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July 9, 2007

Ms. Jean D. Jewell
Secretary
Idaho Public Utilities Commission
PO Box 83720
Boise, ID 83720-0074

Subject: IPC-E-06-09 - Quarterly Update on Danskin CT1 Construction Project

Dear Ms. Jewell:

Enclosed please find the quarterly update on the Danskin CT1 Construction Project for the second quarter of 2007. Total project costs through June 25, 2007 are \$28,981,141.

In addition, I have enclosed an updated copy of the first quarterly update sent April 6, 2007. In the original, the Total Project Costs of \$15,660,419 was in error. The number should have read \$16,094,326.

Very truly yours,



Michael J Youngblood

Attachments

c: Ric Gale
Greg Said
Bart Kline
Monica Moen
Legal Files

Danskin CT1 Construction Project Update
June 25, 2007

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Construction was started on June 1, 2007 for the new combustion turbine at the Evander Andrews Power Complex. The power block foundation has been excavated and rebar is being installed. Siemens Power Generation has retained INCO Services as the general contractor. INCO Services is based in Georgia and is the same company that constructed the Bennett Mountain Power Plant.

The Company has completed the inspections of the combustion turbine, generator and generator step-up transformer. These major components are scheduled to be shipped to the site in July and placement on the site foundation completed by September. Currently, the project is on schedule.

The air permit to construct has been issued by the Idaho Department of Environmental Quality (IDEQ) and all other construction permits have been obtained. The acid rain permit and the certificate of representation have been filed with the Environmental Protection Agency. No other outstanding permit issues are pending.

Substation work has begun and work is scheduled to start on the transmission intertie between Evander Andrews and Bennett Mountain next month. Backfeed power to support the new combustion turbine is on schedule for January 2, 2008.

Below are the expenditures to date:

Idaho Power Company
Danskin CT1 Construction Project

	Expenses Through 6-11-07
Siemens Turnkey Contract	\$25,999,480
Change Orders	0
Sales Tax	42,000
Other Idaho Power Costs	<u>\$376,103</u>
Subtotal: Plant Costs	\$26,417,583
Transmission Interconnection & Network Upgrades	<u>\$2,563,558</u>
Total Project Costs:	<u><u>\$28,981,141</u></u>

Note: AFUDC is not included

**Danskin CT1 Construction Project Update
(March 2007)**

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Design for the new combustion turbine at Evander Andrews Power Complex started in January and major equipment has been acquired. The combustion turbine, generator and step up transformer have been acquired and will be shipped to the site during July, 2007. Siemens Power Generation has retained Lauren Engineers and Constructors to do the balance of plant design and foundation drawings for the turbine and generator. The design work will be completed by June, 2007 with ground breaking shortly thereafter.

The air permit to construct application was filed with the Idaho Department of Environmental Quality (IDEQ) on Dec. 21, 2006 and Idaho Power received a confirmation letter from the IDEQ that the Company's application was determined to be complete. The IDEQ is currently writing the permit and it is anticipated that the permit will be available for public comment by mid April with the final permit available before the June 1 site mobilization. Contact has been made with other regulatory agencies and no significant permit hurdles are expected. Idaho Power will be holding two public informational meetings in Mountain Home in April to discuss the project. The City of Mountain Home and Elmore County have been very supportive of the project.

Transmission design is nearing completion with significant progress being made with acquiring major equipment and permitting. The new 40 mile transmission route is using an existing Idaho Power right-of-way that reduces the permit work that is necessary. The substation work at Evander Andrews is expected to start during July.

Below are the expenditures to date:

Idaho Power Company

Danskin CT1 Construction Project

(Total Corrected on 7-9-07, see below)

	Expenses Through 3-16-07
Siemens Turnkey Contract	\$15,041,700
Other Idaho Power Costs	<u>\$370,869</u>
Subtotal: Plant Costs	\$15,412,569
Transmission Interconnection	\$433,907
Transmission Network Upgrades	<u>\$247,850</u>
Subtotal: Transmission Costs	\$681,757
Total Project Costs	<u><u>\$15,660,419</u></u>
	\$16,094,326

note: AFUDC not included here