



RECEIVED

2009 DEC 17 AM 8:14

IDAHO PUBLIC UTILITIES COMMISSION

IPC-E-09-03

BARTON L. KLINE
Lead Counsel
bkline@idahopower.com

December 17, 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: *Langley Gulch* – Quarterly Progress Report

Dear Ms. Jewell:

In Order No. 30892, the Commission directed Idaho Power Company (“Idaho Power” or “Company”) to submit quarterly progress reports to the Commission describing the status of the Langley Gulch power plant construction (the “Project”). Enclosed with this letter is the first quarterly progress report. While the Project is still in an early stage of development, the enclosed materials indicate that the Company still expects the Project to be available for service in the summer of 2012 and that the costs will not exceed the Commitment Estimate discussed in Order No. 30892.

Two areas of uncertainty have surfaced and both relate to permits the Company will need to acquire for the Project. First, in addressing the BLM right-of-way use for the transmission line and water line, the U.S. Fish and Wildlife Service has identified slickspot peppergrass as a threatened species. This determination by Fish and Wildlife is discussed in the enclosed report. At this early stage of the permitting process there is no way to know whether or not identification of this plant as threatened will have any material adverse effect on the construction cost or schedule.

Second, it has been confirmed that the Company will not be able to use injection wells to dispose of waste cooling water at the site. This issue is discussed in greater detail in the report. At this point, it does not appear that there will be an adverse effect on the cost commitment of the Project.

Finally, the Company recognizes that this report does not contain a detailed comparison of expenditures to the Commitment Estimate. This is a function of the early stage of Project development. As the Project reaches major milestones in the construction

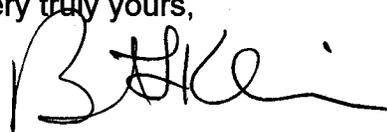
Jean D. Jewell, Secretary
December 17, 2009
Page 2

process, a comparison of actual expenditures to the Commitment Estimate will be included in future reports.

Because this is the first report submitted to the Commission, the Company is interested to know whether this report provides the right amount of detail or if more or less would be desirable.

It is the intention of the Company to file the next quarterly report in early March 2010.

Very truly yours,

A handwritten signature in black ink, appearing to read 'B. Kline', written over a horizontal line.

Barton L. Kline

BLK:csb
Enclosures

Langley Gulch Power Plant
Quarterly PUC Update
December 2009

RECEIVED

2009 DEC 17 AM 8:15

IDAHO PUBLIC
UTILITIES COMMISSION

Progress Update:

Upon receiving a Certificate of Public Convenience and Necessity from the Idaho Public Utilities Commission, Idaho Power Company (IPC) issued full notices to proceed (FNTP) on September 4, 2009, to Boise Power Partners (EPC Contractor) – a joint venture of Kiewit Power Engineers and The Industrial Company and to Siemens Energy (turbine supplier). The Langley Gulch team held kick-off meetings with the EPC Contractor on September 30, 2009 and Siemens Energy on October 1, 2009.

Since issuance of the FNTP, the EPC Contractor has issued bid specifications for major equipment components including the heat recovery steam generator, condenser, cooling tower, step-up transformers, and major pumps. Additionally, the EPC Contractor has started developing design drawings for the site layout and piping and instrumentation drawings.

Since the issuance of the FNTP, Siemens has been submitting design drawings and specifications to incorporate the owner furnished equipment into the plant design.

Generally, the project remains on schedule with the following major milestones.

- Construction Notice to Proceed: August 1, 2010
- Gas Turbine Delivery: February 2011
- Steam Turbine Delivery: July 2011
- First Fire: March 2012
- Targeted Commercial Operation Date: July 1, 2012

Permitting Update:

IPC has taken a leadership role in the permitting process. The following is a summary of the permit applications in progress and a status report.

- Air Emissions
 - Application submitted July 8, 2009
 - Completeness letter issued from DEQ on September 4, 2009
 - Submitted an application update on December 15, 2009
 - Currently in the 60-day draft permitting writing stage
 - Anticipate a Permit to Construct by July 31, 2010
- Payette County
 - Comprehensive Plan Change completed on May 18, 2009
 - Conditional Use Applications (3 total) approved on November 12, 2009
 - Rezone and Development Agreement approval was received on December 14, 2009

- Water
 - Submitted groundwater right application for site on June 12, 2009 (Priority Date)
 - Received groundwater approval letter on December 2, 2009 (Permit No. 65-23342)
 - Requested name change on Cottonwood Right surface water right on July 7, 2009
 - Received surface water approval letter on November 16, 2009 (Water Right No. 2-10450)
 - Submitted application for new surface water diversion from Snake River on September 11, 2009

- NEPA (for BLM right-of-way use for transmission and water line)
 - Right of way grant application submitted to BLM in October 2008 for transmission and water line piping
 - Most field studies completed in 2009 (including cultural study)
 - Slickspot Peppergrass was listed as a threatened species by the US Fish and Wildlife Service in October 2009
 - Submitted Draft Scoping Document to BLM on November 18, 2009
 - Public comment period on Scoping Document is anticipated to start in January 2010
 - Draft Environmental Assessment (EA) is anticipated to be submitted in February 2010
 - Biological Assessment for Slickspot Peppergrass will need to be completed and approved by the USFWS prior to submitting the Final EA
 - IPC believes the project schedule will remain unchanged and IPC anticipates a Right-of-Way Grant from the BLM by August 1, 2010. The Grant is not required to start construction at the project site, however it is required to start construction on the water and transmission lines

- Wastewater Disposal / Injection Well Permit
 - Based on initial discussion in the winter of 2008, IPC determined that injection wells could be permitted for spent cooling water use
 - IPC selected a consultant in late summer 2009 to evaluate wastewater disposal options and continue coordination with the Idaho DEQ and the Idaho Department of Water Resources (IDWR)
 - Through the meetings with the resource agencies and field work, it was determined that because of permitting process changes and quality of existing groundwater, that neither injection wells, infiltration ponds, nor land application would be feasible options for disposal of spent cooling water
 - IPC requested the EPC Contractor pursue a zero liquid discharge for managing spent cooling water
 - EPC Contractor has proposed a series of water treatment clarifiers, reverse osmosis systems, and other treatment equipment to reduce the total cooling water discharge flow as much as possible prior to sending it to an on-site evaporation pond
 - Some permitting may be required through the IDWR, but after initial meetings, IPC foresees no issues with this permitting
 - Although there will be costs associated with the cooling water treatment strategy change, the EPC Contractor has seen cost savings in engineered equipment purchasing which IPC is sharing, no change in the commitment estimate is expected

IPC will continue to be involved with permitting over the next six to nine months, but at this time does not see any significant issues that would cause problems with the expected Commercial Operation Date.

Idaho Power Company
Quarterly Spending Report for Langley Gulch Power Plant
Through November 2009

	<u>November</u> <u>\$'s spent to date</u>	<u>Commitment Estimate</u>	<u>Remaining Amount</u>
Gas Turbine	21,288,419	56,281,662	34,993,243
Steam Turbine	10,889,584	35,710,905	24,821,321
EPC Contract	4,117,065	221,421,431	217,304,366
Commitment Estimate Contingency	-	6,800,686	6,800,686
Site Procurement	125,047	2,000,000	1,874,953
Water Rights	2,083,419	2,200,000	116,581
NEPA Permitting	104,123	150,000	45,877
Air Permitting	310,254	320,000	9,746
Water Line Construction	13,106	8,850,000	8,836,894
Gas Line Construction	-	3,100,000	3,100,000
Miscellaneous Equipment (IPC supplied)	-	662,300	662,300
Capitalized Property Taxes	-	2,881,277	2,881,277
Idaho Power Engineering and Oversight	1,004,275	3,800,000	2,795,725
RFP Pricing components (includes start up fuels)	376,152	2,250,000	1,873,848
Transmission	79,047	31,679,100	31,600,053
AFUDC	<u>579,821</u>	<u>49,259,378</u>	<u>48,679,557</u>
Totals	40,970,311	427,366,739	386,396,428