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June 25, 2012

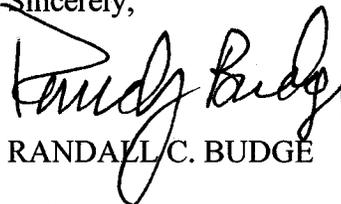
Jean D. Jewell, Secretary  
Idaho Public Utilities Commission  
P.O. Box 83720  
Boise, Idaho 83720-0074

Re: Case No. PAC-E-12-03

Dear Mrs. Jewell:

Enclosed for filing please find the original and seven copies of *Monsanto Company's Comments* in Case No. PAC-E-12-03. Thank you for your assistance.

Sincerely,

  
RANDALL C. BUDGE

RCB:rr

Enclosures

cc: Service List (w.encl.)

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Attorneys for Intervenor Monsanto Company

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

IN THE MATTER OF THE APPLICATION OF ROCKY )  
MOUNTAIN POWER FOR AUTHORITY TO )  
INCREASE RATES BY \$2.6 MILLION TO RECOVER )  
DEFERRED NET POWER COSTS THROUGH THE )  
ENERGY COST ADJUSTMENT MECHANISM )  
\_\_\_\_\_ )

**Case No. PAC-E-12-03**

**MONSANTO  
COMMENTS**

**INTRODUCTION**

Comes now Intervenor Monsanto Company ("Monsanto"), by and through counsel, and submits these comments with regard to the Application of Rocky Mountain Power (the "Company") to increase rates by \$2.6 million to recover deferred net power costs through the Energy Cost Adjustment Mechanisms ("ECAM"). Pursuant to the Commission's *Reconsideration Order No. 32554* dated May 18, 2012, a *Notice of Public Workshop* was issued May 25, 2012 establishing a public workshop conducted on June 4, 2012 to discuss and develop recommendations to be presented to the Commission regarding the following issues: (1) the appropriate load split percentage (normalized and actual) for Monsanto, Agrium and the Company's remaining tariff customers; (2) the proper apportionment and attribution of "line losses" occurring on Rocky Mountain's Idaho system to specific customer groups; and

(3) scheduling of Rocky Mountain's future ECAM filings. At the conclusion of the workshop the parties established a deadline of June 26th to submit simultaneous comments and July 3rd for reply comments on these issues.

**PROPOSAL FOR SPLITTING JURISDICTIONAL BASE LOAD  
AND APPORTIONING ACTUAL 2011 LOAD**

Monsanto believes the workshop helped clarify and narrow the issues and that the parties were able to reach agreement in principle on several points. Based on the workshop and subsequent discussions, it is Monsanto's understanding that Staff and the Company are in agreement with a proposal for splitting jurisdictional Base load and apportioning 2011 actual load in order to determine the Load Differential used in the calculation of the Load Change Adjustment ("LCA") portion of the ECAM ("the Proposal"). No impact to the Net Power Cost Adjustment portion of the ECAM arises from the use of the Proposal.

Monsanto is prepared to accept the Proposal for purposes of this 2012 ECAM, as well the next ECAM to be filed in February 2013. While Monsanto agrees with the use of the Proposal for this year's and next year's ECAM filing, Monsanto recommends that the ECAM treatment of the LCA as to interrupted energy, curtailed energy and replacement energy be identified as an unresolved issue to be addressed in the next general rate case anticipated to be filed May 2013. We ask that the Commission include in its order in this case the requirement for further review of

these issues, since the next general rate case will be the forum in which the jurisdictional Base load energy will be established for purposes of the LCA portion of the ECAM.<sup>1</sup>

**(a) Details of The Proposal**

Monsanto recommends the following key points for purposes of splitting the jurisdictional Base load and apportioning the actual 2011 load:

1. The jurisdictional Base load for Monsanto, Agrium and the tariff customers will be based on monthly class energy at input, adjusted each month for wholesale energy sales losses, to arrive at the monthly jurisdictional Base loads outlined in Exhibit No. 2 of Case No. PAC-E-10-07. On a total annual basis, Monsanto's jurisdictional Base load is 1,474,789 MWH, Agrium is 108,038 MWH and the remaining tariff customers are 2,069,558 MWH for a total of 3,652,385 MWH.
2. The jurisdictional Base load for Monsanto represents the total Monsanto load as though it were completely firm, meaning there has been no reduction whatsoever to its loads for curtailments or interruptions.
3. For purposes of the Load Differential, actual loads will be actual metered loads for Monsanto, including replacement energy, plus energy associated with economic curtailment that Monsanto did not buy-through. November 2011 is the only month where Monsanto was economically curtailed and they did not buy-through each and every hour.
4. For purposes of the Load Differential, the actual loads for Monsanto (as adjusted in Step 3) and Agrium are increased by transmission line losses, and are also adjusted each month for wholesale energy sales losses using the same monthly adjustment factors of Step 1.

As a result of these four points, the ECAM balances will change from those ordered in the Final

Order as follows:

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<sup>1</sup>As required by the settlement stipulation in the last 2011 general rate case Monsanto anticipates discussions with the Company "to address the terms, conditions and valuation of Monsanto's curtailment products in an effort to maximize value to the Company and Monsanto and also to discuss costs of service methodologies as applied to the Monsanto load and how said methodologies will be utilized in the next general rate case." Case No. PAC-E-11-12, Stipulation dated October 17, 2011, paragraph 14. When Monsanto meets with the company to discuss these matters it also will ask the Company to also address the LCA issues presented by this case.

	Final Order	The Proposal	Change from Final Order
Tariff Customers	\$10,429,986	\$10,613,223	\$183,237
Monsanto	\$7,189,122	\$6,812,973	(\$376,149)
Agrium	\$512,364	\$471,163	(\$41,201)
Total	\$18,131,472	\$17,897,359	(\$234,113)

**(b) Support and Reasoning For The Proposal**

At the workshop, there was substantial discussion about what Monsanto energy was included in the Base jurisdictional load energy shown in Exhibit No. 2 in Case No. PAC-E-10-07. When the Company filed its ECAM application February 1, 2012, it removed “replacement” (i.e., “buy-through”) energy from the Monsanto jurisdictional Base load energy, but not from the total jurisdictional Base load energy. Subsequent comments filed by the Company April 26, 2012 stated unequivocally that “replacement” (buy-through) energy was not included in the total 3,652,385 MWH of jurisdictional Base load energy, and that no adjustment should be made to the total Exhibit No. 2 energy amount to reduce that amount for “replacement” (buy-through) energy.<sup>2</sup> The Company explained its April comments at the workshop by stating that **PacifiCorp included all of Monsanto’s load as though they were served as a 100% firm customer in Exhibit No. 2.** This fact means that “replacement” (buy-through) energy was included in the jurisdictional Base load of 3,652,385 MWH.

With the realization that Monsanto “replacement” (buy-through) energy was in fact included in Exhibit No. 2, it became evident that reducing Monsanto’s load by “replacement” energy, as the Company did in its application, resulted in erroneously shifting that “replacement” energy over to the tariff customers, an unintended consequence of the Company’s formulae in its

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<sup>2</sup> See page 6 of Rocky Mountain Power’s Response to Monsanto’s Petition for Reconsideration dated April 26, 2012 at page 6: “... consistent with the 2010 Protocol Base load in Exhibit No. 2 in Case No. PAC-E-10-07, does not include buy-through energy” and later on the same page “... buy-through energy was removed from the jurisdictional load reported in Exhibit No. 2”.

application. Given the apparent constraint “replacement” energy could not be removed from the jurisdictional Base load energy without disturbing the total jurisdictional Base load of 3,652,385 MWH, the parties sought an alternative approach for treatment of “replacement” energy in the Load Differential and LCA derivation. To resolve this apparent dilemma until it can be properly addressed in the next general rate case, for purposes of this ECAM case Monsanto is willing to accept Staff and the Company’s approach to not remove “replacement” energy from Monsanto’s Base loads for purposes of determining the Load Differential.

Since Monsanto’s Base loads have been assumed to be 100% firm, Monsanto’s actual loads used for the Load Differential calculation should likewise reflect a similar assumption. Monsanto’s actual metered loads for January through November 2011 include “replacement” energy that Monsanto purchased to buy-through the Company’s Economic Curtailment. The portion that was not metered was during the times when Monsanto chose not to buy-through an economic curtailment by the Company. This situation happened in November 2011 where Monsanto chose not to buy-through 493 MWH (at sales) of economic curtailment. Both the “replacement” energy bought through by Monsanto (metered), plus the energy associated with economic curtailment which Monsanto did not buy-through (unmetered), must be included in the actual load for purposes of the Load Differential calculation.

Finally, the monthly Base jurisdictional energy loads for Monsanto, as well as the actual monthly loads used for purposes of the Load Differential, must also be adjusted each month for wholesale energy sales losses as explained further below. This maintains consistency between the Base loads and the actual loads as far as the additional wholesale energy sales losses. Monsanto believes all parties at the workshop agreed to this adjustment for wholesale energy sales losses.

## COMMENTS ON COMMISSION'S WORKSHOP ISSUES

This section provides Monsanto's comments on the issues set forth in the Notice of Public Workshop pursuant to Order No. 32554, p. 9.

**(1) The appropriate split percentage (normalized and actual) for Monsanto, Agrium and the Company's remaining tariff customers.**

Normalized (i.e., Base) Load. As explained above, Monsanto recommends the split of Base jurisdictional energy loads be developed by starting with monthly energy at input for Monsanto, Agrium and the remaining tariff customers. Each month's energy at input is then compared to the Exhibit No. 2 monthly Base jurisdictional loads. Monthly adjustment factors for wholesales energy sales losses is then determined and those monthly wholesales energy sales losses are then applied to the monthly energy at input of Monsanto, Agrium and the remaining tariff customers, so that all customers share equitably in those wholesales energy sales losses. It is Monsanto's understanding that all parties are in agreement with this split of Base load.

Actual Load. For purposes of the Load Differential, the actual metered loads for Monsanto (which already includes "replacement" (buy-through) energy) are adjusted for economic curtailment not bought through. The adjusted monthly metered load is further adjusted for transmission losses of 3.605%, as well as by the monthly wholesale energy sales loss adjustment factors. The difference between Base load and this actual load determines monthly Load Differential for the LCA portion of the ECAM.

For purposes of the Load Differential, we realize the Proposal includes "replacement" (buy-through) energy in both the jurisdictional Base load and actual load. Given the constraints explained above regarding Exhibit No. 2, Monsanto believes this solution is a reasonable and fair compromise. More importantly, for purposes of the Net Power Costs, "replacement" energy is

removed from the actual loads in conformance with the Commission's No. 32507. All parties agree on the critical point that "replacement" energy should not be subject to the ECAM. This is simply because when Monsanto buys through an economic curtailment, all replacement power costs are passed through to Monsanto. However, due to the constraints of Exhibit No. 2 that Base loads established in the last general rate case cannot be altered in this ECAM proceeding, both the Base loads and the actual loads used for the Load Differential must include "replacement" energy. It is Monsanto's understanding that all parties are now in agreement with this inclusion of "replacement" energy for purposes of the Load Differential.

It is correct and proper to add back all economic curtailment – whether bought through or not – to the actual loads for purposes of the Load Differential given the circumstances of Exhibit No. 2 from Case No. PAC-E-10-07. This is necessary in order to keep the Load Differential reflective of load changes that are outside the control of the Company. The decision to economically curtail Monsanto is at the Company's sole discretion and made based upon its own economic analysis that curtailing Monsanto will allow the Company to either reduce purchases from the market, or make additional sales into the market. Consequently, the LCA portion of the ECAM should not penalize Monsanto for any "declining load" based upon economic curtailments, whether bought-through or not.

The only remaining piece of Monsanto load not considered in the actual load for purposes of the Load Differential is the energy associated with interruptions for system integrity and operating reserves. In 2011, these interruptions amounted to 1,579 MWH (at sales) for January through November. While Monsanto recommends not making any adjustment for the 1,579 MWH in the Proposal at this time, Monsanto does believe it warrants additional review in the future. The Company fully expected to exercise its contractual right to interrupt Monsanto

for reliability when it determined Exhibit No. 2 jurisdictional Base load energy assuming Monsanto is served as 100% firm customer. When taken, those interruptions add costs to Monsanto's ECAM recovery through the LCA mechanism. The question to ask, however, is: Does the Company lose any fixed costs recovery as a result of interrupting Monsanto for reliability purposes? If so, then it makes sense not to add back the 1,579 MWH to the actual load in order for Monsanto to pay fixed costs on those interrupted MWHs. If, however, the Company does not lose any fixed costs during reliability interruptions, then it would be entirely appropriate to add back the 1,579 MWH to the actual load for purposes of determining the Load Differential. While we believe this question is outside the scope of these comments, we nonetheless believe it should be explored in more detail in the future. For purposes of the Proposal in this case, Monsanto does not propose adjustment to actual loads for reliability interruptions.

**(2) The proper apportionment and attribution of 'line losses' occurring on Rocky Mountain Power's Idaho system to specific customer groups.**

Line losses are handled in the Proposal in a fair and reasonable manner. Customer groups' monthly energy loads at input are adjusted by the monthly wholesale energy sales losses adjustment factor, thus apportioning those particular losses on an equitable basis. For the actual loads used for the Load Differential, Agrium and Monsanto's actual loads are increased by the transmission losses of 3.605%, and are also increased by the monthly wholesale energy sales losses adjustment factors. It is Monsanto's understanding that all parties agree with this apportionment of losses for purposes of the Load Differential.

**(3) Scheduling of Rocky Mountain Power's future ECAM filings.**

At the workshop, the Company agreed in the future to provide quarterly ECAM reports and designate a contact person to provide supporting information, answer questions and address

problems concerning the ECAM calculations in advance of the February 1 annual filing. This will provide Staff and all Parties with an opportunity to review and analyze the ECAM balances over the course of the year rather than awaiting the filing of the entire year's worth of data. Monsanto, Staff and other parties accepted this proposal as a reasonable means of addressing the problems associated with the timing of future ECAM filings.

RESPECTFULLY SUBMITTED,

DATED this 25th day of June, 2012.

RACINE, OLSON, NYE, BUDGE &  
BAILEY, CHARTERED

By   
RANDALL C. BUDGE

**CERTIFICATE OF MAILING**

I HEREBY CERTIFY that on this 25<sup>th</sup> day of June 2012, I served a true, correct and complete copy of the foregoing document, to each of the following, via the method so indicated:

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