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June 1, 2010

**VIA HAND DELIVERY**

*Ipc-E-09-03*

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 third quarterly progress report.

Very truly yours,

Donovan E. Walker

DEW:sh  
Enclosures

**Langley Gulch Power Plant**  
**Quarterly PUC Update**  
**June 2010**

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**Progress Update:**

This quarterly update summarizes tasks associated with the Langley Gulch Power Plant through the end of May 2010.

The EPC Contractor continues to issue bid specifications for equipment components. Major procurement items over the last quarter include the Distributed Control System, alloy piping, tanks, valves, fuel gas and water treatment equipment. The EPC Contractor also continues to develop design drawings for the piping and instrumentation, isometrics, protection schematics, and electrical systems.

As a result in the change of direction on the waste cooling water disposal method, Idaho Power Company has signed a change order for the supply of water treatment equipment. Additionally, IPC and the EPC Contractor have defined contractual terms for the installation of this equipment, including construction of the evaporation pond. Although there are costs associated with the cooling water treatment strategy change, the EPC Contractor has seen cost savings in the purchase of engineered equipment, which IPC is sharing. To a large degree these costs and savings are balancing so no change in the commitment estimate is required.

IPC and the EPC Contractor continue to work closely with Siemens on the owner-furnished equipment. Siemens continues to submit design and vendor drawings which the EPC Contractor is incorporating into the balance of plant design.

IPC's consultant for the water pipeline and pump station design is approximately 75% complete with the design drawings. For the pump station along the Snake River, Idaho Power has selected a well-field option for water collection. A new groundwater right (tributary to the Snake River) has been applied for. The protest period closed on May 24, 2010 and the Idaho Department of Water Resources did not receive any comments. The well-field option will consist of four shallow wells aligned along the river bank to collect water and deliver to a common pump station prior to pumping to the Langley Gulch site. IPC has completed all land acquisitions and easements related to the water pipeline and pump station.

IPC recently received responses to the Request-for-Proposals issued for engineering and construction services related to the gas pipeline. IPC is currently evaluating the responses and expects to make an award in early June 2010.

**Transmission Lines and Substation**

Two transmission lines are required to connect the Langley Gulch Power Plant to Idaho Power Company's transmission system. One of the lines will be energized at 230-kV while the other at 138-kV. Both lines cross a significant portion of BLM property and thus a permit is required. Route selection is complete for the 230-kV line and the design has progressed such that long lead materials are being ordered. The 230-kV line is scheduled to start construction in November 2010 and be in-service by April 2011.

Alternatives for a portion of the 138-kV line route to the south of Langley Gulch are still being considered. IPC has conducted numerous community open houses to determine the best line route. The decision for the final line route will be made prior to the Canyon County Conditional Use Permit hearing in late June or early July. The 138-kV line is scheduled to be in-service by April 2012.

The preliminary layout for the substation at Langley Gulch has been completed and detailed design is about to begin.

**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
  - Draft permit issued by DEQ on March 16, 2010
  - 30-day public comment period started May 19, 2010 and ends June 18, 2010
  - Public Hearing set for June 3, 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 approval was received on December 14, 2009
  - Development Agreement finalized with Payette County on March 15, 2010
- Water
  - Site groundwater right having a June 12, 2009 priority date was approved on December 2, 2009 (Permit No. 65-23342)
  - Submitted application for new surface water diversion from Snake River on September 11, 2009 with a revised application on April 14, 2010.

- Protest period for the new water right ended May 24, 2010, and IPC expects approval in late June or early July 2010.
- NEPA (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
  - BLM's Public Scoping Document process is complete with public comment period ended on April 16, 2010.
  - Slickspot Peppergrass was listed as a threatened species by the US Fish and Wildlife Service (USFWS) in October 2009. Submitted Biological Assessment to BLM in March 2010. USFWS has responded with a draft Biological Opinion (BO). IPC anticipates a final BO in early June 2010.
  - BLM is currently reviewing the draft Environmental Assessment.
  - A Plan of Development (POD) is being coordinated with BLM which IPC and our contractors will need to follow for this project.
  - 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.

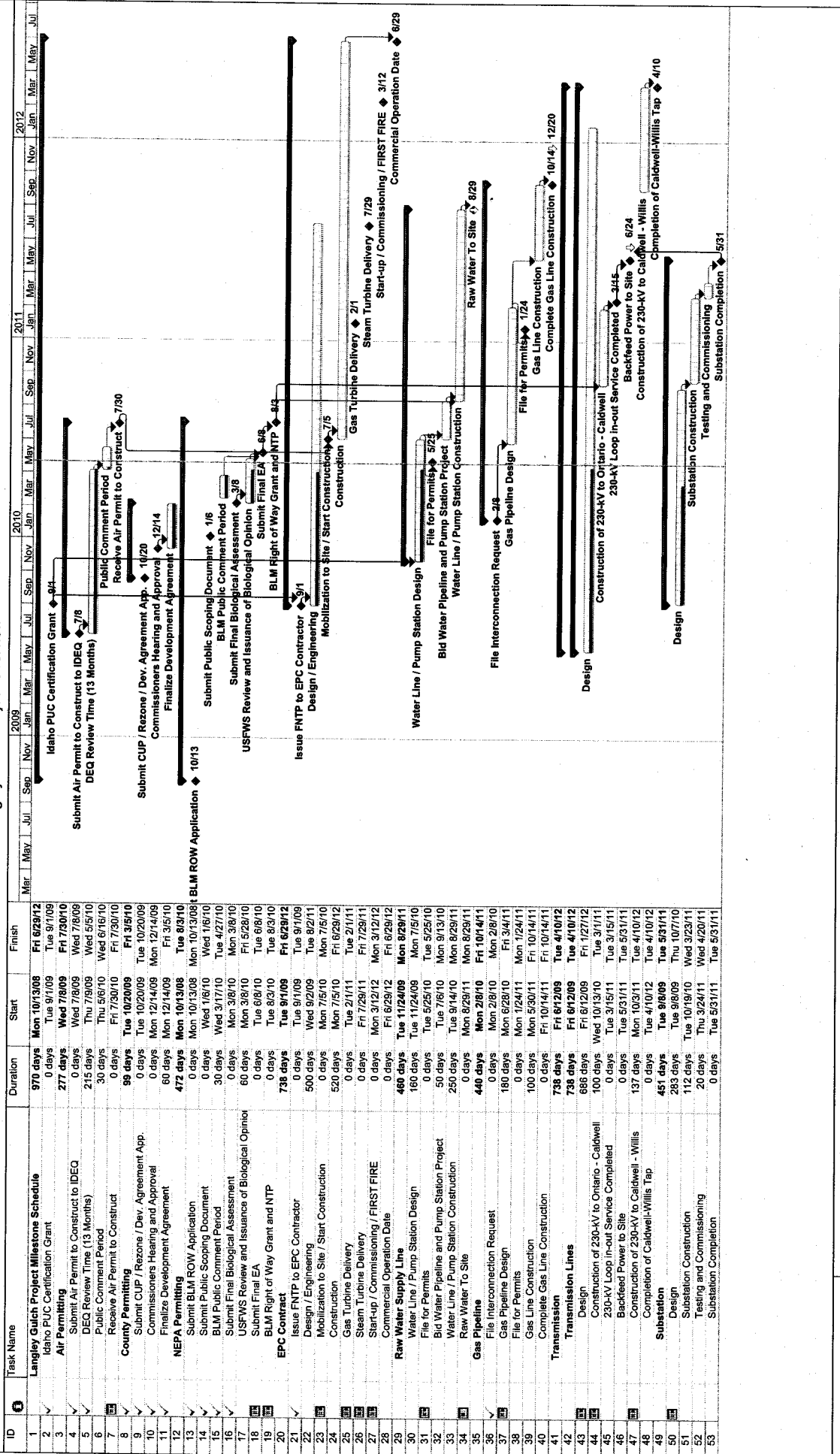
IPC will continue to be involved with permitting over the next three to six months, but at this time does not see any significant issues that would cause problems with the expected Commercial Operation Date.

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

	<u>April</u> <u>\$'s spent to date</u>	<u>Commitment Estimate</u>	<u>Remaining Amount</u>
Gas Turbine	31,950,629	56,281,662	24,331,033
Steam Turbine	17,008,940	35,710,905	18,701,965
EPC Contract	28,750,486	221,421,431	192,670,946
Commitment Estimate Contingency	-	6,800,686	6,800,686
Site Procurement	1,943,096	2,000,000	56,904
Water Rights	2,083,419	2,200,000	116,581
NEPA Permitting	179,500	150,000	(29,500)
Air Permitting	370,536	320,000	(50,536)
Water Line Construction	542,978	8,850,000	8,307,022
Gas Line Construction	-	3,100,000	3,100,000
Miscellaneous Equipment (IPC supplied)	-	662,300	662,300
Capitalized Property Taxes	57,256	2,881,277	2,824,021
Idaho Power Engineering and Oversight	1,178,281	3,800,000	2,621,719
RFP Pricing components (includes start up fuels)	399,303	2,250,000	1,850,697
Transmission	831,307	31,679,100	30,847,793
AFUDC	<u>2,650,174</u>	<u>49,259,378</u>	<u>46,609,204</u>
<b>Totals</b>	<b>87,945,905</b>	<b>427,366,739</b>	<b>339,420,834</b>

Reported on Accrual based accounting

# Langley Gulch Project Overview



ID	Task Name	Duration	Start	Finish
1	Langley Gulch Project Milestone Schedule	970 days	Mon 10/13/09	Fri 6/29/12
2	Iaho PUC Certification Grant	0 days	Tue 9/1/09	Tue 9/1/09
3	Air Permitting	277 days	Wed 7/8/09	Fri 7/30/10
4	Submit Air Permit to Construct to IDEQ	0 days	Wed 7/8/09	Wed 7/8/09
5	DEQ Review Time (13 Months)	215 days	Thu 7/9/09	Wed 9/5/10
6	Public Comment Period	30 days	Thu 9/6/10	Wed 6/16/10
7	Receive Air Permit to Construct	0 days	Fri 7/30/10	Fri 7/30/10
8	County Permitting	99 days	Tue 10/20/09	Fri 3/5/10
9	Submit CUP / Rezone / Dev. Agreement App.	0 days	Tue 10/20/09	Tue 10/20/09
10	Commissioners Hearing and Approval	0 days	Mon 12/14/09	Mon 12/14/09
11	Finalize Development Agreement	60 days	Mon 12/14/09	Fri 3/5/10
12	NEPA Permitting	472 days	Mon 10/13/08	Tue 8/3/10
13	Submit BLM ROW Application	0 days	Mon 10/13/08	Mon 10/13/08
14	Submit Public Scoping Document	0 days	Wed 1/6/10	Wed 1/6/10
15	BLM Public Comment Period	30 days	Wed 3/17/10	Tue 4/27/10
16	Submit Final Biological Assessment	0 days	Mon 3/8/10	Mon 3/8/10
17	USFWS Review and Issuance of Biological Opinion	60 days	Mon 3/8/10	Fri 5/28/10
18	Submit Final EA	0 days	Tue 6/8/10	Tue 6/8/10
19	BLM Right of Way Grant and NTP	0 days	Tue 8/3/10	Tue 8/3/10
20	EPC Contract	738 days	Tue 9/1/09	Fri 6/29/12
21	Issue FNTTP to EPC Contractor	0 days	Tue 9/1/09	Tue 9/1/09
22	Design / Engineering	500 days	Wed 9/2/09	Tue 8/2/11
23	Mobilization to Site / Start Construction	0 days	Mon 7/5/10	Mon 7/5/10
24	Construction	520 days	Mon 7/5/10	Fri 6/29/12
25	Gas Turbine Delivery	0 days	Tue 2/1/11	Tue 2/1/11
26	Steam Turbine Delivery	0 days	Fri 7/29/11	Fri 7/29/11
27	Start-up / Commissioning / FIRST FIRE	0 days	Mon 3/12/12	Mon 3/12/12
28	Commercial Operation Date	0 days	Fri 6/29/12	Fri 6/29/12
29	Raw Water Supply Line	460 days	Tue 11/24/09	Mon 8/29/11
30	Water Line / Pump Station Design	160 days	Tue 11/24/09	Mon 7/5/10
31	File for Permits	0 days	Tue 5/25/10	Tue 5/25/10
32	Water Line / Pump Station Construction	50 days	Tue 7/6/10	Mon 9/13/10
33	Water Line / Pump Station Construction	250 days	Tue 9/14/10	Mon 8/29/11
34	Raw Water To Site	0 days	Mon 8/29/11	Mon 8/29/11
35	Gas Pipeline	440 days	Mon 2/8/10	Fri 10/14/11
36	File Interconnection Request	0 days	Mon 2/8/10	Mon 2/8/10
37	Gas Pipeline Design	180 days	Mon 6/28/10	Fri 3/4/11
38	File for Permits	0 days	Mon 12/4/11	Mon 12/4/11
39	Gas Line Construction	100 days	Mon 5/30/11	Fri 10/14/11
40	Complete Gas Line Construction	0 days	Fri 10/14/11	Fri 10/14/11
41	Transmission	738 days	Fri 6/12/09	Tue 4/10/12
42	Transmission Lines	686 days	Fri 6/12/09	Fri 1/27/12
43	Construction of 230-kV to Ontario - Caldwell	100 days	Wed 10/13/10	Tue 3/1/11
44	230-kV Loop In-out Service Completed	0 days	Tue 3/15/11	Tue 3/15/11
45	Backfeed Power to Site	0 days	Tue 5/31/11	Tue 5/31/11
46	Construction of 230-kV to Caldwell - Willis	137 days	Mon 10/3/11	Tue 4/10/12
47	Completion of Caldwell-Willis Tap	0 days	Tue 4/10/12	Tue 4/10/12
48	Substation	451 days	Tue 9/8/09	Tue 5/31/11
49	Design	283 days	Tue 9/8/09	Thu 10/7/10
50	Substation Construction	112 days	Tue 10/19/10	Wed 3/23/11
51	Testing and Commissioning	20 days	Thu 3/24/11	Wed 4/20/11
52	Substation Completion	0 days	Tue 5/31/11	Tue 5/31/11