

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER)
COMPANY’S APPLICATION FOR A) **CASE NO. IPC-E-09-03**
CERTIFICATE OF PUBLIC CONVENIENCE)
AND NECESSITY FOR THE LANGLEY) **NOTICE OF APPLICATION**
GULCH POWER PLANT)
) **NOTICE OF**
) **INTERVENTION DEADLINE**
)
) **NOTICE OF**
) **PREHEARING CONFERENCE**
)
) **ORDER NO. 30751**

YOU ARE HEREBY NOTIFIED that on March 6, 2009, Idaho Power Company (Idaho Power; Company) filed an Application with the Idaho Public Utilities Commission (Commission) for a Certificate of Public Convenience and Necessity (Certificate) authorizing construction of the Langley Gulch Power Plant (Langley Gulch; Project) and inclusion of the Project in the Company’s rate base. *Idaho Code* § 61-526, -528; RP 112.

Idaho Power requests authority to construct, own, operate and maintain the Langley Gulch Power Plant. The Project is a natural gas-fired combined-cycle combustion turbine (CCCT) generating plant with a nameplate capacity of approximately 330 MW. The Company proposes to construct the Project on a parcel of land on the south side of Interstate 84 in Payette County approximately four miles south of the town of New Plymouth, Idaho.

The Project is a base load generating resource of the size and type identified as the preferred resource in the Company’s June 2008 update to its 2006 Integrated Resource Plan (IRP). The Project was selected as a result of a competitive process (request for proposals or RFP) in which the Company solicited proposals from independent power supply developers. The proposals were compared to each other and to a benchmark utility-owned and operated CCCT (Benchmark Resource). Langley Gulch project is the Benchmark Resource. The RFP process assessed the price and non-price attributes of the responses to the RFP. The RFP process identified the Project as the preferred resource. The RFP process selected the Project principally

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because the 20-year revenue requirement for the Project was significantly less than for the other proposals under consideration.

The Application and supporting testimonies describe in greater detail the RFP process and description of the Langley Gulch project. Idaho Power's commitment estimate for the Project is \$427,400,000. On a net present value basis over the 20-year term of a power purchase agreement (PPA), or tolling agreement (TA), the Project is estimated to have a revenue requirement impact approximately \$108 million lower than the next least expensive proposal in the Company's RFP process.

The Company commits to procure and construct the Project for an amount that will not exceed the commitment estimate. Amounts incurred in excess of the commitment estimate will be subject to a "soft cap"; that is, excess costs could be included in rates only if the Commission agreed the additional amounts expended were prudent and should be included in fair, just and reasonable rates.

The Company commits to provide the Commission with periodic percentage of completion reports and cost expenditure reports during the construction phase of the Project. The final report on the Project will compare the actual completed cost to the commitment estimate.

A major component of the operating cost of a combined-cycle combustion turbine generating plant is the cost of natural gas fuel. The Company states that it currently owns, or will acquire, firm fuel transportation rights that can be utilized by the Project. As part of its Application, the Company is requesting that the Commission's Order issuing the Certificate of Public Convenience and Necessity also authorize Idaho Power to include recovery of the Project's prudently incurred costs for fuel, fuel storage and fuel transportation through the Company's existing Power Cost Adjustment (PCA) mechanism.

The Company further requests that the Commission include in its Order issuing a Certificate an authority for the Company to utilize one of two alternative ratemaking treatments that will put the Company in the best position to finance this project. The first requested ratemaking treatment would allow the Company to annually collect construction work in progress (CWIP) in its rates for all, or a portion of, the construction expenditures the Company incurs as it moves forward with construction of the Project. Alternatively, the Company requests

that the Commission apply specific ratemaking treatment that the Company can rely upon when the Project is completed and providing service to customers. The second alternative ratemaking treatment requested by the Company is identical to that envisioned in the construction cost recovery legislation currently being discussed in the Idaho Legislature in Senate Bill 1123.

Until the Commission issues a Certificate with ratemaking assurances and provisions, the Company states it cannot prudently proceed with the Project. As a result, the commercial operation date of the Project is directly related to the issuance of a Certificate, including the necessary cost-recovery and ratemaking commitments. To the extent the Commission can expedite its review of the Application; the Company contends that it will benefit customers and system reliability.

NOTICE OF INTERVENTION DEADLINE

YOU ARE FURTHER NOTIFIED that **persons desiring to intervene** in this matter for the purpose of becoming a party, i.e., to present evidence, to acquire rights of cross-examination and to make and argue motions, **must file a Petition to Intervene** with the Commission pursuant to Rules 72 and 73 of the Commission's Rules of Procedure, IDAPA 31.01.01.072 and .073. Persons intending to participate at any prehearing conference or hearing must file a Petition to Intervene **no later than the close of business on Wednesday, April 1, 2009**. Persons seeking intervenor status shall also provide the Commission Secretary with their electronic mail address to facilitate future communications in this matter.

YOU ARE FURTHER NOTIFIED that persons desiring to present their views without parties' rights of participation and cross-examination are not required to intervene and may present their comments without prior notification to the Commission or the parties.

NOTICE OF PREHEARING CONFERENCE

YOU ARE FURTHER NOTIFIED that the Commission shall convene a **prehearing conference** in this matter at **10:00 A.M. ON TUESDAY, APRIL 14, 2009 IN THE COMMISSION HEARING ROOM, 472 WEST WASHINGTON STREET, BOISE, IDAHO, (208) 334-0300**. The purpose of the prehearing conference is to identify intervening parties, to discuss the processing of the Application and to determine the scope of the proceedings. Interested persons desiring to participate as parties should intervene as set out above.

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YOU ARE FURTHER NOTIFIED that discovery is available in Case No. IPC-E-09-03 pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.221-234.

YOU ARE FURTHER NOTIFIED that all hearings and prehearing conferences in this matter will be held in facilities meeting the accessibility requirements of the Americans with Disabilities Act (ADA). Persons needing the help of a sign language interpreter or other assistance in order to participate in or to understand testimony and argument at a public hearing may ask the Commission to provide a sign language interpreter or other assistance at the hearing. The request for assistance must be received at least five (5) working days before the hearing by contacting the Commission Secretary at:

IDAHO PUBLIC UTILITIES COMMISSION
PO BOX 83720
BOISE, IDAHO 83720-0074
(208) 334-0338 (Telephone)
(208) 334-3762 (FAX)
E-Mail: secretary@puc.idaho.gov

YOU ARE FURTHER NOTIFIED that the Application and supporting testimony and exhibits have been filed with the Commission and are available for public inspection during regular business hours at the Commission office, 472 West Washington Street, Boise, Idaho or at the principal business office of Idaho Power Company, 1221 West Idaho Street, Boise, Idaho. The Application, testimony and exhibits can also be reviewed on the Commission's Home Page at www.puc.idaho.gov under "File Room" and then "Electric Cases."

YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code and that the Commission may enter any final Order consistent with its authority under Title 61 and specifically *Idaho Code* §§ 61-526 and 61-528.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

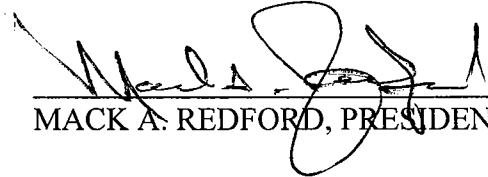
ORDER

In consideration of the foregoing and as more particularly described above, IT IS HEREBY ORDERED that persons desiring to intervene in Case No. IPC-E-09-03 shall do so no later than Wednesday, April 1, 2009.

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IT IS FURTHER ORDERED that a prehearing conference in Case No. IPC-E-09-03 will be convened on Tuesday, April 14, 2009 at 10:00 a.m. in the Commission's Hearing Room, 472 West Washington Street, Boise, Idaho.

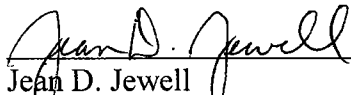
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 19th day of March 2009.


MACK A. REDFORD, PRESIDENT


MARSHA H. SMITH, COMMISSIONER


JIM D. KEMPTON, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

bls/O:IPC-E-09-03_sw

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