

Monsanto will briefly address each of the four issues on which PacifiCorp seeks reconsideration. The first issue seeking to adjust monthly “credits” to reflect furnace availability and the second issue regarding the 95 MW limit on system integrity interruptions present nothing new by PacifiCorp. The Commission has fully and fairly analyzed all issues concerning availability in reaching its balanced decision. PacifiCorp’s latest attempts to argue that the Commission did not properly consider the evidence and/or that the record was inadequate to support the findings and conclusions are meritless if not ludicrous. The parties went to great lengths presenting extensive testimony and analysis on all cost and pricing issues which the Commission is well aware of and upon which no further elaboration is needed. PacifiCorp’s request to re-analyze these same issues should be soundly rejected.

The third issue seeking clarification of Monsanto’s firm load pricing is simply a non-issue. Questions regarding the size and billing of Monsanto’s firm load have never previously been an issue either in this proceeding, or historically. PacifiCorp’s apparent misunderstandings of Monsanto’s 9 MW firm load could easily have been clarified by asking Monsanto instead of needlessly raising the matter as an issue before the Commission.

The fourth issue requesting clarification of a possible future true up is premature. There may well be no true-up. The need for any true-up depends upon the termination date of the old contract, yet to be decided in Federal Court. True up issues are not ripe for decision and may not exist at all.

ELECTRIC SUPPLY AGREEMENT PROPOSAL

Both parties were informed the Commission expects a new Electric Service Agreement (“Agreement”) be submitted for approval within 60 days of the January 27, 2003 final order.

Accordingly, Monsanto prepared a proposed draft Agreement based upon the 1995 contract which was updated to incorporate Order No. 29157. *Affidavit of James R. Smith, Exhibit 1.* Monsanto's proposed Agreement was sent electronically to PacifiCorp on February 7, 2003. As indicated in the transmittal letter Monsanto proposed to meet with PacifiCorp as soon as possible for the purpose of reviewing the proposed agreement and addressing and resolving any issues or concerns. Additionally, written comments were requested from PacifiCorp in advance of any face to face meeting so that the issues could be identified and focused upon. *Affidavit of James R. Smith, Exhibit 2.* PacifiCorp has not provided any comments whatsoever on Monsanto's proposed Agreement. Nor has PacifiCorp presented to Monsanto any proposed Agreement which incorporates the terms of the Final Order¹.

Monsanto urges the Commission to reject PacifiCorp's Petition and to approve Monsanto's proposed Agreement. By so doing the Commission could bring this case to a conclusion without further delays.²

RESPONSE TO PACIFICORP ARGUMENTS

I. Response to PacifiCorp argument that "monthly credits" should be adjusted for furnace availability.

PacifiCorp continues to repeat in its Petition *ad nauseam* the same arguments made at the hearing, in its Post-Hearing Brief and in its comments on the Proposed Order that "monthly credits for curtailment should be adjusted to account for furnace availability." The Commission should again reject this argument as it did in the final Order No. 29157, page 2:

"We reject PacifiCorp's proposal to revise a method for calculation of monthly credits for interruptable/curtailment options to reflect the monthly availability of furnace load."

¹ PacifiCorp did send a proposed Agreement on February 20, 2003, but it does not incorporate the directive given by the Commission in the Final Order No. 29157, instead reflecting positions asserted by PacifiCorp in its Petition for Reconsideration, and which the Commission has previously rejected.

² It is noteworthy that in the Magcorp case in Utah, Docket No. 01-035-38 decided July 2, 2002, PacifiCorp has yet to submit a new contract to the Utah Commission for approval.

PacifiCorp continues to advocate its own “credit” philosophies when in fact there are no credits nor payments to Monsanto for interruptibility under the Final Order. PacifiCorp’s claims that it “will be paying Monsanto substantial sums, in the form of credits” is utterly phony. To the contrary, the Commission has rejected any such crediting scheme, and instead established specific rates for firm and interruptible service. Under this new set of rates, it is Monsanto that compensates PacifiCorp for both firm and interruptible service. There are no “monthly credits”, and thus nothing exists which must be adjusted.

Without question the Commission considered the availability and reliability of Monsanto’s furnaces in arriving at the 500 hours of economic curtailment and 300 hours of operating reserves including system integrity, together with the rates for firm and interruptible power. Monsanto has in the past ran its furnaces all out, and plans to continue to do so in the future. The importance of running all furnaces as much as possible to maximize production and achieve operating efficiencies was emphasized throughout the proceeding by Monsanto personnel. It is frivolous for PacifiCorp to suggest, let alone argue, that the Commission did not consider furnace availability in arriving at the interruption levels and rates.

As for the January 2003 furnace incident, Monsanto must correct several fallacies presented by PacifiCorp in its Petition. In the Griswold Affidavit and its Petition at Pages 5-6, PacifiCorp discusses a temporary outage of furnace No. 9 for maintenance work that occurred from January 30 through February 16, 2003. Monsanto properly notified PacifiCorp of this outage in the normal course of business, thus making it unnecessary for PacifiCorp to supply the 67 MW. As discussed in the Affidavit of James R. Smith (“Smith Affidavit”), at the time of this temporary outage Monsanto and PacifiCorp had already agreed to begin immediately supplying

the 300 hours of operating reserves at 95 MW under the terms of the last Operating Reserve Agreement dated July 9, 2002. This was done to implement the Order on a temporary basis until a new agreement is approved. This temporary arrangement was made between Mr. Smith and PacifiCorp Account Manager, Brent Barker, on January 29, 2003. Apparently Mr. Griswold was either unaware that the arrangements had been made by PacifiCorp, or did not recall the specific terms of the July 9, 2002 Operating Agreement. During the period of the shut-down of the No. 9 furnace, Mr. Griswold began sending letters incorrectly claiming that PacifiCorp had a right to interrupt both of Monsanto's remaining operating furnaces for operating reserves. Section 9 of the July 9, 2002 Operating Agreement anticipated the possibility that a furnace could be removed for maintenance specifically providing that if two furnaces were unavailable due to maintenance or other interruptions Monsanto could still keep one furnace operating. This was explained in Mr. Smith's letter to Mr. Griswold dated February 4, 2003, Exhibit 3 to the Smith Affidavit, also attached to the Griswold Affidavit.

In summary, PacifiCorp's request to adjust the interruptible rate to reflect furnace availability is yet another attempt to take a bite out of the apple by undermining the value provided by Monsanto interruptions and should be rejected.

II. Response to PacifiCorp arguments that System Integrity Interruptions should be limited to 95MW.

The Commission limited Spinning Reserves and System Integrity Interruptions to 300 hours per year at 95 MW. *Final Order No. 29157, page 12*. PacifiCorp argues at page 10 of its Petition that "the limitation of 95 MW for System Integrity Interruptions is not supported by any substantial evidence and is not reasonable". PacifiCorp requests that the entire furnace load of 162 MW be subject to System Integrity Interruptions. PacifiCorp's contention that Monsanto did not oppose interrupting all of its furnaces at once is ridiculous and ignores the overwhelming

testimony to the contrary. While Monsanto has the ability to interrupt all three furnaces, it has consistently expressed a strong desire to keep at least one furnace running at all times for operational and economic reasons. This is the very reason Monsanto insisted upon the option to buy-through economic curtailments.

While numerous models and methods were proposed for determining the interruptible rate, the Commission ultimately chose not to adopt any definitive methodology. Furthermore, Monsanto consistently stated that it not be interrupted any more than necessary to achieve its desired rate. Based upon the substantial record presented, the Commission exercised sound discretion in determining a level of interruptibility and rate which is both reasonable and balanced under the circumstances.

PacifiCorp's contention that the 95 MW limitation for System Integrity is not reasonable or supported by the evidence is entirely without supporting basis and should be rejected.

III. Response to PacifiCorp request for clarification of firm service rates.

This issue is yet another example of how PacifiCorp acts to obstruct progress rather than moving forward with a new agreement. At no time in this proceeding has PacifiCorp raised an issue regarding the delivery and billing of the 9 MW of firm load delivered to Monsanto – that is, until its Petition. The first 9 MW delivered on the North line have always supplied Monsanto's firm load and have always been billed as such. As addressed in paragraph 7 of the Smith Affidavit, PacifiCorp obviously misunderstands how the power is delivered to Monsanto and as how the interruption of Monsanto works. PacifiCorp does not interrupt Monsanto, Monsanto operators interrupt Monsanto upon notification from PacifiCorp.

Electric service is delivered to Monsanto over two transmission lines. The South line serves only the furnaces which are all subject to interruption. The North line provides

Monsanto's 9 MW of firm load and also provides additional auxiliary load which is interruptible. The auxiliary load includes fans, motors and other equipment related to the operation of the furnaces. More importantly, this auxiliary load is also interrupted by Monsanto operators whenever the furnaces are expected to be interrupted for one hour or longer. By raising this issue now, it appears PacifiCorp is grabbing at any and all straws to avoid coming to agreement on contractual terms. If PacifiCorp had simply asked, their misunderstanding could have been easily clarified. There is certainly no need for any clarification by the Commission on this issue. Firm load is 9 MW and is defined in the proposed Agreement as it should be.

IV. Response to PacifiCorp request for clarification of the true-up mechanism.

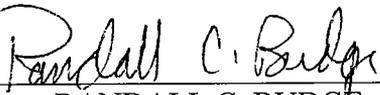
The Commission properly did not address any true up issues in the Final Order as none are properly before the Commission. There may or may not be a need for any true-up. This will not be known until the Federal Court decides the termination date of the old contract. PacifiCorp's attempt to raise true-up issues at this time is premature. True-up issues are not ripe for decision and may not exist at all.

CONCLUSION

Monsanto respectfully requests that the Commission deny PacifiCorp's Petition for Reconsideration and Clarification in its entirety. Monsanto further respectfully requests that the Commission adopt Monsanto's proposed Electric Service Agreement which fully incorporates the Commission's final Order No. 29157.

DATED this 24th day of February, 2003.

RACINE, OLSON, NYE, BUDGE &
BAILEY, CHARTERED

By 
RANDALL C. BUDGE

CERTIFICATE OF SERVICE

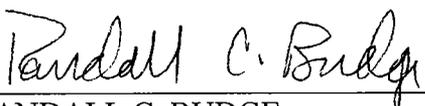
I HEREBY CERTIFY that on the 25th day of February, 2003, I served a true, correct and complete copy of the foregoing document by U.S. Mail, postage prepaid, to the following:

Scott Woodbury
Deputy Attorney General
Idaho Public Utilities Commission
472 W. Washington Street
Boise, ID 83702-5983

James F. Fell
John M. Eriksson
Stoel Rives
900 S.W. Fifth Avenue, Suite 2600
Portland, OR 97204

Eric L. Olson
Racine, Olson, Nye, Budge &
Bailey, Chartered
P.O. Box 1391
Pocatello, ID 83204

James R. Smith
Monsanto Company
P.O. Box 816
Soda Springs, ID 83276


RANDALL C. BUDGE