



An IDACORP Company

RECEIVED

2009 JUN 12 PM 1:27

IDAHO PUBLIC
UTILITIES COMMISSION

LISA NORDSTROM
Senior Counsel

June 12, 2009

VIA HAND DELIVERY

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-09-03
LANGLEY GULCH POWER PLANT

Dear Ms. Jewell:

Enclosed for filing are an original and seven (7) copies of Idaho Power Company's Response to Intervenors' Joint Motion to Stay in the above matter.

Very truly yours,

A handwritten signature in black ink that reads "Lisa D. Nordstrom". The signature is written in a cursive, flowing style.

Lisa D. Nordstrom

LDN:csb
Enclosures

BARTON L. KLINE (ISB No. 1526)
LISA D. NORDSTROM (ISB No. 5733)
Idaho Power Company
P.O. Box 70
Boise, Idaho 83707
Telephone: 208-388-2682
Facsimile: 208-388-6936
bkline@idahopower.com
lnordstrom@idahopower.com

RECEIVED
2009 JUN 12 PM 1:27
IDAHO PUBLIC
UTILITIES COMMISSION

Attorneys for Idaho Power Company

Street Address for Express Mail:
1221 West Idaho Street
Boise, Idaho 83702

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER)	
COMPANY'S APPLICATION FOR A)	CASE NO. IPC-E-09-03
CERTIFICATE OF PUBLIC)	
CONVENIENCE AND NECESSITY FOR)	IDAHO POWER COMPANY'S
THE LANGLEY GULCH POWER PLANT.)	RESPONSE TO INTERVENORS'
)	JOINT MOTION TO STAY

I.

PROCEDURAL BACKGROUND

On May 29, 2009, the Industrial Customers of Idaho Power ("ICIP"), the Idaho Irrigation Pumpers Association ("Pumpers"), the Snake River Alliance ("Alliance"), the Idaho Conservation League ("ICL"), and the Northwest & Intermountain Power Producers Coalition ("NIPPC") filed a Motion to Stay further proceedings in this case for 10 months. The above-referenced parties are all intervenors in this case and will hereinafter be referred to jointly as "Intervenors."

The Commission issued a Scheduling Order in this case on April 20, 2009. Intervenors all agreed to the schedule and the Commission adopted the agreed-upon schedule. All of Intervenors' discovery requests have been made. Idaho Power has received more than 225 discovery requests, most of which contain multiple parts. The Company has responded to all but about 10 of the requests. The remaining 10 requests were received approximately a week ago. Idaho Power is preparing responses and will respond to the remaining requests as soon as reasonably possible. Staff and Intervenors' testimony is due June 19.

II.

INTERVENORS HAVE NOT PRESENTED ANY EVIDENCE TO SUPPORT THEIR MOTION

Intervenors' Motion is a collection of speculation, conjecture, and unfounded assumptions. The Motion is a collection of "what ifs." What if the Company has a better response to its DSM programs than it expects? What if the Company's current load forecasts are so far off that they really do not need to add a baseload resource in 2012? What if the Company's greenhouse gas mitigation strategy causes the Company to abandon the Langley Gulch project? But under Idaho law, simply posing questions and hypotheticals is not a sufficient basis to grant the Intervenors' Motion. Under Idaho law, the Commission must base its decisions and issue its orders based on substantial, competent evidence. See *Industrial Customers of Idaho Power v. Idaho Public Utilities Com'n*, 917 P.3rd 776, 775, 128 Idaho 609, 618 (1996) and *Application of Hayden Pines Water Company*, 111 Idaho 331, 334, 723 P.2d 875 (1986).

Idaho Power has provided testimony and exhibits, i.e., *evidence*, demonstrating the need for the Langley Gulch project. The Company has also presented evidence

demonstrating that the Request for Proposals (“RFP”) process it used to select the Langley Gulch project was administered neutrally and the submitted proposals were evaluated fairly. The Company has presented evidence that Langley Gulch represents a significant value for the Company’s customers. In contrast, Intervenors’ Motion does not provide the Commission with any evidence that supports their speculative assertions. Intervenors ask the Commission to place the viability of the Langley Gulch project at risk without presenting any evidence upon which the Commission could base its decision. For this reason alone, the Commission must deny Intervenors’ Motion.

If the Commission denies Intervenors’ Motion to Stay, the Commission’s established procedure for this case provides a forum where all of the concerns raised by the Intervenors can be presented to the Commission for consideration. Intervenors will have the opportunity in their testimony and exhibits to present evidence that supports the validity of their concerns. Idaho Power will then have an opportunity, in its rebuttal testimony, to respond to the concerns raised by Intervenors. The Commission will then presumably have at least some evidence from the Intervenors supporting their request that the proceedings be stayed or, alternatively, that the Langley Gulch project not receive a Certificate of Public Convenience and Necessity (“CPCN”).

It is very important that the Commission understand the importance of maintaining the agreed-upon schedule. A 10-month delay in this proceeding will, at a minimum, substantially increase the cost of Langley Gulch. Those costs are addressed in greater detail in Section VII below. A 10-month delay could, as shown in Section IV below, jeopardize the Company’s ability to serve all of its loads in 2012 and thereafter. As a result, Intervenors’ Motion is more than a mere procedural request. It has a

substantive effect and requires consideration based on substantial and competent evidence in the record. For all of these reasons, the Commission should dismiss Intervenor's Motion and reaffirm that the schedule established in the Commission's April 20, 2009, Scheduling Order will be followed.

III.

THE COMMISSION'S SCHEDULING ORDER ADDRESSES THE ISSUES RAISED BY INTERVENORS' MOTION.

Intervenors characterize the various issues they raise as "significant and unforeseen events." (Motion for Stay, p. 2). In fact, the issues list contained in the Commission's April 20, 2009, Scheduling Order covers all but one of the issues raised by Intervenor's. The issues identified for review in the April 20, 2009, Scheduling Order are as follows:

1. Integrated Resource Plan (IRP)
 - need for resource
 - load forecast/timing
2. Request for Proposal (RFP)
 - Sufficiency of RFP
 - Resource identification
 - Benchmark Resource
 - Third party consultant
 - Selection process
 - Resource Selection Process
 - Fairness
 - Criteria – price/non-price attributes
 - Transparency
3. Certificate of Public Convenience and Necessity - IDAPA 3 1.0 1.0 1.1 12
4. Ratemaking treatment (cost recovery/ratemaking commitment)
 - A. Construction Work In Progress (CWIP)
Allowance of Funds Used During Construction (AFUDC)

- B. Idaho Code § 61-541 (71112009) - Binding ratemaking treatment
- C. Financial considerations - risk, etc.

It is clear from the Commission's Scheduling Order that the Commission (and the parties) expected that the parties would address in their respective cases the issues the Intervenors raise in their Motion, including the status of the Company's IRP, its load forecast, its DSM programs, and the effect of the recession on the Company's need for Langley Gulch. The only issue raised by Intervenors in their Motion that is not included within the issues list is the Intervenors' speculation that the recent Idaho Power shareholder advisory vote regarding goals for reducing greenhouse gas emissions might cause the Company to abandon Langley Gulch. Idaho Power will address this "what if" in greater detail later in this Response. Other than that one issue, none of the issues raised by Intervenors are surprises that were not anticipated as issues to be considered in this proceeding. Intervenors should move forward and present their case. Idaho Power will respond and the Commission will have a full and adequate record upon which it can make a decision as to whether or not it is in the public interest to issue a CPCN authorizing Idaho Power to move forward with the Langley Gulch project on the schedule it has proposed.

IV.

**TO PROVIDE ADEQUATE AND RELIABLE POWER TO
ITS CUSTOMERS, IDAHO POWER NEEDS TO PROCEED
WITH THE LANGLEY GULCH PROJECT.**

The principal theme in the Intervenors' Motion is that Idaho Power's current load forecast may not be accurate and, therefore, it is necessary to defer a decision on Langley Gulch until after the Company presents a new sales and load forecast in

conjunction with its 2009 IRP filing. The economic recession, new DSM programs, and the Company's greenhouse gas reductions strategy are the principal examples cited to support this thesis. Intervenor's assertion – that a new load forecast is necessary to demonstrate the need for the Langley Gulch project to be available in 2012 – is wrong. The Company has prepared updated sales and load forecasts and load and resource balances that reflect the effects of both the current recession and the impact of anticipated DSM programs, including the irrigation and air conditioning peak reduction programs cited in Intervenor's Motion. (Motion, pp. 7-8).

It is true that Idaho Power prepares a sales and load forecast each year. It is also true that the Company will complete its 2009 sales and load forecast late this summer for use in the 2009 IRP that will be filed before the end of the year. However, it is incorrect to assume that Idaho Power does not continuously monitor its sales and load and periodically update both its sales and load forecast and its load and resource balance.

Idaho Power has prepared a number of updated load forecasts since the 2006 IRP was published. The September 2008 forecast was used for the 2009 IRP. Uncertainty associated with the effect of the current recession on Idaho Power's service area prompted the Company to update the September 2008 load forecast in December of 2008 and then again in May 2009. The December 2008 update considered the residential and commercial class loads. The most recent update, performed in May of 2009, updated the forecast loads for special contract customers as part of preparing the newest load forecast, which is expected to be completed in late summer 2009. The May 2009 update also included the impact from all DSM programs, including new DSM

irrigation, commercial, industrial, and A/C cycling programs. The December 2008 and May 2009 load forecasts and load/resource balances have been provided to the Intervenor in discovery in this case.

Utilizing the May 2009 load forecast, along with the forecast peak-hour DSM contributions and the assumed level of purchases from the Pacific Northwest, Idaho Power is still projecting peak-hour deficits during July of 2009 through July of 2012 of 40 MW, 21 MW, 91 MW, and 183 MW, respectively. From an average energy perspective, using the May 2009 load forecast along with the forecast DSM contributions to reduce average energy requirements and the assumed level of purchases from the Pacific Northwest, Idaho Power is still projecting average energy deficits during July of 2009 through July of 2012 of 397 MW, 418 MW, 465 MW, and 535 MW, respectively.

In spite of the fact that recent economic conditions have been very volatile, Idaho Power's updated load forecasts have been very accurate. The chart below illustrates that accuracy. The chart below compares the December 2008 load forecast to the weather-adjusted actual ("WA Act") loads for January, February, March, and April of 2009.

Month	Weather Adjusted Actual (WA Act) Loads (aMW)	December 2008 Load Forecast (aMW)	Difference (aMW) Forecast minus WA Act
January 2009	1,774	1,859	86
February 2009	1,683	1,714	31
March 2009	1,499	1,519	20
April 2009	1,445	1,504	59

The table shows that the average difference between the weather adjusted actual loads and the December 2009 load forecast is approximately 50 aMW – with the December 2009 load forecast slightly exceeding weather-adjusted actual loads. The

average difference between the weather adjusted actual loads and the forecast from January 2009 through April of 2009 is approximately 3 percent. Looking at the May 2009 load forecast, the weather-adjusted actual load for May was 13 aMW *greater* than the May 2009 forecast.

In May of 2009, the load forecast was updated again, making specific adjustments to the load forecast for Idaho Power's special contract customers. In this update, the load forecast was reduced again, with the largest reductions (94 aMW and 97 MW during peak-hours) occurring in late 2009. This reduction at least partially offsets some of the approximately 50 MW of variance in the December 2009 forecast discussed above.

Furthermore, in July of 2012, Power Supply plans to receive a 115 MW set-aside of firm network transmission to import purchases from the Pacific Northwest. However, to meet peak hour loads, the Company is planning to import 315 aMW of energy from the Pacific Northwest during the same month. This means the majority of the planned imports will be on Secondary Network (non-firm) transmission. Based on the Company's current projections, Langley Gulch, or another similarly sized resource, is needed in the 2012 timeframe to reduce the risk of a shortage of imported energy availability and wholesale market price risk.

The resource need that the Langley Gulch project will meet was identified in the 2004 IRP. In the 2004 IRP, 500 MW of seasonal ownership coal-fired generation was identified for 2011. This was updated in the 2006 IRP, which included 250 MW of coal-fired generation in 2013 and an additional 225 MW of transmission import capacity in 2012. The 2008 IRP Update reflected the Company's decisions to change from a coal-

fired to a natural gas-fired resource and to accelerate the resource one year (from 2013 to 2012) in order to meet expected load. Thus, the 2008 IRP Update included a 250 MW CCCT resource and the 225 MW of import capacity on the Hemingway-Boardman transmission line in 2012. The Boardman to Hemingway ("B2H") transmission line has been delayed, probably until 2015. With the B2H project delayed, development of additional generation resources that do not utilize transmission capacity over the Company's constrained western interconnections, such as Langley Gulch, becomes even more important.

Idaho Power will continue to update its load forecast; however, it is important to recognize that the load forecast has been updated and that differences between weather-adjusted actual values and the load forecast over the last few months have been about 50 MW on average, or about 3 percent. Idaho Power's load and resource balance projections based on the May 2009 load forecast, indicate demand and energy deficits significantly in excess of the recent 3 percent forecast differences. These projected deficits coupled with the facts that (1) water conditions can be worse than planned for, (2) economic recovery could be faster than anticipated, (3) Idaho Power still relies on a significant amount of imports during the summer (a portion of which are imported on non-firm transmission), (4) Idaho Power continues to receive inquiries from potential new large loads, and (5) Idaho Power has a legal obligation to serve new and existing loads, all indicate the need for additional internal generation resources. The persistence of the projected resource deficits through continued analysis, recent adjustments for the economic downturn, and increased DSM, underscores the need for rapid deployment of this needed resource.

The Commission is also well aware of the fact that the Company produces monthly operating plans, which consider both the most recent sales and load forecast and changing conditions on the Company's system as a part of the Company's Energy Risk Management Policy. In fact, representatives of the ICIP and the Pumpers are active participants in the Company's Customers Advisory Group ("CAG") that consults with the Company on its Energy Risk Management Policy. Members of the CAG are briefed at least twice a year on the Company's current load forecasts and its near-term plans for meeting those loads.

The Company would have preferred to provide these updated load forecasts with explanatory testimony, in accordance with the Commission's Scheduling Order in this case. However, since the Intervenors have raised this issue, it is necessary to correct the misunderstanding evident in their Motion. Copies of projected load and resource balances based on both the December 2008 and the May 2009 updated load forecasts are enclosed with this Response as Attachments Nos. 1 and 2, respectively. Also enclosed as Attachment No. 3 is an Affidavit of Mr. Karl Bokenkamp confirming that (1) these load/resource balance projections were prepared by the department he manages and (2) the most recent load/resource balance based on the May 2009 load forecast is reasonable and indicates a need for a resource like Langley Gulch in 2012.

It is the Company's intention to file rebuttal testimony providing further explanation and additional information regarding its load/resource balance projections.

V.

THE COMPANY'S COMMITMENT TO PROVIDE A REPORT ON ITS GREENHOUSE GAS REDUCTION STRATEGY DOES NOT ALTER THE COMPANY'S LEGAL OBLIGATION TO PROVIDE ADEQUATE AND RELIABLE ELECTRIC SERVICE.

In support of their Motion, Intervenors reference the passage of an advisory shareholder proposal at the Company's 2009 Annual Shareholder's Meeting. The proposal urges the Company to develop and publish a plan for reducing its emissions of greenhouse gases. At the meeting, the Company's CEO, LaMont Keen stated that "[t]he Company takes this vote, an expression of shareowner interest, seriously and will consider adopting carbon initiative disclosure and/or goals this year."¹ From the mere passage of the advisory proposal, the Intervenors speculate that "a cloud of uncertainty [exists] over whether . . . Langley Gulch will be built." (Motion, pp. 2-3.)

Intervenors have apparently forgotten one very important point. Idaho Power is required by Idaho law to provide adequate and reliable electric service to its customers. Idaho Code §§ 61-302, -508. Idaho Power is legally required to take this obligation into consideration in considering any greenhouse gas strategy. The Commission and the Company's customers can rest assured that in any greenhouse gas reduction analysis, the Company will perform a serious and meaningful analysis of greenhouse gas reduction. But that analysis will not result in the Company proposing a future resource strategy that jeopardizes the Company's long history of providing adequate and reliable electric service.²

¹ Intervenors erroneously characterize the Company's response to the shareholder proposal as "an agreement to be bound by it and . . . have its greenhouse gas reduction strategy report prepared by September 30 of this year." (Motion to Stay, p. 2.)

² Idaho Power is already among the 26 lowest carbon dioxide emitters within its peer group of the 100 largest electricity producers in the United States.

Langley Gulch is a critical part of the Company's plan to continue to provide adequate and reliable electric service and completely consistent with an overall strategy to control greenhouse gas emissions. Idaho Power's resource plans indicate that it intends to add significant amounts of new renewable generating resources such as wind, geothermal, solar, and biofuels. However, it is important to remember that major categories of these renewable resources, such as wind and solar, are intermittent in their generation profile. As a result, as the Company adds new renewable wind and solar resources to its portfolio, it must have other types of generating resources available that can be dispatched on short notice to fill in the gaps when intermittent renewable resources are not operating. Operating restrictions placed on Idaho Power's hydro system by various water management agencies means that the Company's hydro system cannot provide all of the needed back-stop capability. Langley Gulch is the type of resource that will enhance the Company's ability to integrate renewable resources in a way that does not threaten reliability; thereby allowing the Company to fulfill its legal obligation to supply adequate and reliable electric service while at the same time providing greenhouse gas reductions.

VI.

THE COMPANY'S DECISION TO SEEK AN EXTENSION OF THE FILING DATE FOR THE 2009 INTEGRATED RESOURCE PLAN DOES NOT INDICATE UNCERTAINTY AS TO THE NEED FOR LANGLEY GULCH.

The principal driving factor behind the Company's request for a delay in the filing of its Integrated Resource Plan was the Company's decision to take a short "pause" in its pursuit of an Oregon Energy Facility Siting Council ("EFSC") permit and enter into a major Community Advisory Process ("CAP") to develop routes for the Company's

Boardman to Hemingway transmission project ("B2H"). The Community Advisory Process will involve local citizens in the determination of line routes to submit to the Bureau of Land Management for its review consistent with the requirements of the National Environmental Policy Act and to the EFSC for its review under Oregon state law. It is no secret that there has been substantial opposition in both Idaho and Oregon to potential routes for the B2H project. It was clear to the Company that additional local education, consultation, and community involvement was needed to move forward with the B2H line routing effort. Because most of the B2H line is located in Oregon, the line routing decision is principally driven by the EFSC process. Since the B2H project is a critical part of the Company's Integrated Resource Planning process, the fact that the EFSC effort would be delayed to complete the CAP process, meant that the Company had the opportunity to update its load forecast and its evaluation of the cost-effectiveness of B2H and use them in preparing the 2009 IRP.

Intervenors state that "The reasons given for the delay include the *widespread economic turmoil facing the world* and specifically its impact on Idaho's economy." (Emphasis added.) Idaho Power's April 24, 2009, Petition for a change in the IRP due date did not say that. On page 4 of its Motion, Intervenors also state, "This proposed plant should not be reviewed when *the Company itself contends that its own IRP data is out of date* and it will require a substantial effort to correct this shortfall." (Emphasis added.) Again, Idaho Power has made no such contention. As noted previously, the Company periodically updates its load forecast and is confident that the 2009 IRP will show the need for Langley Gulch in 2012.

Ignoring Intervenors' hyperbole, what Idaho Power did say in its Petition to change the IRP due date was: "Substantial changes in economic conditions have occurred since September of 2008 that may impact the future growth of Idaho Power's customers' electric loads and the Company believes it would be prudent to update the sales and load forecast prior to completing the 2009 IRP." (Idaho Power's Petition for modification of the filing date for its 2009 IRP, pp. 2-3.)

The delay in the EFSC process has given the Company some time to further update its sales and load forecast for use in the 2009 IRP. However, the Company remains confident that the 2009 IRP will show a need for a resource like Langley Gulch in 2012.

VII.

GRANTING INTERVENORS' MOTION WILL INCREASE CUSTOMER COSTS AND COULD JEOPARDIZE RELIABILITY.

Intervenors are suggesting a 10-month delay in the schedule for processing this case. They argue that such a delay will not be a problem because even with a 10-month delay, the Langley Gulch project could be available for the summer of 2013. Unfortunately, the summer of 2013 may be too late. As Attachments Nos. 1 and 2 to this Response indicate, Idaho Power needs the Langley Gulch project on-line in 2012. This need for a generating resource in 2012 has been made more acute by the fact that the Boardman to Hemingway transmission project will be delayed, probably to as late as 2015. This delay will increase pressure on all the Company's generation resources. Having Langley Gulch available as soon as possible in 2012 is more important now than ever. In addition, depending on how quickly Idaho Power can obtain air quality and other permits from federal, state, and local agencies, there is a reasonable likelihood

that Langley could be available for the summer of 2012. The enclosed Affidavit of Vern Porter describes why Idaho Power believes it can have the Langley Gulch project available in the summer of 2012. Mr. Porter's Affidavit is Attachment No. 4.

At a minimum, granting the 10-month stay as requested by Intervenors will increase the costs that Idaho Power will incur to build the Langley Gulch project. On page 5 of their Motion, Intervenors, without any evidence, facts, or support of any kind, speculate that Idaho Power should be able to negotiate an extension of any payment obligations it may have on equipment or services that it has contracted to receive in order to make sure that this project is available when the Company's customers need it. In fact, the Intervenors "confidence" that Siemens will simply agree to an extension of the date for payments is rank speculation unsupported by economic reality.

Siemens and Idaho Power have executed contracts for manufacture and delivery of steam and gas turbines by a date certain. The contractual agreements were reached at a time when the demand for this equipment was high, requiring Idaho Power to make the prudent decision to secure the equipment in order to meet reasonably anticipated delivery deadlines that would allow for construction of the Langley Gulch Plant in time to meet then, *and currently*, anticipated loads in 2012. The market conditions for such equipment at the time that these contracts were entered into were such that all of the potential suppliers, including Siemens, required, even in the face of vigorous negotiations by Idaho Power, that Idaho Power make interim deposits toward the equipment and be subject to agreed upon cancellation charges. To argue, as Intervenors do, that Siemens will simply relinquish their contractual rights to payment is unrealistic even if Siemens currently enjoyed a strong market for the equipment. The

argument is especially unrealistic when, as Intervenors contend, the market for such equipment has softened. In a soft market, Siemens' incentive to demand adherence to existing contractual rights is even greater.

Delaying the decision on the CPCN beyond September 1, 2009, will subject Idaho Power to substantial cancellation fees and non-refundable contract payments under the gas turbine and steam turbine purchase agreements with Siemens. The gas turbine and steam turbine are the largest equipment items for Langley Gulch, with a combined total purchase price of approximately \$90 million. Delay would also subject Idaho Power to potential cancellation fees associated with its engineering, procurement, and construction contract.

A detailed description of the potential cancellation fees and other payments resulting from delay or cancellation are set out in Idaho Power's June 8, 2009, 8-K, the pertinent portions of which are enclosed as Attachment No. 5. In the aggregate, these cancellation fees and lost deposits would total approximately \$25,500.00 on September 30, 2009. Most importantly, however, a 10-month delay in the case schedule would almost certainly ensure that a new generating resource will not be in service when needed to meet reasonably anticipated 2012 loads. That is a risk that should concern all of the Intervenors.

Before the Commission makes a decision that will certainly increase the cost of the Langley Gulch project, and may result in cancellation of the project, it should at least obtain evidence on the record regarding the impact of a delay; it should not rely on the irresponsible speculation of the Intervenors to make its decision.

VIII.

INTERVENORS INCORRECTLY REPRESENT IDAHO POWER'S ASSESSMENT OF THE CONTRIBUTIONS OF ITS DSM PROGRAMS.

On page 7 of their Motion, Intervenors assert that Idaho Power has understated the impact its DSM programs will have on the Company's need to acquire new resources. On page 8 of their Motion they say, "These demand response programs need to be included in the IRP and their effects quantified in determining when supply side resources are necessary." (Motion, p. 8.) In fact, Idaho Power has included projections of the impact of its DSM programs in its updated load forecast. These updated DSM amounts are shown in Attachments Nos. 1 and 2.

In their Motion, Intervenors speculate that Idaho Power may have understated the impact that its DSM programs might have on reducing its peak loads. Idaho Power certainly hopes so. To the extent the Company's customers respond to its DSM programs positively, everyone benefits. However, as shown in Attachments Nos. 1 and 2, Idaho Power has included in its forecasts reasonable estimates of the amount of DSM that will be available in the future. Attachments Nos. 1 and 2 show that in the summers of 2012 and 2013, even including the enhanced DSM programs discussed by Intervenors in their Motion, the Company still forecasts substantial demand and energy shortfalls. It is simply not realistic to expect that slightly higher levels of participation in DSM programs will in fact wipe out these significant deficits, particularly on the need for increased amounts of energy. Idaho Power would be very pleased if its DSM programs are more successful than it anticipates. This would allow the Company to reduce its off-system purchases of energy, thereby reducing the risks that it cannot reserve sufficient

transmission for planned energy imports and reducing the risk of higher than expected market purchase prices it must pass through to its customers.

IX.

IDAHO CODE § 61-541 STILL REQUIRES IDAHO POWER TO DEMONSTRATE THAT THE LANGLEY GULCH PROJECT DESERVES A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY.

On Page 4 of their Motion, Intervenors remind the Commission that issuance of a Certificate of Public Convenience and Necessity is serious business. Intervenors correctly note that Idaho Power has asked the Commission to utilize the authority it has been given by the Legislature under the provisions of Idaho Code § 61-541, when issuing a CPCN for Langley Gulch. The Company remains convinced that the moderate ratemaking assurances the Company is requesting in this case will be very important when the Company goes to the credit rating agencies and the financial community to seek financing the Langley Gulch project. The Company has provided testimony explaining why, in this time of financial uncertainty, it believes that a supportive Order from the Commission granting the Company a CPCN for Langley Gulch is needed to obtain financing for the Langley Gulch project at the lowest possible cost.

Intervenors have provided no evidence that the ratemaking assurances the Company is requesting are unreasonable or inconsistent with the public interest. Intervenors have provided no evidence that the Commission will be unable to conscientiously consider the evidence presented in this case within the time schedule contained in the Commission's April 20, 2009, Scheduling Order.

All Idaho Power is asking is for the Commission to give due consideration to the customer benefits that moderate and responsible use of the ratemaking flexibility authorized by Idaho Code § 61-541 could provide for financing Langley Gulch. Idaho Power believes this is consistent with the public interest.

X.

**PACIFICORP'S CANCELLATION OF ITS 2012 RFP PROVIDES
NO INSIGHT INTO IDAHO POWER'S NEED FOR LANGLEY GULCH.**

On July 11, 2006, in Docket No. UM 1208, PacifiCorp filed a draft of its 2012 Requests for Proposals ("RFP") with the Oregon PUC. In its July 11, 2006, filing, PacifiCorp noted that its filing was required to achieve compliance with the competitive bidding guidelines imposed by the Oregon, Washington, and Utah Commissions. Approximately two and a half years later, in February of 2009, PacifiCorp requested that the Oregon Commission allow it to withdraw from the Oregon competitive bidding proceeding.

Intervenors provide no data or other evidence that demonstrate that there is any relevant comparison between PacifiCorp's and Idaho Power's respective needs for new baseload generating resources in 2012.

In their Motion, Intervenors portray PacifiCorp's decision to cancel its RFP process as being due solely to uncertainty regarding load and economic conditions. Intervenors are ignoring the rest of what PacifiCorp said in its filing. PacifiCorp also noted in its filing with the Oregon Commission that "Given the dramatic global economic downturn in late 2008 and the resulting reduction of customer loads, *reduction in price of commodities and potential reduction of future construction costs*, the Company has determined to further explore resource alternatives." (PacifiCorp Notice of Withdrawal,

