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IDAHO PUBLIC UTILITIES COMMISSION

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IPC-E-09-03

December 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 fifth quarterly progress report.

Very truly yours,

Lisa D. Nordstrom

LDN:csb
Enclosures

Langley Gulch Power Plant
Quarterly PUC Update
December 2010

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PROGRESS UPDATE:

This quarterly update summarizes project costs through October 2010 and tasks associated with the Langley Gulch Power Plant through the end of November 2010. The overall project remains on schedule and costs are projected at or below the commitment estimate.

Langley Gulch Power Island:

The Engineering, Procurement, and Construction (“EPC”) Contract is a joint venture between Kiewit Power Engineers (“KPE”) and The Industrial Company (“TIC”). KPE, the engineering arm of the EPC contract, is nearing design completion, having issued most all project specifications for equipment and the construction drawings. All major equipment, including piping, valves, pumps, structures, and electrical equipment has been procured.

TIC is in full construction mode. They have completed a majority of the underground work, including the electrical duct-banks and process piping, as well as completed a majority of the earthwork. The excavated slopes have been stabilized and reseeded. Current construction tasks are related to foundation preparation for the major equipment. In the last quarter, foundations for the heat recovery steam generator (“HRSG”), combustion turbine, generator, cooling tower, step-up transformers, and crane pad were placed. TIC has also been accepting major equipment deliveries with portions of the HRSG and condenser already arriving on-site. Equipment scheduled for delivery in December is the combustion turbine, generator, and step-up transformers.

TIC has approximately 150 people on site, which includes their employees and subcontractors. They are utilizing a mix of local labor, vendors, suppliers, and subcontractors. To date, over 100 vendors in the greater Treasure Valley have provided services on the Langley Gulch project.

Idaho Power and the EPC contractor continue to work closely with Siemens on the owner-furnished equipment. The Orlando based Siemens group has finalized all design coordination and has shipped the combustion turbine and generator. Idaho Power personnel attended the generator final electrical test in October. The combustion turbine and generator is scheduled to arrive at the project site in early December. Additionally, ancillary equipment continues to be shipped to the project site. The Sweden based Siemens group is finalizing their drawings for the steam turbine and generator. This equipment is on-schedule and slated to leave the factory in late May 2011.

Water Supply Pipeline and Gas Pipeline:

Construction started on the water pipeline and pump station in August. Through November, approximately three miles of pipe has been installed. The pump station is also under construction with the foundation slab and walls completed.

Idaho Power has entered into a contract for the engineering and design services on the gas pipeline lateral from the tap and meter to the project site. The contract for the tap and meter through Northwest Pipeline has been completed. Design work started in November with on-site project kick-off meetings; in addition, the survey has been completed.

Both of these projects remain on schedule.

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, and the right-of-way grants from the BLM have been secured. The route selection and design is complete for the 230 kV line. A contract has been awarded for the 230 kV structure foundations, and this work started in November. This work is scheduled to be complete by the end of the year, after which Idaho Power crews will set the structures and install the line. This 230 kV line is scheduled to be in service by the summer of 2011.

The second transmission line required to interconnect the Langley Gulch project is a 138 kV line to the south. The route primarily utilized BLM lands and runs along State Highway 30. Design for this section of line is scheduled to start in January 2011 with construction estimated to start in the fall of 2011. The 138 kV line is scheduled to be in service by May 2012.

Design of the substation is complete. A contract has been awarded for the substation construction, including all foundations and structures. The substation construction started in November 2010. This work is planned to be in service by the summer of 2011.

PERMITTING UPDATE:

The permitting process has been completed with the receipt of the right-of-way grants from the BLM for the water pipeline and transmission lines. Idaho Power will continue to be involved with permit compliance over the duration of the project.

PROJECT COSTS:

The commitment summary is attached, which also identifies project costs expended through October 2010. All major components of the project have been contracted, and Idaho Power believes the final project costs will remain below the commitment estimate.

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: December 2010
- Steam Turbine Delivery: July 2011
- First Fire: February 2012
- Targeted Commercial Operation Date: July 1, 2012

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

	October	Commitment Estimate	Remaining Amount
	<u>\$s spent to date</u>		
Gas Turbine	44,742,220	56,281,662	11,539,442
Steam Turbine	23,360,858	35,710,905	12,350,047
EPC Contract	72,028,424	221,421,431	149,393,008
Commitment Estimate Contingency	-	6,800,686	6,800,686
Site Procurement	1,957,322	2,000,000	42,678
Water Rights	2,083,419	2,200,000	116,581
NEPA Permitting	200,128	150,000	-
Air Permitting	350,547	320,000	-
Water Line Construction	620,465	8,850,000	8,229,535
Gas Line Construction	-	3,100,000	3,100,000
Miscellaneous Equipment (IPC supplied)	534,771	662,300	127,529
Capitalized Property Taxes	143,140	2,881,277	2,738,137
Idaho Power Engineering and Oversight	1,428,443	3,800,000	2,371,557
RFP Pricing components (includes start up fuels)	399,303	2,250,000	1,850,697
Transmission	2,505,508	31,679,100	29,173,592
AFUDC	6,964,472	49,259,378	42,294,906
Totals	157,319,019	427,366,739	270,128,394

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. Commissioners Hearing and Approval	0 days	Tue 10/20/09	Tue 10/20/09
10	Finalize Development Agreement	60 days	Mon 12/14/09	Mon 12/14/09
11	NEPA Permitting	516 days	Mon 10/13/08	Mon 10/4/10
12	Submit BLM ROW Application	0 days	Mon 10/13/08	Mon 10/13/08
13	Submit Public Scoping Document	0 days	Wed 1/6/10	Wed 1/6/10
14	BLM Public Comment Period	30 days	Wed 3/17/10	Tue 4/27/10
15	Submit Final Biological Assessment	0 days	Mon 3/8/10	Mon 3/8/10
16	USFWS Review and Issuance of Biological Opinion	60 days	Mon 3/8/10	Fri 5/28/10
17	Submit Final EA	0 days	Thu 9/9/10	Thu 9/9/10
18	BLM Right of Way Grant and NTP	0 days	Mon 10/4/10	Mon 10/4/10
19	EPC Contract	738 days	Tue 9/1/09	Fri 6/29/12
20	Issue FNTP to EPC Contractor	0 days	Tue 9/1/09	Tue 9/1/09
21	Design / Engineering	500 days	Wed 9/2/09	Tue 8/2/11
22	Mobilization to Site / Start Construction	0 days	Mon 6/21/10	Mon 6/21/10
23	Construction	530 days	Mon 6/21/10	Fri 6/29/12
24	Gas Turbine Delivery	0 days	Fri 12/10/10	Fri 12/10/10
25	Steam Turbine Delivery	0 days	Fri 7/29/11	Fri 7/29/11
26	Start-up / Commissioning / FIRST FIRE	0 days	Wed 2/29/12	Wed 2/29/12
27	Commercial Operation Date	0 days	Fri 6/29/12	Fri 6/29/12
28	Raw Water Supply Line	440 days	Tue 11/24/09	Mon 8/1/11
29	Water Line / Pump Station Design	160 days	Tue 11/24/09	Mon 7/5/10
30	File for Permits	0 days	Tue 5/25/10	Tue 5/25/10
31	Bid Water Pipeline and Pump Station Project	40 days	Tue 7/6/10	Mon 8/30/10
32	Water Line / Pump Station Construction	240 days	Tue 8/31/10	Mon 8/1/11
33	Raw Water To Site	0 days	Mon 8/1/11	Mon 8/1/11
34	Gas Pipeline	440 days	Mon 2/8/10	Fri 10/4/11
35	File Interconnection Request	0 days	Mon 2/8/10	Mon 2/8/10
36	Gas Pipeline Design	90 days	Mon 10/4/10	Fri 2/4/11
37	File for Permits	0 days	Mon 12/27/10	Mon 12/27/10
38	Gas Line Construction	60 days	Mon 7/25/11	Fri 10/14/11
39	Complete Gas Line Construction	0 days	Fri 10/14/11	Fri 10/14/11
40	Transmission	753 days	Fri 6/12/09	Tue 5/1/12
41	Design	686 days	Fri 6/12/09	Fri 1/27/12
42	Construction of 230-kV to Ontario - Caldwell	90 days	Tue 11/9/10	Mon 3/14/11
43	230-kV Loop in-out Service Completed	0 days	Mon 3/28/11	Mon 3/28/11
44	Backfeed Power to Site	0 days	Tue 5/31/11	Tue 5/31/11
45	Construction of 230-kV to Caldwell - Willis	137 days	Mon 10/3/11	Tue 4/10/12
46	Completion of Caldwell-Willis Tap	0 days	Tue 5/1/12	Tue 5/1/12
47	Substation	451 days	Tue 9/8/09	Tue 5/31/11
48	Design	283 days	Tue 9/8/09	Thu 10/7/10
49	Substation Construction	112 days	Tue 10/19/10	Wed 3/23/11
50	Testing and Commissioning	20 days	Thu 3/24/11	Wed 4/20/11
51	Substation Completion	0 days	Tue 5/31/11	Tue 5/31/11

