



IDAHO POWER COMPANY  
P.O. BOX 70  
BOISE, IDAHO 83707

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APR 14 11 45 AM '06  
PUBLIC UTILITIES COMMISSION  
MONICA MOEN  
Attorney

April 14, 2006

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

Re: Case No. IPC-E-06-09  
Application For A Certificate of Convenience and  
Necessity For the Evander Andrews Power Plant

Dear Ms. Jewell:

Please find enclosed for filing an original and seven (7) copies of Idaho Power Company's Application for a Certificate of Convenience and Necessity for the Evander Andrews Power Plant. Also enclosed are nine (9) copies of the testimony of Idaho Power witness Gregory W. Said, with one copy designated as the Reporter's Copy. A computer disk containing Mr. Said's testimony is also enclosed.

I would appreciate it if you would return a stamped copy of this transmittal letter in the enclosed self-addressed, stamped envelope.

Very truly yours,

Monica Moen

MM:jb  
Enclosures

MONICA B. MOEN, ISB # 5734  
BARTON L. KLINE, ISB # 1526  
Idaho Power Company  
1221 West Idaho Street  
P. O. Box 70  
Boise, Idaho 83707  
Telephone: (208) 388-2692  
FAX Telephone: (208) 388-6936  
[mmoen@idahopower.com](mailto:mmoen@idahopower.com)  
[bkline@idahopower.com](mailto:bkline@idahopower.com)

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MARCH 16 11:45  
PUBLIC UTILITIES COMMISSION

Attorneys for Idaho Power Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF )  
IDAHO POWER COMPANY FOR A )  
CERTIFICATE OF CONVENIENCE AND ) CASE NO. IPC-E-06- 09  
NECESSITY FOR THE )  
EVANDER ANDREWS POWER PLANT ) APPLICATION  

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COMES NOW Idaho Power Company ("Idaho Power" or the "Company") and, pursuant to Idaho Code § 61-526 and RP 112, hereby applies to the Idaho Public Utilities Commission ("IPUC" or the "Commission") for an Order granting the Company a Certificate of Convenience and Necessity for the Evander Andrews Power Plant ("Project").

Ultimately, it is Idaho Power's intent that the Project be included in Idaho Power's rate base and that fuel costs be recovered in the Company's Power Cost Adjustment mechanism. While the Company is aware that the prudence of the capital and fuel costs of the Project will be evaluated by this Commission in subsequent cases after the Project has been constructed, Idaho Power requests that the Commission note in its Order

in this proceeding that, in the ordinary course of events, Idaho Power can expect to ratebase the prudent capital costs for this Project and to recover prudent fuel costs in the Company's Power Cost Adjustment mechanism.

This Application is based on the following:

1. **Corporate Status.** Idaho Power is a corporation incorporated under the laws of the State of Idaho. Idaho Power is engaged in the business of generating, purchasing, transmitting and distributing electrical energy and provides retail electric service in the State of Idaho. Idaho Power's principal office is located in Boise, Idaho and its business address is 1221 West Idaho Street, Boise, Idaho 83702. Copies of Idaho Power's Articles of Incorporation and Certificates of Convenience and Necessity are on file with the Commission.

2. **Notices.** Idaho Power requests that copies of all notices, pleadings and orders in this proceeding be served on the following:

Barton L. Kline  
Monica B. Moen  
Attorneys for Idaho Power Company  
P.O. Box 70  
Boise, Idaho 83707-0070  
[bkline@idahopower.com](mailto:bkline@idahopower.com)  
[mmon@idahopower.com](mailto:mmon@idahopower.com)

James C. Miller  
Sr. Vice President, Generation  
Idaho Power Company  
P.O. Box 70  
Boise, Idaho 83707-0070  
[jimmiller@idahopower.com](mailto:jimmiller@idahopower.com)

3. **Description of the Evander Andrews Power Plant.** Idaho Power requests that it be issued a Certificate of Convenience and Necessity for the Evander Andrews Power Plant. The Project will be constructed by Siemens Power Generation, Inc., the same entity that provided all labor, materials and equipment and that engineered and constructed the Company's Bennett Mountain Power Plant. Upon completion of construction and passage of all required performance tests, including, but not limited to,

guaranteed net capacity and guaranteed heat rate, care, custody and control of the Project will be transferred to Idaho Power.

The Project will consist of a new Siemens-Westinghouse SGT6-5000F simple cycle, natural gas-fired combustion turbine rated at 170 MW, together with typical balance of plant facilities and equipment. The Project is currently scheduled to be available to meet peak loads in the summer of 2008.

The Project will be located at the existing, approximate 40-acre Evander Andrews Power Complex located north of Mountain Home, Idaho and approximately 45 miles east of Boise. The new unit will be adjacent to two 45 MW gas-fired units built by the Company in 2001. See IPUC Order No. 28773.

The Project will be interconnected to the Company's 230 kV transmission system which is located approximately seven miles from the Evander Andrews site. The natural gas supply for the new plant will be obtained from an existing 16-inch lateral gas line located at the Evander Andrews site. That lateral is directly connected to the Williams Northwest Pipeline. Sufficient capacity exists in this lateral line to accommodate the requirements of the existing facilities and the new facility.

Water for generation will be pumped from an existing deep well on the Evander Andrews premises. Both substantial water supply capacity and priority water rights exist for the existing facilities and the proposed Project.

The Project will operate in compliance with all appropriate air and water quality standards. A map showing the location of the Project is included as Attachment 1.

4. **Consistency with IRP.** In its 2004 Integrated Resource Plan ("IRP"), Idaho Power indicated in its Near-Term Action Plan that it intended to initiate a Request for

Proposals ("RFP") to acquire additional dispatchable energy and capacity to be available during the planning period. In particular, the IRP called for issuance of an RFP for an 88 MW peaking resource in the Fall of 2004. The IRP also stated that Idaho Power anticipated some flexibility in both the RFP and the responses to the RFP for the 88 MW combustion turbine. Idaho Power expected that the RFP would specify a range of turbine sizes, up to 200 MW, similar to the Bennett Mountain RFP in 2003. The RFP flexibility allowed the developers to respond to the RFP with their most cost-effective proposals. The Project is the product of that RFP.

The 2004 IRP also noted that the Company intended to pursue other strategies for satisfying the incremental resource needs during the planning period. In conformance with the 2004 IRP, Idaho Power is implementing additional demand-side measures and the Company has issued an RFP for approximately 100 MW of wind-powered generation and will issue an RFP for 100 MW of geothermal energy this Spring.

5. **Capital Cost Commitment Estimate.** Idaho Power has negotiated an Agreement for Engineering, Procurement and Construction of the Evander Andrews Power Plant with Siemens Power Generation, Inc. ("Agreement"). That Agreement contains a firm bid for the completed Project in the amount of \$49,999,000. Based on this Agreement, Idaho Power is able to make a reliable estimate of the total capital cost of the Project. This estimate, which Idaho Power has termed a "Commitment Estimate," is a good faith estimate of the Project's total capital cost based on the Siemens Power Generation, Inc. Agreement plus certain additional costs the Company knows it will incur but cannot quantify with precision at this time.

These additional costs include, but are not limited to, sales taxes, allowances for funds used during construction (AFUDC), the cost of Idaho Power oversight of the Project and the cost of capitalized start-up fuel. The Commitment Estimate also covers contingencies such as change orders. Idaho Power's Commitment Estimate for the Project is \$60 million.

The Commitment Estimate does not include the cost of constructing transmission and substation facilities required to interconnect the Project with the Company's transmission system. The studies needed to define those costs have not been completed. However, Idaho Power's Delivery Business Unit has provided a preliminary upper limit estimate of \$22.8 million to interconnect the Project to the Company's transmission system.

Idaho Power will commit to procure and install the Project for the Commitment Estimate. The Commitment Estimate would be subject to adjustment to account for documented legally-required equipment changes and material changes in assumed escalation rates not foreseen at the time of this Application. If the final capital cost of the project exceeds the Commitment Estimate, Idaho Power will absorb the extra cost. The Company will include in its Idaho rate base only the amount actually incurred up to the Commitment Estimate.

Idaho Power will provide the Commission with periodic percentage of completion and cost expenditure reports during the construction phase of the Project. The final report on the Project will compare the actual completed cost to the Commitment Estimate.

6. **Fuel Cost.** A major component of the operating costs of a combustion turbine generating plant is the cost of natural gas fuel. Idaho Power owns firm fuel transportation rights that can be utilized by the Project and anticipates that management of the fuel supply will be undertaken by either Idaho Power personnel or Idaho Power personnel in conjunction with a third party such as IGI Resources, Inc.

As a part of this Application, Idaho Power is requesting that the Commission's Order issuing the Certificate in this matter allow Idaho Power to include the Project's cost of fuel, fuel storage and fuel transportation for recovery through the existing Power Cost Adjustment ("PCA") mechanism. Fuel expenses should be approved for PCA inclusion prior to full review of normal operational costs in a general revenue requirement case.

7. **Modified Procedure.** In order to purchase certain equipment for the Project at competitive prices, Idaho Power is requesting that this Application be processed expeditiously. However, the Agreement provides that Idaho Power's receipt of a Certificate of Convenience and Necessity from the Commission is a condition precedent to the Company issuing a Notice to Proceed to Siemens Power Generation, Inc.

In order to streamline the process and expedite the Commission's review of this Application, the direct testimony of Gregory W. Said in support of this Application is filed concurrently with the filing of this Application. In addition, Idaho Power has already assembled the documents it anticipates, based on prior RFP cases, that Staff and any intervenors will likely desire to examine as part of their analysis of this Application. As a result, it would not be necessary for Staff to send a formal request for production of documents prior to reviewing these materials. If additional questions arise and additional

documentation is needed, the Company will work with the Staff and intervenors on an informal basis to expedite the review process.

Some of documents the Company intends to provide for review contain information that the bidders deem to be trade secrets. To assure full bidder participation in future Idaho Power RFPs, the Company will request that Staff and any intervenors sign a standard confidentiality agreement prior to reviewing these materials. Hopefully, making these documents immediately available for review will expedite the processing of this Application.

Finally, Idaho Power requests that this Application be processed under RP 201, et. seq., allowing for consideration of issues to be processed under modified procedure, that is, by written submissions rather than by evidentiary hearing.

WHEREFORE, Idaho Power respectfully requests that the Commission issue its Order granting Idaho Power a Certificate of Convenience and Necessity for the Project with an upper limit of \$60 million allowed for the Company's investment in the Project, excluding transmission costs and subject to adjustment for legally-required changes and material changes in assumed escalation rates not foreseen at the time of this Application.

Idaho Power also requests that the Commission issue its Order noting that, in the ordinary course of events, Idaho Power can expect to ratebase the prudent capital costs for this Project and to recover prudent fuel costs in the Company's Power Cost Adjustment mechanism.

DATED at Boise, Idaho this 14<sup>th</sup> day of April 2006.



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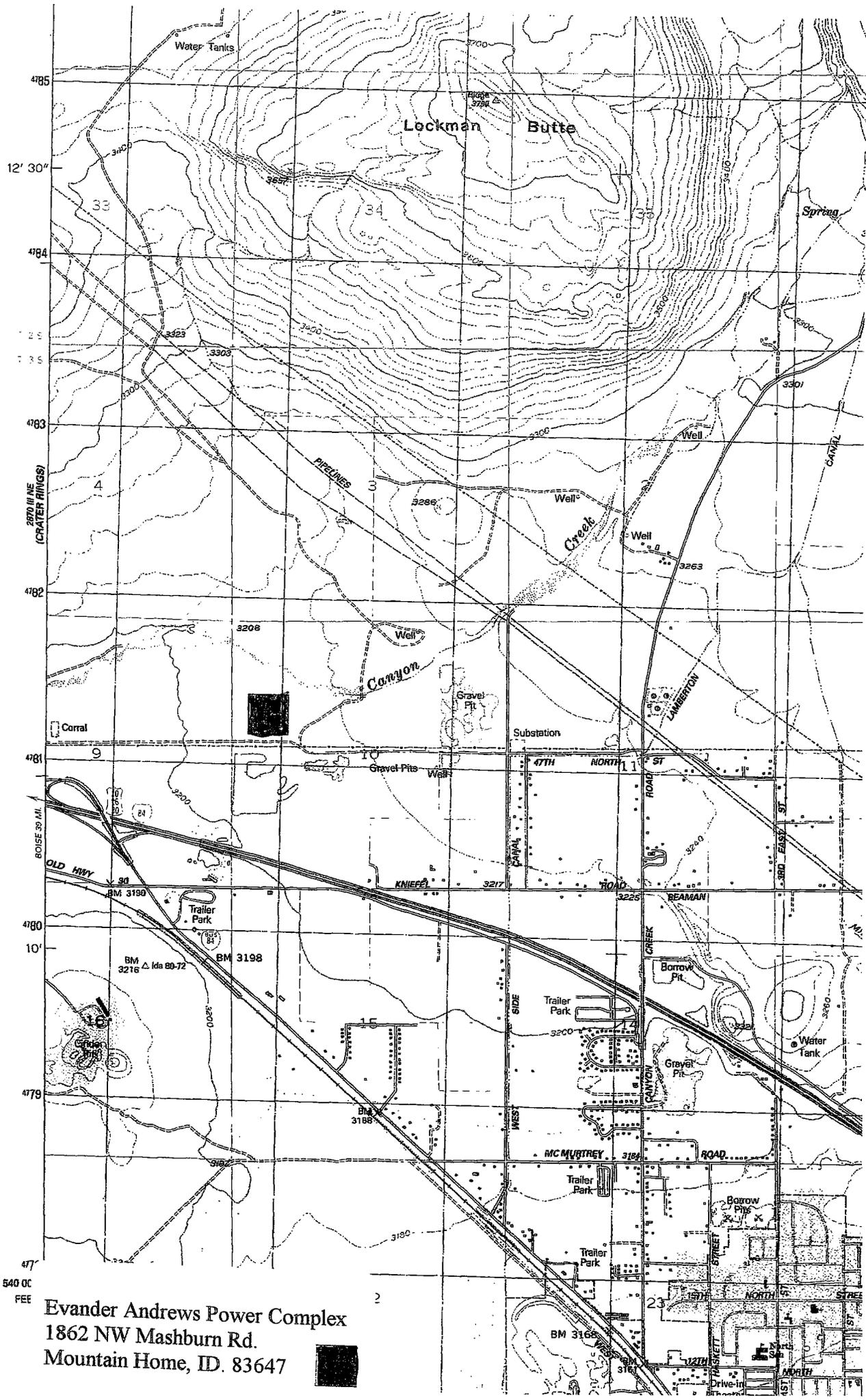
MONICA B. MOEN  
Attorney for Idaho Power Company

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**CASE NO. IPC-E-06-09**

**IDAHO POWER COMPANY**

**ATTACHMENT NO. 1**



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FEE

Evander Andrews Power Complex  
1862 NW Mashburn Rd.  
Mountain Home, ID. 83647

