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IPC-E-09-03

BARTON L. KLINE
Lead Counsel
bkline@idahopower.com

March 1, 2010

VIA HAND DELIVERY

Jean D. Jewell, Secretary
Idaho Public Utilities Commission
472 West Washington Street
Boise, Idaho 83702

Re: *Langley Gulch* – Quarterly Progress Report

Dear Ms. Jewell:

In Order No. 30892, the Commission directed Idaho Power Company to submit quarterly progress reports to the Commission describing the status of the Langley Gulch power plant construction. Enclosed with this letter is the second quarterly progress report.

Very truly yours,

Barton L. Kline

BLK:csb
Enclosures

Langley Gulch Power Plant
Quarterly PUC Update
March 2010

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Progress Update:

This quarterly update summarizes tasks associated with the Langley Gulch Power Plant.

The EPC Contractor continues to issue bid specifications for equipment components. Major procurement items over the last quarter include electrical equipment, protection relays, pumps and motors, major valves, and fuel gas equipment. The EPC Contractor also continues to develop design drawing for the site layout, piping and instrumentation drawings, and electrical drawings.

Idaho Power has changed directions on the spent cooling water disposal method. Originally, a series of injection wells were planned for disposal of cooling water blowdown. After field evaluations of the groundwater and aquifer conditions and state agency permitting process changes, permitting of injection wells, infiltration ponds, or land application would not be feasible options for disposal of spent cooling water. Idaho Power has entered into an agreement with the EPC Contractor to install a zero liquid discharge plan which includes 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. Although there will be costs associated with the cooling water treatment strategy change, the EPC Contractor has seen cost savings in engineered equipment purchasing. Idaho Power Company shares in these cost savings. No change in the commitment estimate is expected.

Siemens continues to submit design and vendor drawings to incorporate the owner furnished equipment into the plant design.

Idaho Power has entered into an engineering contract for the design of the pump station and water pipeline from the Snake River to the project site. The pump station property has been acquired. Idaho Power is evaluating different types of water collection systems for the pump station, including a traditional screening design and a well-field design. It appears the well-field option will be pursued to minimize maintenance and cleaning issues associated with a traditional screen system. The well-field option will consist of three to four shallow wells aligned along the river bank to collect water and deliver to a common pump station prior to pumping to the site.

Idaho Power is finalizing a Request for Proposals for engineering and construction services related to the gas pipeline.

Idaho Power exercised the option for the plant property and closed on the property on February 24, 2010.

Schedule:

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:

The permitting process is moving forward on task. 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.
 - Anticipate a draft permit issued to Idaho Power in early March 2010 which is slightly ahead of the original schedule.
 - 30-day public comment period to follow – anticipate around April 1, 2010.
 - 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.
 - Currently finalizing Development Agreement with Payette County.
- Water
 - Site groundwater right having a June 12, 2009, priority date was approved on December 2, 2009 (Permit No. 65-23342).
 - The name on the Cottonwood surface water right was changed to Idaho Power on November 16, 2009 (Water Right No. 2-10450).
 - Submitted application for new surface water diversion from Snake River on September 11, 2009.
 - Currently developing a general arrangement site plan for the pump station as an amendment to the submitted application prior to advertisement.

- 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).
 - Coordinating the Public Scoping Document with BLM. Anticipate sending out for public comment in March 2010.
 - Slickspot Peppergrass was listed as a threatened species by the US Fish and Wildlife Service in October 2009. Submitted draft Biological Assessment to BLM in February 2010.
 - 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.

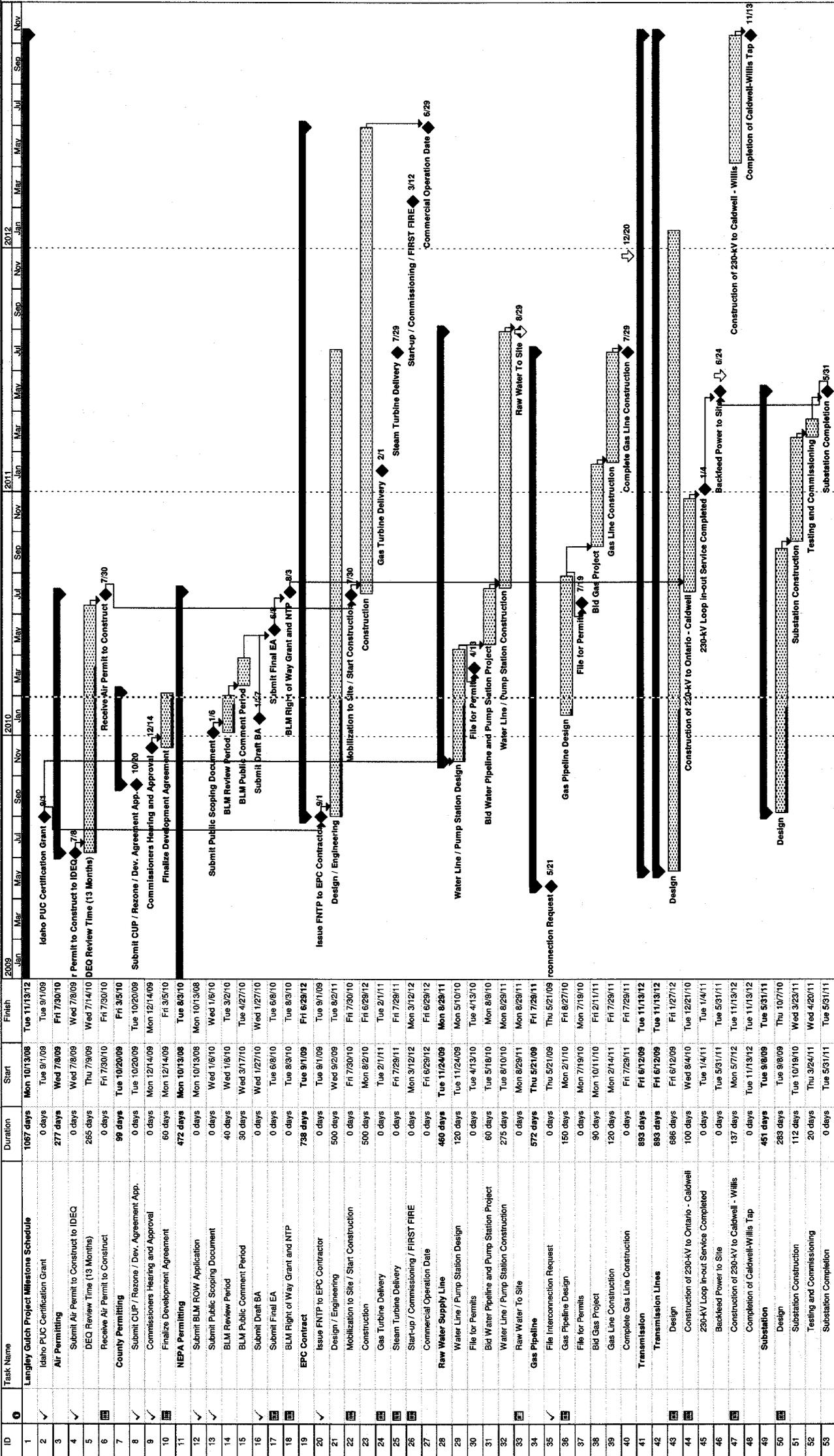
IPC will continue to be involved with permitting over the next six to nine months, but at this time does not see any significant issues that would cause problems with the expected Commercial Operation Date.

Idaho Power Company
Status Update Spending Report for Langley Gulch Power Plant
Through January 2010

	<u>January</u> <u>\$'s spent to date</u>	<u>Commitment Estimate</u>	<u>Remaining Amount</u>
Gas Turbine	27,674,945	56,281,662	28,606,717
Steam Turbine	10,889,584	35,710,905	24,821,321
EPC Contract	18,044,518	221,421,431	203,376,913
Commitment Estimate Contingency	-	6,800,686	6,800,686
Site Procurement	149,764	2,000,000	1,850,236
Water Rights	2,083,419	2,200,000	116,581
NEPA Permitting	114,630	150,000	35,370
Air Permitting	244,681	320,000	75,319
Water Line Construction	16,081	8,850,000	8,833,919
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	1,162,113	3,800,000	2,637,887
RFP Pricing components (includes start up fuels)	399,303	2,250,000	1,850,697
Transmission	463,980	31,679,100	31,215,120
AFUDC	1,255,418	49,259,378	48,003,960
Totals	62,498,435	427,366,739	364,868,304

Reported on Accrual based accounting

Langley Gulch Project Overview



ID	Task Name	Start	Finish	Duration
1	Langley Gulch Project Milestone Schedule	Mon 10/13/08	Tue 11/13/12	1067 days
2	Idaho PUC Certification Grant	Tue 9/1/09	Tue 9/1/09	0 days
3	Air Permitting	Wed 7/8/09	Fri 7/30/10	277 days
4	Submit Air Permit to Construct to IDEQ	Wed 7/8/09	Wed 7/8/09	0 days
5	DEQ Review Time (13 Months)	Thu 7/9/09	Wed 7/14/10	285 days
6	Receive Air Permit to Construct	Fri 7/30/10	Fri 7/30/10	0 days
7	County Permitting	Tue 10/20/09	Fri 3/5/10	99 days
8	Submit CUP / Rezone / Dev. Agreement App.	Tue 10/20/09	Tue 10/20/09	0 days
9	Commissioners Hearing and Approval	Mon 12/14/09	Mon 12/14/09	0 days
10	Finalize Development Agreement	Mon 12/14/09	Fri 3/5/10	60 days
11	NEPA Permitting	Mon 10/13/08	Tue 8/3/10	472 days
12	Submit BLM ROW Application	Mon 10/13/08	Mon 10/13/08	0 days
13	Submit Public Scoping Document	Wed 1/6/10	Wed 1/6/10	0 days
14	BLM Review Period	Wed 1/6/10	Tue 3/2/10	40 days
15	BLM Public Comment Period	Wed 3/17/10	Tue 4/27/10	30 days
16	Submit Draft BA	Wed 1/27/10	Wed 1/27/10	0 days
17	Submit Final EA	Tue 6/8/10	Tue 6/8/10	0 days
18	BLM Right of Way Grant and NTP	Tue 8/3/10	Tue 8/3/10	0 days
19	EPC Contract	Tue 9/1/09	Fri 6/29/12	738 days
20	Issue FNTP to EPC Contractor	Tue 9/1/09	Tue 9/1/09	0 days
21	Design / Engineering	Wed 9/2/09	Tue 8/2/11	500 days
22	Mobilization to Site / Start Construction	Fri 7/30/10	Fri 7/30/10	0 days
23	Construction	Mon 8/2/10	Fri 6/29/12	500 days
24	Gas Turbine Delivery	Tue 2/1/11	Tue 2/1/11	0 days
25	Steam Turbine Delivery	Fri 7/29/11	Fri 7/29/11	0 days
26	Start-up / Commissioning / FIRST FIRE	Mon 3/12/12	Mon 3/12/12	0 days
27	Commercial Operation Date	Fri 6/29/12	Fri 6/29/12	0 days
28	Raw Water Supply Line	Tue 11/24/09	Mon 8/29/11	460 days
29	Water Line / Pump Station Design	Tue 11/24/09	Mon 5/10/10	120 days
30	File for Permits	Tue 4/13/10	Tue 4/13/10	0 days
31	Bid Water Pipeline and Pump Station Project	Tue 5/18/10	Mon 8/9/10	60 days
32	Water Line / Pump Station Construction	Tue 6/10/10	Mon 8/29/11	275 days
33	Raw Water To Site	Mon 8/29/11	Mon 8/29/11	0 days
34	Gas Pipeline	Thu 8/21/09	Fri 7/29/11	572 days
35	File Interconnection Request	Thu 5/21/09	Thu 5/21/09	0 days
36	Gas Pipeline Design	Mon 2/1/10	Fri 8/27/10	150 days
37	File for Permits	Mon 7/19/10	Mon 7/19/10	0 days
38	Bid Gas Project	Mon 10/11/10	Fri 2/11/11	90 days
39	Gas Line Construction	Mon 2/14/11	Fri 7/29/11	120 days
40	Complete Gas Line Construction	Fri 7/29/11	Fri 7/29/11	0 days
41	Transmission	Fri 6/12/09	Tue 11/13/12	895 days
42	Transmission Lines	Fri 6/12/09	Tue 11/13/12	893 days
43	Design	Fri 6/12/09	Fri 1/27/12	686 days
44	Construction of 230-kV to Ontario - Caldwell	Wed 8/4/10	Tue 12/21/10	100 days
45	230-kV Loop In-out Service Completed	Tue 1/4/11	Tue 1/4/11	0 days
46	Backfeed Power to Site	Tue 5/31/11	Tue 5/31/11	0 days
47	Construction of 230-kV to Caldwell - Willis	Mon 5/7/12	Tue 11/13/12	137 days
48	Completion of Caldwell-Willis Tap	Tue 11/13/12	Tue 11/13/12	0 days
49	Substation	Tue 9/8/09	Tue 5/31/11	451 days
50	Design	Tue 9/8/09	Thu 10/7/10	283 days
51	Substation Construction	Tue 10/19/10	Wed 3/23/11	112 days
52	Testing and Commissioning	Thu 3/24/11	Wed 4/20/11	20 days
53	Substation Completion	Tue 5/31/11	Tue 5/31/11	0 days

Langley Gulch Power Plant - Change Order Summary

Change Order Summary:

EPC Contract Change Orders:

Base Scope Portion:

CO-001: BACT Emission Changes	\$	87,450
CO-002: 5-kV Exp. And Additional Breakers	\$	197,278
CO-003: Water Treatment Equipment	\$	6,789,908
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TOTAL:	\$	7,074,636

Siemens Combustion Turbine Contract:

CO-001: Credit for PNTP (Engineering)	\$	(274,000)
CO-002: Current Transformer Upgrade	\$	18,000
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TOTAL:	\$	(256,000)

Siemens Steam Turbine Contract:

CO-001: Warranty Modification	\$	-
CO-002: Option Execution for Training and Spare Parts	\$	390,000
CO-003: Nozzle Arrangement on Turbine	\$	63,000
CO-004: Generator Protection Modification	\$	66,020
CO-005: Supplying Second Exhauster Fan	\$	15,750
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TOTAL:	\$	534,770