
5 AM	0500				+	= 67
6 AM	0600				+	= 67
7 AM	0700				+	= 67
8 AM	0800				+	= 67
9 AM	0900				+	= 67
10 AM	1000				+	= 67
11 AM	1100				+	= 67
Noon	1200				+	= 67
1 PM	1300				+	= 67
2 PM	1400				+	= 67
3 PM	1500				+	= 67
4 PM	1600				+	= 67
5 PM	1700				+	= 67
6 PM	1800				+	= 67
7 PM	1900				+	= 67
8 PM	2000				+	= 67
9 PM	2100				+	= 67
10 PM	2200				+	= 67
11 PM	2300				+	= 67
Midnight	2400				+	= 67

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 megawatt-hour (\$/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> Firm On-peak Firm Off-peak Non-Firm On-peak Non-Firm Off-peak	<u>Sunday and NERC Holidays</u> 24-Hour Firm

**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.*

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

THIS ELECTRIC SERVICE AGREEMENT ("Agreement"), dated as of the 1st day of January 2003, 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 and Monsanto have entered into a Power Supply Agreement dated November 1, 1995 for retail electric service to the Soda Springs Plant (hereinafter "1995 Contract");

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, 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

WHEREAS, PacifiCorp and Monsanto are engaged in litigation in the United States District Court for the District of Idaho, Case No. CIV-01-0607-E-BLW, to establish the termination date of the 1995 Contract; and

WHEREAS, the Idaho Public Utilities Commission (the "Commission") by Order No. 28918 issued December 21, 2001, determined that the existing rate under the 1995 Contract would remain in effect subject to a true-up mechanism retroactive to the termination date of the 1995 Contract based upon the difference between the interim rate and the new rate pursuant to this Agreement; and

WHEREAS, the Commission by Order No. 29157 issued January 27, 2003 and Order No. 29206 issued March 14, 2003 established new rates and other terms incorporated in this new Electric Service Agreement, which shall be effective as of January 1, 2003, subject to said true-up mechanism when the Federal District Court has determined the termination date of the 1995 Contract.

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 System Integrity, Operating Reserves 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 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.

