

FISHER PUSCH & ALDERMAN LLP

ATTORNEYS AND COUNSELORS AT LAW

John R. Hammond, Jr.

Email: jrh@fpa-law.com

November 6, 2007

Via hand delivery

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

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

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

Dear Ms. Jewell:

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

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

Sincerely,

FISHER PUSCH & ALDERMAN LLP


John R. Hammond, Jr.

JRH:hva
Encl.

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Attorneys for Rocky Mountain Power

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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

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

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

I. INTRODUCTION

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

II. BACKGROUND

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

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

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

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

III. TERMS OF THE STIPULATION

Revenue Requirement

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

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

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

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

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

Cost of Service, Rate Spread and Rate Design

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

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

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

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

Irrigation Customer Issues

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

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

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

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

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

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

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

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

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

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

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

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

Consumer Related Issues

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

Agrium

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

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

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

Monsanto Tariff Contract and Curtailment Value

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

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

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

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

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

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

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

General Provisions

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

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

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

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

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

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

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

Respectfully submitted this 5th day of November, 2007.

Rocky Mountain Power

By Mark Menech
—

Idaho Public Utilities Commission Staff

By _____

Timothy Schurtz

By _____

Monsanto Company

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

**Community Action Partnership
Association of Idaho**

By [Signature]

Agrium, Inc.

By _____

**Idaho Irrigation Pumpers Association,
Inc.**

By _____

Rocky Mountain Power

**Community Action Partnership
Association of Idaho**

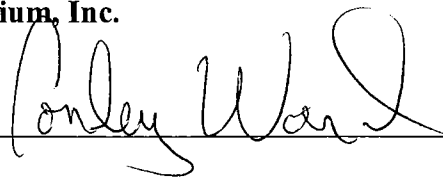
By _____

By _____

Idaho Public Utilities Commission Staff

Agrium, Inc.

By _____

By  _____

Timothy Schurtz

**Idaho Irrigation Pumpers Association,
Inc.**

By _____

By _____

Monsanto Company

By _____

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

Respectfully submitted this 5th day of November, 2007.

Rocky Mountain Power

**Community Action Partnership
Association of Idaho**

By _____

By _____

Idaho Public Utilities Commission Staff

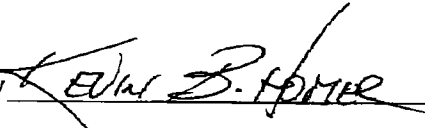
Agrium, Inc.

By _____

By _____

Timothy Schurtz

**Idaho Irrigation Pumpers Association,
Inc.**

By  _____

By _____

Monsanto Company

By _____

Rocky Mountain Power

**Community Action Partnership
Association of Idaho**

By _____

By _____

Idaho Public Utilities Commission Staff

Agrium, Inc.

By _____

By _____

Timothy Shurtz

**Idaho Irrigation Pumpers Association,
Inc.**

By _____

By 

Monsanto Company

By _____

Rocky Mountain Power

**Community Action Partnership
Association of Idaho**

By _____

Idaho Public Utilities Commission Staff

Agrium, Inc.

By Scott D. Woodbury
11/06/07

By _____

Timothy Shurtz

**Idaho Irrigation Pumpers Association,
Inc.**

By _____

By _____

Monsanto Company

By _____

CERTIFICATE OF SERVICE

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

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Partnership Association of Idaho*

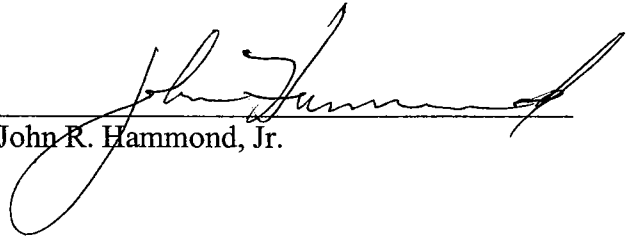
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John R. Hammond, Jr.

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IDAHO PUBLIC
UTILITIES COMMISSION

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

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

WITNESSETH:

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

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

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

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

NOW, THEREFORE, the Parties agree as follows:

Section 1: Definitions

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

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

1.2 Day means calendar day, Pacific Prevailing Time.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 2: Term; Reopeners

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

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

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

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

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

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

Section 3: Purchase and Sale of Power

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

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

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

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

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

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

3.6 Cooperation in Operation.

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

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