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LISA D. NORDSTROM  
Lead Counsel  
[lnordstrom@idahopower.com](mailto:lnordstrom@idahopower.com)

September 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 fourth quarterly progress report.

Very truly yours,

Lisa D. Nordstrom

LDN:csb  
Enclosures

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

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**PROGRESS UPDATE:**

This quarterly update summarizes project costs through July 2010 and tasks associated with the Langley Gulch Power Plant through the end of August 2010.

Site construction has begun with issuance of the Permit to Construct ("PTC") from the Idaho Department of Environmental Quality on June 25, 2010.

The Engineering, Procurement, and Construction ("EPC") contractor started mobilizing to the project site on June 21, 2010. The Industrial Company ("TIC") is the construction arm of the EPC contract. Kiewit Western, a subcontractor to TIC, started earthwork with issuance of the PTC. The aforementioned activities were the predominant work through June and all of July. A majority of the earthwork operation was completed by the second week of August. TIC then mobilized much of their force to start electrical duct-banks, low elevation drain piping, and foundations for the main electrical building. Temporary facilities like job trailers and staging areas were set up in August. At the end of August, TIC had approximately 115 personnel working at Langley Gulch and Kiewit Western had nearly 30 personnel.

Kiewit Power Engineers, the engineering arm of the EPC contract, continues to issue bid specifications for securing equipment. Major procurement items over the last quarter included large bore valves, miscellaneous butterfly and control valves, a Distributed Control System, electrical commodities, and piping. Kiewit Power Engineers also continues to finalize design drawings for the project, including the piping and instrumentation drawings, structural foundations, and electrical systems.

Last quarter, Idaho Power Company ("Idaho Power") and the EPC contractor signed a change order for the installation of the water treatment equipment, including construction of the evaporation pond. The costs for the procurement and installation of the water treatment equipment are being offset by the cost savings in the purchase of engineered equipment, which Idaho Power is sharing. To a large degree, these costs and savings are balancing so no change in the Commitment Estimate is required.

Idaho Power 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. Idaho Power personnel attended the rotor balance witness point of the combustion turbine in late August. Other witness points, including the generator final electrical test, will be attended by Idaho Power personnel in the last quarter of 2010. These witness points allow Idaho Power to go to the factory to inspect and evaluate critical tests in the manufacturing process.

Idaho Power received approval from the Idaho Department of Water Resources on July 8, 2010, for a new groundwater right (tributary to the Snake River). Idaho Power and its consultant finalized the water pipeline and pump station drawings in July. A request for bids was issued for the construction of this work, and Idaho Power has entered into a contract for this work.

Idaho Power is in final negotiations with a contractor to provide engineering and design services on the gas pipeline lateral from the tap and meter to the project site. A contract is expected in early September. The contract for the tap and meter through Northwest Pipeline has been completed.

### **Transmission Lines and Substation**

Two transmission lines are required to connect the Langley Gulch Power Plant to Idaho Power's transmission system. One of the lines will be energized at 230 kV and the other at 138 kV. Both lines cross a significant portion of Bureau of Land Management ("BLM") property; therefore, a right-of-way grant from the BLM is required. The route selection and design is complete for the 230 kV line. Long-lead materials have been ordered and some materials have arrived. The 230 kV line is scheduled to start construction in November 2010 and is planned to be in service by March 2011.

After gathering a great deal of input from the public, line route alternatives for the 138 kV line to the south of Langley Gulch were evaluated and a best route along State Highway 30 was selected by Idaho Power. Canyon County Planning and Zoning has granted Idaho Power a Conditional Use Permit for this line location and height of structure. The Canyon County Commissioners were very supportive of Idaho Power's efforts in determining the line route. The 138 kV line is scheduled to be in service by April 2012.

The structural design for the switchyard at Langley Gulch has been completed and the structural work is out to bid.

### **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 ended June 18, 2010.
  - Public hearing held on June 3, 2010.
  - Permit to Construct issued on June 25, 2010.

- Payette County/Canyon County
  - Payette County Comprehensive Plan Change completed on May 18, 2009.
  - Payette County Conditional Use Applications (three total) approved on November 12, 2009.
  - Payette County Rezone approval received on December 14, 2009.
  - Payette County Development Agreement finalized with Payette County on March 15, 2010.
  - Canyon County Conditional Use Permit approved at the hearing on July 15, 2010.
  
- Water
  - Site groundwater right having a June 12, 2009, priority date was approved on December 2, 2009 (Permit No. 65-23342).
  - New water right from Snake River having a priority date of September 11, 2009, was approved on July 8, 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.
  - Slickspot Peppergrass was listed as a threatened species by the U.S. Fish and Wildlife Service (“USFWS”) in October 2009. A Biological Opinion was issued by USFWS on May 28, 2010.
  - BLM has reviewed two drafts of the Environmental Assessment and Idaho Power is currently updating a final revision.
  - Idaho Power believes the overall project schedule will remain unchanged and anticipates a right-of-way grant from the BLM by the end of September 2010.

Idaho Power will continue to be involved with permitting over the next month or two. At this time, Idaho Power does not see any significant issues that would cause problems with the expected Commercial Operation Date as the final significant permit is the right-of-way grant from the BLM.

**SCHEDULE:**

The project remains on schedule with the following major milestones:

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

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

	<b>July</b>		
	<b><u>\$s spent to date</u></b>	<b><u>Commitment Estimate</u></b>	<b><u>Remaining Amount</u></b>
Gas Turbine	38,887,905	56,281,662	17,393,757
Steam Turbine	17,008,940	35,710,905	18,701,965
EPC Contract	48,050,844	221,421,431	173,370,588
Commitment Estimate Contingency	-	6,800,686	6,800,686
Site Procurement	1,957,349	2,000,000	42,652
Water Rights	2,083,419	2,200,000	116,581
NEPA Permitting	196,121	150,000	(46,121)
Air Permitting	350,547	320,000	(30,547)
Water Line Construction	724,871	8,850,000	8,125,129
Gas Line Construction	-	3,100,000	3,100,000
Miscellaneous Equipment (IPC supplied)	424,550	662,300	237,750
Capitalized Property Taxes	100,198	2,881,277	2,781,079
Idaho Power Engineering and Oversight	1,307,037	3,800,000	2,492,963
RFP Pricing components (includes start up fuels)	399,303	2,250,000	1,850,697
Transmission	1,142,301	31,679,100	30,536,799
AFUDC	4,380,938	49,259,378	44,878,440
<b>Totals</b>	<b>117,014,322</b>	<b>427,366,739</b>	<b>310,352,417</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 10/13/08	Fri 6/29/12
2	Idaho PUC Certification Grant	0 days	Tue 9/1/09	Tue 9/1/09
3	Air Permitting	251 days	Wed 7/8/09	Fri 6/25/10
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 5/5/10
6	Public Comment Period	30 days	Thu 5/6/10	Wed 6/16/10
7	Received Air Permit to Construct	0 days	Fri 6/25/10	Fri 6/25/10
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	512 days	Mon 10/13/08	Tue 9/28/10
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 5/29/10
18	Submit Final EA	0 days	Wed 9/1/10	Wed 9/1/10
19	BLM Right of Way Grant and NTP	0 days	Tue 9/28/10	Tue 9/28/10
20	EPC Contract	738 days	Tue 9/1/09	Fri 6/29/12
21	Issue FNTF 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 6/21/10	Mon 6/21/10
24	Construction	530 days	Mon 6/21/10	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	440 days	Tue 11/24/09	Mon 8/1/11
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	Bid Water Pipeline and Pump Station Project	40 days	Tue 7/6/10	Mon 8/30/10
33	Water Line / Pump Station Construction	240 days	Tue 8/31/10	Mon 8/1/11
34	Raw Water To Site	0 days	Mon 8/1/11	Mon 8/1/11
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	90 days	Mon 10/4/10	Fri 2/4/11
38	File for Permits	0 days	Mon 12/27/10	Mon 12/27/10
39	Gas Line Construction	60 days	Mon 7/25/11	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	Design	686 days	Fri 6/12/09	Fri 12/7/12
43	Construction of 230-kV to Ontario - Caldwell	90 days	Wed 11/3/10	Tue 3/8/11
44	230-kV Loop in-out Service Completed	0 days	Tue 3/22/11	Tue 3/22/11
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
53				

