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IDAHO PUBLIC  
UTILITIES COMMISSION

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE JOINT )	CASE NO. IPC-E-04-12
APPLICATION OF IDAHO POWER )	
COMPANY AND TAMARACK RESORT )	IDAHO POWER COMPANY'S
LLC FOR APPROVAL OF AN AGREEMENT )	REPLY COMMENTS
TO PROVIDE ELECTRIC DISTRIBUTION )	
FACILITIES. )	
_____ )	

COMES NOW, Idaho Power Company ("Idaho Power" or "the Company"), and, in accordance with IPUC Order No. 29509, herewith responds to several comments received by the Commission in this case.

**SUMMARY OF COMMENTS**

Idaho Power has reviewed all of the comments directed to the Commission. The Company will limit its reply comments to the comments filed by the public, including comments from Mr. Andy Olavarria, 13960 Nisula Road, McCall, Idaho whose comments are dated June 5, 2004 and by Mr. Terry Frisk, 2928 Autumn Way, Meridian, Idaho, whose comments are dated June 15, 2004. Mr. Frisk represents that he also owns property at 2253 West Mountain Road that is located approximately one mile north of the Tamarack Resort.

Mr. Olavarria generally recommends that Idaho Power bury the proposed transmission line between the Donnelly Substation and McCall that is intended to serve the Tamarack Resort and other Company customers in the area. Mr. Olavarria contends that the presence of overhead transmission lines near existing homes and along the abandoned railroad corridor will “limit or detract” from the recreational use of the former railroad right-of-way and will “adversely affect” the value of adjacent properties. Mr. Olivarria does not expressly state who should bear the additional cost of burying the transmission line. Idaho Power is aware that the Commission received three other comments from members of the public also contending that transmission lines in the Cascade-McCall area should be installed underground. These comments expressed opinions similar to the opinions presented by Mr. Olavarria.

Mr. Frisk’s comments appear to focus on the distribution line installed along West Mountain Road in particular and between the Donnelly Substation and the Tamarack Resort in general. Mr. Frisk encourages Idaho Power to bury the entirety of the distribution line constructed to serve the Tamarack Resort. He generally maintains that a buried distribution line would preserve the environment and improve reliability. He notes that a portion of the Company’s distribution line in the area has been buried and endorses burying the remainder of the line for the resort area. In his comments, Mr. Frisk also objects to Idaho Power’s tree maintenance practices.

#### **REPLY COMMENTS OF IDAHO POWER COMPANY**

**Planning For Increased Loads in Valley County:** Idaho Power has experienced continued growth in Valley County in the past twenty years. That growth has resulted in significant increases in electrical usage in the area that is challenging

the Company's existing electrical facilities. In 1985, in anticipation of the continued development of this resort area, Idaho Power purchased right-of-way from the Union Pacific Railroad between Donnelly and McCall.<sup>1</sup> The Company anticipated that this corridor would be used for a future electrical transmission line route.

In 1999 and 2000, Idaho Power conducted a planning study of the Donnelly/McCall area to determine the future electrical needs of the developing area, including the proposed Tamarack Resort, and to assure continued safe and reliable electrical service within Valley County. The study concluded that the then-existing overhead distribution line that served primarily seasonal residences and cabins did not have the capacity to continue serving these uses as well as the proposed Tamarack development, which, at build out, was expected to feature approximately 2000 homes, approximately 272,000 square feet of commercial space, a golf course, ski lifts and other recreational amenities.

The Company's 1999-2000 planning study considered existing and future loads, right-of-way requirements, environmental considerations, the location of existing facilities and the overall cost in determining the most suitable means of providing existing and future electrical service in Valley County. After considerable analysis, the Company determined that the West Mountain Road corridor was part of the best route to provide the projected electrical loads and that the former railroad right-of-way would be part of the 138-kV transmission loop needed within the Donnelly/McCall area.

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<sup>1</sup> Idaho Power has sold certain portions of the former railroad right-of-way to adjacent property owners but, in all circumstances, has retained a right-of-way easement over the conveyed portions of the corridor for future electrical facility uses.

**Underground Transmission Facilities:** Idaho Power does not own or operate any underground transmission facilities. Installing of under-ground transmission facilities is generally five to ten times more costly than placing the same facilities overhead. To provide safe and reliable electrical service to its customers *at the least cost*, Idaho Power has not buried its transmission facilities.

The 138-kV transmission line between Donnelly and McCall will be approximately twelve (12) miles long. A rule-of-thumb estimate for the cost of overhead construction of a transmission line of the type currently contemplated for the 138-kV Donnelly/McCall line is approximately \$250,000 per mile or a total cost of approximately \$3 million. Using the above-referenced five to ten-times multiplier means that constructing the McCall/Donnelly 138-kV line underground would cost approximately \$15 to \$30 million depending on the topography of the route. Idaho Power would not voluntarily incur these additional costs. However, if a majority of Valley County residents prefer that transmission facilities in the Donnelly/McCall area be buried, the Company is willing to do so provided that the additional cost incurred by the Company to place those facilities underground is borne by the residents of Valley County and not the Company's customers generally. When certain of the Company's customers determine that for aesthetic reasons the Company should conform to unique construction standards that are substantially more expensive than the ordinary standards in place in the balance of the Company's service territory when these unique standards do not measurably increase system safety and reliability, the Company believes that it is inequitable for the Company's ratepayers as a whole to absorb the increased cost.

Idaho Power believes overhead transmission facilities can be built between McCall and Donnelly within the former railroad corridor that are sensitive to the natural features of the area. The use of either wood poles or rust-colored, weathered steel poles would blend in with the trees located along and through this corridor. Furthermore, transmission poles can generally be placed farther apart which also reduces the visual impact.

**Underground Distribution Facilities:** With respect to the distribution line on West Mountain Road which was the subject of Mr. Frisk's comment, Idaho Power occasionally builds underground facilities rather than overhead facilities if it is more cost-effective to do so. In this specific instance, Idaho Power applied the most cost-effective solution possible to serve the Tamarack Resort load and to enhance the reliability of the distribution feeder circuit in the area. In a one-mile section through Forest Service land, it was more cost-effective for Idaho Power to bury the distribution line. In that mile, insufficient right-of-way width existed to allow economical construction of an overhead distribution line. Because of the constrained width of that right-of-way, the Company would have been required to construct self-supporting structures to accommodate the required turns in an overhead line.

Using self-supporting structures would have been more costly than burying the line for the length of the segment located within the narrower right-of-way. As a result, the Company elected to bury a portion of the distribution circuit serving the Tamarack Resort and other loads in the area. Had sufficient right-of-way existed or been available, it would have been more cost-effective for the Company to construct that portion of the system in an overhead configuration.

Idaho Power believes the overhead distribution facilities built within the West Mountain Road corridor are sensitive to the natural features of the area. The wood poles will blend in with the trees located along and through the corridor.

**O&M Expense of Underground vs. Overhead Lines:** Several of the comments received by the Commission stated that reduced O&M expense would justify more expensive underground construction. Recent industry surveys of utility experience with underground electrical lines have indicated that underground facilities are not a cure-all for siting and reliability concerns. In general, underground lines are equally reliable as overhead lines. Underground lines are subject to a somewhat different set of threats than overhead lines. Underground lines have a slightly lower frequency of failures; however, that benefit is offset by a much longer duration of an outage until the failure can be located and repaired. Operational expenses are generally similar. Expenses incurred to repair line failures are significantly higher for underground lines. Evidence is accumulating that indicates that the life of an underground line may be significantly less than an overhead line because of the degradation of the underground line's insulation. The difference may be a useful life of 30 years for underground facilities compared to a known useful life of 50 years or more for overhead lines.

**Idaho Power Company's Tree Maintenance Practices:** The contractors hired by Idaho Power Company to maintain the trees within the Company's electrical transmission and distribution corridors are required to adhere to the Company's Line Clearing Policy and Procedures. Most trees either removed or trimmed to accommodate the power line upgrade in question were located in the public road right-

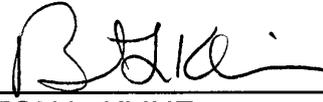
of-way. Idaho Power has an agreement with Valley County to trim and remove trees and brush located within the public right-of-way that either interfere or will interfere with the Company's power lines.

For tree maintenance work completed in the vicinity of or adjacent to private property, the Company's line clearing policies and procedures generally require that all green brush four inches in diameter or smaller be chipped and that wood over four inches in width be cut and left on the premises. Dead material cannot, for safety considerations, be chipped and is also left on the site. It is the Company's experience that most property owners in the Donnelly/McCall area salvage the wood generated by the Company's line clearing efforts for firewood.

The Company requires its line clearing contractors to make a reasonable attempt to notify each adjacent property owner of the line clearing work that is to be completed in the near future. Notification is in the form of a personal visit, a telephone call or placement of a placard on the door of the property advising the inhabitants of the property of the Company's line clearing policy and contact numbers. On July 31, 2003, Idaho Power placed a placard on Mr. Frisk's property located at 2253 West Mountain Road advising him of impending line clearing work. Between August 12-14, 2003, Idaho Power's line clearing contractors conducted work in the vicinity of Mr. Frisk's home.

The line-clearing and vegetation management work in the Donnelly/McCall area has been very successful and the Company has historically received very few complaints from affected property owners living in this area concerning the Company's line-clearing efforts.

DATED at Boise, Idaho, this 22<sup>nd</sup> day of July 2004.



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BARTON L. KLINE  
Attorney for Idaho Power Company

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that on the 22<sup>nd</sup> day of July 2004, I served a true and correct copy of the within and foregoing IDAHO POWER COMPANY'S REPLY COMMENTS upon the following named parties by the method indicated below, and addressed to the following:

Lisa D. Nordstrom	<u>  x  </u>	Hand Delivered
Deputy Attorney General	<u>      </u>	U.S. Mail
Idaho Public Utilities Commission	<u>      </u>	Overnight Mail
P. O. Box 83720	<u>      </u>	FAX
Boise, Idaho 83720-0074		
Steven J. Millemann	<u>      </u>	Hand Delivered
Millemann, Pittinger, McMahon &	<u>  x  </u>	U.S. Mail
Pemberton, LLP	<u>      </u>	Overnight Mail
706 N. First Street	<u>      </u>	FAX
P.O. Box 1066		
McCall, Idaho 83638		
Jean Pierre Boespflug	<u>      </u>	Hand Delivered
Tamarack Resort LLC	<u>  x  </u>	U.S. Mail
475 S. Capital Boulevard	<u>      </u>	Overnight Mail
Suite 200	<u>      </u>	FAX
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