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IDAHO PUBLIC UTILITIES COMMISSION

LISA D. NORDSTROM
Lead Counsel
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May 31, 2011

VIA HAND DELIVERY

Jean D. Jewell, Secretary
Idaho Public Utilities Commission
472 West Washington Street
P.O. Box 83720
Boise, Idaho 83720-0074

Re: IPC-E-09-03
Langley Gulch – Quarterly Progress Report

Dear Ms. Jewell:

In Order No. 30892, the Idaho Public Utilities Commission (“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 seventh quarterly progress report.

Very truly yours,

Lisa D. Nordstrom

LDN:csb
Enclosures

Langley Gulch Power Plant
Quarterly PUC Update
June 1, 2011

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PROGRESS UPDATE:

This quarterly update summarizes project costs through April 2011 and tasks associated with the Langley Gulch Power Plant through the end of May 2011. As of the date of this report, the overall project remains on schedule and Idaho Power Company ("Idaho Power") expects total project costs to be 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, has completed all of the design drawings and continues to support the project by reviewing vendor submittals and construction drawing modifications. All major equipment, including piping, valves, pumps, structures, and equipment, has been procured.

TIC continues in full construction mode. It has completed a majority of the earthwork with the exception of permanent storm water facilities and final site grading. In addition, TIC has completed all of the underground work, including the electrical duct-banks and process piping. Current construction activities include placing miscellaneous concrete pads, installation of combustion turbine ancillary equipment, fabrication of the heat recovery steam generator steam piping, and erection of the pipe rack. Other activities by TIC's subcontractors include construction of the administration building, erection of the water storage tanks, and erection of the cooling tower. In the last quarter, TIC received and set equipment, including the ammonia storage tank, water treatment skids, and the major pumps (boiler feed, circulating water, and condensate). TIC has approximately 150 people on site, which includes its employees and subcontractors. TIC is utilizing a mix of local labor, vendors, suppliers, and subcontractors.

Idaho Power and the EPC contractor continue to work closely with Siemens on the owner-furnished equipment. The Orlando-based Siemens group, supplying the combustion turbine and generator equipment, has shipped nearly all of the equipment to the site. Siemens' construction staff is on site providing technical expertise for the installation of its equipment. The Sweden-based Siemens group, supplying the steam turbine and generator, has completed manufacturing of the equipment in its factory. Delivery of the steam turbine and generator is on schedule, slated to leave the factory in early June 2011 and arrive on site by the end of July 2011.

Water Supply Pipeline and Gas Pipeline:

Construction is nearly complete on the water pipeline and pump station. All underground piping has been installed and final pressure testing is ongoing. The pump station construction is in the

final stages of completion. All electrical and mechanical equipment has been installed and will be commissioned this summer.

Design of the gas lateral pipeline from the Williams Northwest main to the site is complete (construction started in May 2011). The contractor has completed the bore and installation of the lateral below the A-line canal and is in the process of boring the lateral beneath Interstate 84. Williams Northwest, designing and constructing the tap and metering station, has secured the land and anticipates starting construction this summer.

The water supply pipeline and both gas supply projects remain on schedule.

Transmission Lines and Substation:

Two transmission lines and a new substation are required to connect the Langley Gulch Power Plant to Idaho Power's transmission system. One of the lines will be energized at 230 kilovolts ("kV") and the other at 138 kV. Construction of the 2.8 mile 230 kV line to the west of the power plant was completed in March 2011. The 16 mile 138 kV line is currently being designed and construction is planned to start in the fall of 2011. The 138 kV line is planned to be completed by May 2012.

The substation is being constructed in two phases. Phase 1, which includes the ring buss, substation building, and control wiring, is scheduled to be complete by September 15, 2011, in order to provide backfeed power to the site. Construction of the substation and installation of the equipment is complete. Idaho Power control wiring crews continue working on the protection and integration of this equipment. Phase 2, which includes the integration of the 138 kV line, is scheduled to be complete by May 2012.

Each of these projects is on schedule and within budget.

PERMITTING UPDATE:

The permitting process is in the construction compliance phase. Idaho Power continues to monitor the permit requirements and is coordinating with the regulatory agencies as needed.

PROJECT COSTS:

The Commitment Estimate is attached, which also identifies project costs expended through April 2011. All major components of the project have been contracted, and Idaho Power expects total project costs at or 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: Arrived in New Plymouth, Idaho, on December 4, 2010
- Steam Turbine Delivery: July 2011
- First Fire: February 2012
- Targeted Commercial Operation Date: June 2012

Idaho Power Company
Status Update Spending Report for Langley Gulch Power Plant
Through April 2011

	<u>April</u> <u>Dollars spent to date</u>	<u>Component Summary</u>
Gas Turbine	54,203,748	56,281,662
Steam Turbine	23,360,858	35,710,905
EPC Contract	145,317,917	221,421,431
Commitment Estimate Contingency	-	6,800,686
Site Procurement	1,957,322	2,000,000
Water Rights	2,083,419	2,200,000
NEPA Permitting	214,431	150,000
Air Permitting	350,547	320,000
Water Line Construction	3,944,849	8,850,000
Gas Line Construction	2,016,758	3,100,000
Miscellaneous Equipment (Idaho Power supplied)	877,839	662,300
Capitalized Property Taxes	399,785	2,881,277
Idaho Power Engineering and Oversight	1,712,222	3,800,000
RFP Pricing Components (includes start-up fuels)	399,303	2,250,000
Transmission	8,573,659	31,679,100
AFUDC	15,267,637	49,259,378
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Totals	260,680,294 *	427,366,739 **

* Reported on accrual based accounting

** Commitment Estimate

Langley Gulch Project Overview

