

LAW OFFICES OF

**RACINE OLSON NYE BUDGE & BAILEY  
CHARTERED**

W. MARCUS W. NYE  
RANDALL C. BUDGE  
JOHN A. BAILEY, JR.  
JOHN R. GOODELL  
JOHN B. INGELSTROM  
DANIEL C. GREEN  
BRENT O. ROCHE  
KIRK B. HADLEY  
FRED J. LEWIS  
ERIC L. OLSEN  
CONRAD J. AIKEN  
RICHARD A. HEARN, M.D.  
LANE V. ERICKSON  
FREDERICK J. HAHN, III  
PATRICK N. GEORGE  
SCOTT J. SMITH  
DAVID E. ALEXANDER  
JOSHUA D. JOHNSON  
STEPHEN J. MUHONEN  
CANDICE M. MCHUGH  
CAROL TIPPI VOLYN  
JONATHON S. BYINGTON  
JONATHAN M. VOLYN  
BRENT L. WHITING  
DAVE BAGLEY  
THOMAS J. BUDGE  
JASON E. FLAIG  
FERRELL S. RYAN, III  
AARON A. CRARY  
JOHN J. BULGER  
BRETT R CAHOON

201 EAST CENTER STREET  
POST OFFICE BOX 1391  
POCATELLO, IDAHO 83204-1391  
TELEPHONE (208) 232-6101  
FACSIMILE (208) 232-6109

[www.racinelaw.net](http://www.racinelaw.net)

SENDER'S E-MAIL ADDRESS: [rcb@racinelaw.net](mailto:rcb@racinelaw.net)

**BOISE OFFICE**  
101 SOUTH CAPITOL  
BOULEVARD, SUITE 300  
BOISE, IDAHO 83702  
TELEPHONE: (208) 395-0011  
FACSIMILE: (208) 433-0167

**IDAHO FALLS OFFICE**  
477 SHOUP AVENUE  
SUITE 107  
POST OFFICE BOX 50698  
IDAHO FALLS, ID 83405  
TELEPHONE: (208) 528-6101  
FACSIMILE: (208) 528-6109

**ALL OFFICES TOLL FREE  
(877) 232-6101**

LOUIS F. RACINE (1917-2005)  
WILLIAM D. OLSON, OF COUNSEL

July 7, 2011

Jean Jewell, Secretary  
Idaho Public Utilities Commission  
P.O. Box 83720  
Boise, Idaho 83720-0074

Re: PAC-E-11-10

Dear Mrs. Jewell:

Enclosed for filing please find the original and seven copies of *Comments of Monsanto Company* in the captioned matter. Thank you for your assistance.

Sincerely,

  
RANDALL C. BUDGE

RCB:rr

Enclosures

cc: Service List (w/enclosure)

RECEIVED  
2011 JUL 11 PM 3:39  
IDAHO PUBLIC UTILITIES COMMISSION

Randall C. Budge, ISB No. 1949  
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

RECEIVED  
2011 JUL 11 PM 3: 39  
IDAHO PUBLIC  
UTILITIES COMMISSION

Attorneys for Intervenor Monsanto Company

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

IN THE MATTER OF PACIFICORP )  
DBA ROCKY MOUNTAIN POWER'S ) **CASE NO. PAC-E-11-10**  
2011 INTEGRATED RESOURCE PLAN )  
)  
) **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") 2011 Integrated Resource Plan ("IRP") filing on April 1, 2011 and pursuant to Order No. 32243 giving notice of modified procedure and directing that written comments be filed no later than July 11, 2011. Monsanto does not request a hearing. At this juncture, Monsanto does not intend to offer detailed comments on specific modeling efforts or assumptions employed by the Company, except as it applies to the Company's existing interruptible resources. Instead, Monsanto wishes to highlight certain aspects of the IRP's conclusions, primarily centering on the potential cost to ratepayers through implementation of the resource portfolio(s) identified by the Company as preferable.

**THE AFFORDABILITY TEST IS NEITHER ASKED NOR ANSWERED**

We note that the IRP modeling effort today is an extension of earlier utility planning efforts that were labeled 'Least Cost' – an acknowledgement that any resource acquisition plan selected through the planning effort was done so by the fact that the path chosen was identified as

having the least likely impact on ratepayers. Today's modeling continues in a similar vein with its concentration on PVRR (present value revenue requirement), a term of art for least cost.

In both approaches the Company fails to address the critical question of whether the selected resource path is affordable for ratepayers and for the states in which the economic burden will be placed. Today this is a critical question to ask given the fact that technology and capital investments carry an implied cost that supersedes the value of capital investments of a decade or two ago. Additionally, as acknowledged in the Company's last filed IRP, the recent economic recession continues to have substantial lingering impact and is likely to have instilled in the economy permanent structural change, all of which has greatly lessened the economic competitiveness of many of our industries and the economic wherewithal of our families. The bottom line is that while 'least cost' may very well be the less expensive path to acquiring a selected portfolio of new resources, such a path violates what is affordable from those who will pay for such investments. This is particularly evident in a PVRR analysis where future and highly uncertain benefits are used to justify the very real and immediate rate impacts to customers today.

The determination of the preferred portfolio(s) is, of course, an outcome of the modeling effort undertaken by the Company. In that regard, the emergence of any single or set of portfolios can be influenced by the assumptions imbedded within the model and the structure of the model algorithms. As an example, the Company's assumptions regarding continuation of the Production Tax Credits for renewables clearly increase the perceived economic investment of that class of resources. It is an assumption that provides an advantage to developing more renewables compared to the case where these credits are either eliminated or phased out in the emerging fiscal debate in Congress. This is an excellent example of how a model's outcome is ultimately influenced by how one asks key questions. If no questions were asked regarding the ultimate impact on ratepayers (by that, not just what the resulting PVRR is, but, instead, what is the ability of the ratepayer to absorb the cost burden), then the selected resource acquisition path remains only half examined and may fail an 'affordability' test.

One has to look no further than the assumptions imbedded in the Company's modeling relating to transmission investment. The Gateway Transmission project is included in its entirety

in the IRP model. The reasons underlying its inclusion stem from a variety of implied assumptions regarding a continuation of a myriad of state and federal policies all aimed at the expansion of renewable development in the western states. No doubt there has been and continues to be the emergence of a more conducive government policy toward renewable development. That in itself is, however, little justification for a massive transmission build-out that is, first and foremost, aimed at the delivery of Wyoming wind to markets scattered throughout various western states. As the Company states, “One thing is clear; the Energy Gateway strategy provides the necessary capacity for the Company to be aligned with a green resource future.” IRP p. 82 PacifiCorp then fails to ask the question of whether a ‘green resource future’ is affordable to the ratepayer today. Yet, the affordability of a ‘green resource future’ is being asked across multiple regulatory venues today. A most recent example can be seen at the Los Angeles Department of Water and Power (“LADWP”), a target market for multiple western based renewable and transmission line developers (including perhaps Gateway). LADWP has recently experienced considerable controversy before the LA City Council due to forecasted rate increases that will be necessary to meet LADWP’s aggressive renewable acquisition program. In a similar manner, the question of cost containment is now being asked as a critical factor at the California Public Utility Commission as it moves into rulemaking on the state’s new highly aggressive 33 percent RPS (S.B 1X\_2).

To highlight the ever changing topology of renewable investment in the west, we can point to PacifiCorp’s own revision of its planned Gateway South project. Originally viewed as delivering Wyoming wind to the Crystal substation in southern Nevada, a jumping off spot for wholesale sales in the Desert Southwest and Southern California, the Company has now realigned its proposed transmission path to end at Mona, Utah. The reason – no firm takers were willing to make a financial commitment to the extended Gateway South configuration. In other words, the market as conceived originally by the Company did not materialize. One can only assume that the reason why the original market configuration did not material was related to cost, that is, from the potential third-party off-takers the PacifiCorp proposal was too expensive.

The point of the above examples is quite simple – the Company’s assumptions, which drive in large part the modeling results, are predicated on an ever changing set of realities

regarding both market behavior and public policy. While it is not possible to ascertain with certainty the future, to propose a resource expansion plan based upon a most aggressive set of assumptions is perhaps equally dangerous. It tends to automatically align the expansion plan to a future of course of action that will entail massive investment. The question of whether these aggressive resource acquisition plans are affordable – not in the sense that one has a superior PVRR, but in the true sense of the impact of the economic burden placed upon those that ultimately underwrite these type of investments should be made a critical part of the overall assessment of future resources. We believe the Company has failed to ask or answer this question in its IRP. The ratepayers are only now beginning to understand the true cost of the answer to that critical question through rate filing after rate filing. When reviewing the proposed acquisition plans of the Company in this IRP document and more importantly when rate recovery is sought, Monsanto believes it is critically important that resource acquisitions not simply pass a least-cost PVRR test, but passed a more critical test of the affordability.

#### **MONSANTO'S INTERRUPTIBLE RESOURCE**

Monsanto also draws the Commission's attention to a reduction of 46 MW in the Company's assumption of Monsanto's existing interruptible resource. The prior IRP included 327 MW of interruptible resources (Table 5.6, PacifiCorp 2008 IRP Update), while the current IRP includes only 281 MW (Table 5.11, PacifiCorp – 2011 IRP). The justification for this decline is unsupported by PacifiCorp. Monsanto has been a long-standing interruptible customer of the Company, and indeed, nothing has changed during the last several years with respect to its interruptible products. Consequently, Monsanto recommends that the Commission reject the Company's faulty assumption of a decline in existing interruptible resources in any ruling on this IRP.

Specifically, the Company basis reducing the existing interruptible resource was language PacifiCorp insisted upon in the 2007 Electric Service Agreement entered into between Monsanto and PacifiCorp. At that time the Company failed to disclose that this language would in any way be detrimental to their planning models. For the Company to now claim their own language somehow decreases interruptible resources by 46 MW is a disingenuous attempt to reduce existing resources in order to unnecessarily boost future resource needs. If the Company takes

issue with the contractual language used as the basis for their reduction, then the prudent and least-cost course of action would be to advise Monsanto of its desire to revert to pre-2007 language in order to preserve the existing resource. The Company has made no attempt to do so.

RESPECTFULLY SUBMITTED.

DATED this 7<sup>th</sup> day of July, 2011.

RACINE, OLSON, NYE, BUDGE &  
BAILEY, CHARTERED

By:   
RANDALL C. BUDGE

## CERTIFICATE OF MAILING

I HEREBY CERTIFY that on this 7<sup>th</sup> day of July, 2011, 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](mailto:jjewell@puc.state.id.us) U.S. Mail

Ted Weston  
Rocky Mountain Power  
201 South Main, Suite 2300  
Salt Lake City, Utah 84111  
E-mail: [ted.weston@pacificorp.com](mailto:ted.weston@pacificorp.com) E-Mail

Daniel Solander  
Rocky Mountain Power  
201 S. Main Street, Suite 2300  
Salt Lake City, Utah 84111  
E-mail: [mark.moench@pacificorp.com](mailto:mark.moench@pacificorp.com)  
[daniel.solander@pacificorp.com](mailto:daniel.solander@pacificorp.com) E-Mail

Data Request Response Center  
PacifiCorp  
825 NE Multnomah, Suite 2000  
Portland, Oregon 97232  
E-mail: [datarequest@pacificorp.com](mailto:datarequest@pacificorp.com) E-Mail

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

Katie Iverson  
Brubaker & Associates  
17244 W. Cordova Court  
Surprise, Arizona 85387  
E-mail: [kiverson@consultbai.com](mailto:kiverson@consultbai.com) E-Mail

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

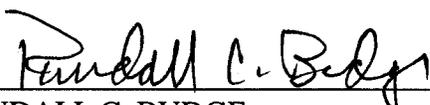
E-Mail

Eric L. Olsen  
Racine, Olson, Nye, Budge & Bailey  
P.O. Box 1391  
Pocatello, Idaho 83204-1391  
E-mail: [elo@racinelaw.net](mailto:elo@racinelaw.net)

E-Mail

Anthony Yankel  
29814 Lake Road  
Bay Village, Ohio 44140  
E-mail: [tony@yankel.net](mailto:tony@yankel.net)

E-Mail

  
\_\_\_\_\_  
RANDALL C. BUDGE