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LISA D. NORDSTROM
Lead Counsel
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April 26, 2013

VIA HAND DELIVERY

Jean D. Jewell, Secretary
Idaho Public Utilities Commission
472 West Washington Street
Boise, Idaho 83702

Re: Case No. IPC-E-13-09
Glanbia Foods, Inc.'s Petition – Idaho Power Company's Answer

Dear Ms. Jewell:

Enclosed for filing in the above matter are an original and seven (7) copies of Idaho Power Company's Answer.

Sincerely,

Lisa D. Nordstrom

LDN:csb
Enclosures

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UTILITIES COMMISSION

Attorneys for Idaho Power Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF GLANBIA FOODS,)	
INC. FOR APPROVAL OF AN)	Case No. IPC-E-13-09
ALLOWANCE PURSUANT TO IDAHO)	
POWER COMPANY'S RULE H LINE)	ANSWER
EXTENSION TARIFF.)	
)	

Respondent, Idaho Power Company ("Idaho Power" or "Company"), hereby submits its Answer to Glanbia Foods, Inc.'s ("Glanbia") Petition for Approval of an Allowance Pursuant to Idaho Power's Rule H ("Petition") in the above-entitled case as follows:

I. FACTUAL BACKGROUND

Glanbia is a Schedule 19 Large Power ("Schedule 19")¹ Primary Service² customer of Idaho Power taking approximately nine megawatts ("MW") of service from a distribution feeder originating from the Company's Toponis substation near Gooding,

¹ I.P.U.C. No. 29, Tariff No. 101, First Revised Sheet No. 19-1 states, "Service under this Schedule is . . . mandatory for Customers who register a metered Demand of 1,000 kW or more per Billing Period for three or more Billing Periods during the most recent 12 consecutive Billing Periods."

² As defined in Rule B, "Primary Service is service taken at 12.5 kilovolts (kV) to 34.5 kV."

Idaho. On July 25, 2012, Idaho Power received a request from Glanbia to serve an additional load of approximately seven MW at its Gooding facility. As with all requests to serve a new or increased large load, the Company analyzed its existing facilities to determine if facilities of adequate capacity were available to supply the request.

The Company's first step in evaluating a large load request such as this is to perform a Feasibility Study. The Feasibility Study identifies any system impacts and upgrades to the Company's system that are necessary to serve the additional load. In addition, the Feasibility Study also gives the customer high level cost estimates for various options when applicable. The Feasibility Study for this request was completed and presented to Glanbia on August 9, 2012, and is included as Attachment 1 to this Answer. During the study, the Company determined that the existing facilities would be unable to accommodate the increase in load.

Two options were identified to accommodate Glanbia's request. The first option was to upgrade the Toponis station transformer and the existing distribution to the Glanbia facility with a conceptual-level cost estimate of \$5.7 million. The second option was to build a new 20-30 megavolt-ampere ("MVA") substation at the Glanbia site that would be served by a new 10 mile 138 kilovolt ("kV") transmission line with a conceptual-level cost estimate of \$6.3 million to \$11.9 million, depending on the desired substation MVA capacity and level of reliability.

After its receipt of the Feasibility Study, Glanbia paid the necessary fees and authorized the Company to move forward with a Facility Study. The Facility Study is a more detailed review of the design and construction of the project, which provides more detailed cost and schedule estimates. As a result of Glanbia's desire for enhanced reliability, Glanbia and Idaho Power mutually decided that the Facility Study would focus

only on the second option of providing a new substation at the Glanbia site to be served by a new 10 mile 138 kV transmission line.

While the Facility Study was being prepared, various conversations took place between the Company and Glanbia. At Glanbia's request, Idaho Power and Glanbia met on October 18, 2012. Glanbia requested that the Company consider two possible alternatives proposed by Glanbia as a potential means to mitigate the costs of the facilities upgrade required to serve Glanbia's additional load. Glanbia suggested that it might receive a credit for the reduction in its loss factor because, under this proposal, Glanbia could take service at the transmission voltage level instead of taking service at the distribution voltage level. Second, Glanbia suggested that by vacating existing facilities, it would create "available capacity" that the Company could use elsewhere, and therefore Glanbia could receive a credit. The Company committed to examining both of Glanbia's proposed options.

The Company examined not only the alternatives proposed by Glanbia, but also considered two additional possible options to mitigate the cost of the expansion. In a letter to Glanbia dated November 9, 2012, the Company summarized its consideration of each of the proposed options and the Company's response.³ The Company found that three of the four options were not viable options for cost mitigation; however, a Glanbia self-build option was proposed by the Company as a potentially viable option for Glanbia to consider. This November 9, 2012, letter was accompanied by the completed Facility Study Report, also dated November 9, 2012, which Glanbia included with its Petition as Exhibit A, with an estimated cost of the project of \$9.0 million.

³ Letter dated November 9, 2012, from Idaho Power Regulatory Projects Manager Michael Youngblood to Glanbia's Executive Vice President John Mutchler is included as Attachment 2 to this Answer.

On November 27, 2012, the Company sent a revised Facility Study Report⁴ to Glanbia. Only two revisions were made to the initial report. The first was a \$652,203 reduction in the 138 kV transmission line estimated costs. The original estimate had unnecessarily included fiber optic shield wire instead of a lower cost standard steel shield wire. The revised Facility Study Report estimate was updated to reflect a standard steel shield wire. The second revision was an update to the project schedule estimate to reflect the new dates for executing a signed agreement and receiving construction funding. The Revised Facility Study Report included an updated estimated cost for the 138/34.5 kV 30 MVA substation and 138 kV transmission line of \$8.3 million.

On November 28, 2012, the Company received a letter⁵ from Glanbia's President and Chief Executive Officer Jeff Williams. The letter expressed concern regarding the estimated costs for the facilities upgrade. Mr. Williams noted that Idaho Power had failed to account for two discounts to the upgrade costs, what Glanbia characterized as "System Betterment" and "Allowances." These references to System Betterment and Allowances referred to defined terms within Idaho Power's Rule H, New Service Attachments and Distribution Line Installations or Alterations ("Rule H").⁶ Within Rule H, Company Betterment means the "portion of the Work Order Cost of a Line Installation and/or Alteration that provides a benefit to the Company not required by the Applicant or Additional Applicant." Similarly, Line Installation Allowances is also a defined term

⁴ Cover letter dated November 27, 2012, and Revised Facility Study Report dated November 27, 2012, is included as Attachment 3 to this Answer.

⁵ Letter dated November 28, 2012, addressed to Idaho Power Chief Executive Officer J. LaMont Keen sent by Jeff Williams, President and Chief Executive Officer of Glanbia, is included as Attachment 4 to this Answer.

⁶ I.P.U.C. No. 29, Tariff No. 101, First Revised Sheet No. H-1.

within Rule H that means the “portion of the estimated cost of the Line Installation funded by the Company.”

On December 13, 2012, Idaho Power President and Chief Financial Officer Darrell Anderson responded to Glanbia’s November 28, 2012, letter, a copy of which is included as Exhibit C to Glanbia’s Petition. Mr. Anderson explained Idaho Power’s position on “Company Betterment” allowed under appropriate circumstances by Idaho Power’s Rule H. Mr. Anderson’s letter explained that first and foremost, Company Betterment, as defined in the Company’s Commission-approved Rule H tariff, is applicable only to distribution facilities—not to the transmission and substation facilities that would be required by Glanbia’s expansion. Mr. Anderson further explained that Company Betterment is broadly defined as the installation of facilities or work performed that is in excess of that requested or required by the customer. Mr. Anderson also explained that Glanbia misconstrued Company Betterment to include what Glanbia characterized as “available capacity” at the substation currently used to serve Glanbia’s load. The Company does not anticipate the load in that area to increase significantly in the near term and, consequently, Glanbia’s request does not provide the Company with the betterment value that Glanbia suggested. Mr. Anderson addressed the request for consideration of “Allowances” by again explaining to Glanbia that the requested facilities are not governed by Rule H, as the Rule’s preface states it “does not apply to transmission or substation facilities.”⁷

On February 11, 2013, at Glanbia’s request, the Company held a meeting at Idaho Power’s headquarters where Glanbia proposed Idaho Power use the allowance methodology that has been described in greater detail in Exhibit B to Glanbia’s Petition.

⁷ I.P.U.C. No. 29, Tariff No. 101, First Revised Sheet No. H-1.

Following review and consideration of the proposal, Idaho Power teleconferenced with Glanbia on February 19, 2012, to explain that the Company had once again reviewed Glanbia's request, and that the Company's position with regard to Glanbia's proposed allowances had not changed because Rule H specifically excludes transmission and substation upgrades. Moreover, Idaho Power expressed concern that Glanbia's request would unfairly impact other customers and thus could not support it.

Glanbia requested a meeting with Idaho Power at the Company's headquarters on April 3, 2013. During that meeting, Glanbia presented a draft petition to be filed with the Commission if Idaho Power would not meet Glanbia's requests. Idaho Power advised Glanbia on April 5, 2013, that it could not accommodate Glanbia's requests and remain consistent with its tariff and past practice.

II. IDAHO POWER'S POSITION

Idaho Power evaluated Glanbia's request in a fair manner, consistent with previous evaluations of customers with growing loads. Idaho Power properly followed its tariff, rules, and regulations in assessing Glanbia's proposals. However, three of Glanbia's four arguments assume that the requested facilities are those that would be covered under Idaho Power's Rule H, which they are not. Glanbia's request would require a new 10 mile 138 kV transmission line and a new 30 MVA substation, and this falls outside the provisions of Rule H. Rule H applies only to distribution facilities and, on that basis, it would be improper and outside the scope of Rule H to apply its provisions to transmission facilities. Schedule 19 states, "To the extent that additional facilities not provided for under Rule H, including transmission and/or substation facilities, are required to provide the requested service, special arrangements will be

made in a separate agreement between the Customer and the Company.”⁸ The plain language of the tariff clearly states that Rule H does not apply to Glanbia’s request.

Glanbia’s Petition claims that because Idaho Power’s Rule H does not specifically define what a transmission or substation facility is, Glanbia’s 138 kV transmission line should be treated as a distribution facility. However, Idaho Power’s Rule B Definitions (“Rule B”), which sets forth the meanings of terms which are frequently used in the tariff, clearly states “Transmission Service is service taken at 44 kV or higher.”⁹ Because Glanbia’s proposed transmission line is 138 kV, it cannot reasonably be considered distribution facilities that fall under Rule H.

While Idaho Power contends that Glanbia’s request for service is not covered under its Rule H, the Company will nonetheless respond to each of the requests for relief set forth in the Petition.

A. Allowances, Company Betterment, and Vested Interest under Rule H.

Glanbia claims in its Petition that Idaho Power has “refused to entertain the concept of an allowance” and has “refused to entertain the concept of compensating Glanbia for the value of the soon to be freed-up capacity” related to the requested facilities upgrade.¹⁰ Idaho Power has repeatedly entertained Glanbia’s requests since Glanbia’s initial request for increased load was received on July 25, 2012. Idaho Power considered Glanbia’s request to serve its increased load and concluded that it does not properly belong under the provisions of Idaho Power’s Rule H. Consequently, Glanbia is not entitled to allowances, Company Betterment, or Vested Interest under Rule H.

⁸ I.P.U.C. No. 29, Tariff No. 101, First Revised Sheet No. H-1. (Emphasis added.)

⁹ I.P.U.C. No. 29, Tariff No. 101, Original Sheet No. B-2.

¹⁰ Petition, p. 4.

Allowances provided under Rule H are calculated based on the cost of providing Standard Terminal Facilities for single phase and three phase services.¹¹ "Standard Terminal Facilities" are the overhead Terminal Facilities¹² the Company considers to be most commonly installed for overhead single phase and three phase services.¹³

Exhibit B to Glanbia's Petition cites Commission Staff ("Staff") Comments filed on April 17, 2009, in Case No. IPC-E-08-22 to indicate Staff proposed an embedded-rate methodology for the calculation of Allowances.¹⁴ In Order No. 30853, issued July 1, 2009, the Commission stated, "The Commission finds that Idaho Power's proposed fixed allowances . . . represent a fair, just and reasonable allocation of line extension costs."¹⁵ In the same order, the Commission stated, "Idaho Power shall make an annual filing, no later than January 1 of each year, updating allowance amounts for single- and three-phase service to reflect current costs for 'standard' terminal facilities."¹⁶

The Commission further clarified its support for Idaho Power's method of calculating allowances based on Standard Terminal Facilities in its Reconsideration Order No. 30955, where the Commission rejected the argument that the policy driving the methodology to calculate Allowances could not change:

The Contractors first assert that our recently approved changes to Rule H are inconsistent with the methodology that the Commission adopted in the 1995 Rule H case. BCA

¹¹ I.P.U.C. No. 29, Tariff No. 101, First Revised Sheet No. H-11.

¹² In the context of Rule H, "Terminal Facilities include transformer, meter, overhead service conductor, or underground conduit (where applicable)."

¹³ I.P.U.C. No. 29, Tariff No. 101, First Revised Sheet No. H-3.

¹⁴ Glanbia Petition, Exhibit B, p.1.

¹⁵ Case No. IPC-E-08-22, Order No. 30853 (July 1, 2009), p. 10.

¹⁶ *Id.*, p. 11.

implied that the Commission cannot change its methodology from the 1995 case. We reject this argument . . . to the extent practicable, utility costs should be paid by those that cause the utility to incur the costs. If the "cost-causers" do not pay, the electric rates for other customers will be higher. Different circumstances exist now than did in 1995.¹⁷

Glanbia's proposed allowance as calculated in Exhibit B to the Petition represents a re-packaging of a computation Staff presented in initial comments in Case No. IPC-E-08-22, which was not adopted by the Commission in either its initial Order No. 30853 or its Reconsideration Order No. 30955. Glanbia's Petition requests that the Commission issue an order requiring Idaho Power to provide an allowance of \$2,318,000 "or other such amount it determines is appropriately calculated pursuant to the Commission's methodology underlying Rule H,"¹⁸ which, in effect, would result in other Idaho Power customers paying for the recovery of the costs incurred to serve only the Glanbia facility. As the Commission indicated in the quote above, "to the extent practicable, utility costs should be paid by those that cause the utility to incur the costs."¹⁹

Because Schedule 19 Primary Service ("Schedule 19P") customers are metered on the primary side of transformation, no Terminal Facilities will be installed by Idaho Power in order to fulfill Glanbia's request. As is the case with all Schedule 19P customers, Glanbia will be required to provide its own facilities beyond the Point of Delivery,²⁰ including Terminal Facilities required to receive service. Under Idaho

¹⁷ Case No. IPC-E-08-22, Order No. 30955 (November 30, 2009), p. 21.

¹⁸ Petition, p.6.

¹⁹ Case No. IPC-E-08-22, Order No. 30955 (November 30, 2009), p. 21.

²⁰ As defined in Rule B, "Point of Delivery is the junction point between the facilities owned by the Company and the facilities owned by the Customer; OR the Point at which the Company's lines first become adjacent to the Customer's property; OR as otherwise specified in the Company's Tariff."

Power's Rule M Facilities Charge Service, eligible customers may request that the Company design, install, own, and operate transformers and other facilities beyond the Point of Delivery that are solely provided to meet the customer's service requirements. This service is provided at the customer's request and at the option of the Company in exchange for the customer paying a monthly facilities charge to the Company. Rule H does not apply to the construction of facilities beyond the Point of Delivery and thus no allowances should be given.

Glanbia's Petition also seeks compensation for what it characterizes as the soon to be freed-up capacity in the Toponis substation, as "Glanbia will be allowing approximately ten megawatts of capacity in that substation to be used to serve other customers."²¹ The Company considered whether granting Glanbia some Company Betterment amount would be appropriate in this instance, but after reviewing its load forecast for the area, the Company concluded that there is no indication for additional capacity needs in that substation in the near term. Likewise, the Company would not benefit from "operation or maintenance efficiencies" if Glanbia's project were completed.²² Idaho Power does not believe it is in the best interest of its customers to pay for capacity it does not need. In Order No. 29529, the Commission reached a similar conclusion when it found that "If no contribution had been required . . . Idaho power would have borne the full risk that enough other customers would eventually materialize to utilize the available capacity."²³

In addition to allowances and Company Betterment, Glanbia also seeks Vested Interest. Under Rule H, "Vested Interest" is defined as "the right to a refund that an

²¹ Petition, p. 4.

²² Case No. IPC-E-95-03, Order No. 26063 (June 23, 1995), p.2.

²³ Case No. IPC-E-00-12, Order No. 29529 (July 16, 2004), p. 6.

Applicant or Additional Applicant holds in a specific section of distribution facilities when Additional Applicants attach to that section of distribution facilities.”²⁴ Glanbia’s request would not require the construction of any distribution facilities, and therefore would not qualify for any Vested Interest under the provisions of Rule H.

B. Competitive Bidding.

Glanbia’s Petition asks the Commission to require Idaho Power to competitively bid the material and work, provide audited records to Glanbia, and allow Glanbia to be included in the selection of a contractor.²⁵ Because Idaho Power is responsible for owning, operating, and maintaining the facilities, it is appropriate that Idaho Power design, engineer, and select contractors for the facilities. The Commission and its Staff are familiar with the validity of the Company’s construction and bidding practices, which are reviewed during the Company’s applications for Certificates of Public Convenience and Necessity and during the annual Rule H tariff update. On this basis, the Company requests the Commission deny Glanbia’s request to allow it to participate in Idaho Power’s design, engineering, and selection of contractors on the project.

The Company continually works to ensure that its construction costs are reasonable. In fact, on February 1, 2013, Idaho Power solicited non-binding Engineering, Procurement, and Construction (“EPC”) proposals from four contractors through the Company’s Request for Information (“RFI”) process. Idaho Power received responses from all four contractors on March 14, 2013, with contractor responses ranging from 34 percent to 75 percent higher (when the applicable overheads and tax

²⁴ I.P.U.C. No. 29, Tariff No. 101, Second Revised Sheet No. H-4.

²⁵ Petition, p.4.

gross-up were added to the contractors' responses) than Idaho Power's estimated cost of \$8.3 million for Idaho Power to complete the work.²⁶

If Glanbia proceeds with the project, Idaho Power will perform a true-up of actual costs and will refund amounts to Glanbia or collect amounts from Glanbia where the estimated payment is over or under actual costs. Idaho Power will provide, at Glanbia's request, a detailed cost report showing all charges to the work order(s) involved in completing the work to install the necessary facilities for Glanbia. This process is consistent with how Idaho Power responds to all requests of this nature for new or added load for Schedule 19P customers.

The Company permits customers to own, operate, and maintain their own transmission and substation facilities so long as those facilities are not harmful to the safety, reliability, and integrity of Idaho Power's interconnected system. In the event Glanbia would like to select its own contractor to build Glanbia-owned and -operated facilities, Idaho Power will work with Glanbia to interconnect those facilities to Idaho Power's system.

III. COMMUNICATIONS AND SERVICE OF PLEADINGS

Service of pleadings and communications with reference to this case should be sent to the following:

Lisa D. Nordstrom
Regulatory Dockets
Idaho Power Company
1221 West Idaho Street (83702)
P.O. Box 70
Boise, Idaho 83707
lnordstrom@idahopower.com
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Warren Kline
Mike Youngblood
Idaho Power Company
1221 West Idaho Street (83702)
P.O. Box 70
Boise, Idaho 83707
wkline@idahopower.com
myoungblood@idahopower.com

²⁶ Idaho Power's EPC Summary is included as Attachment 5 to this Answer.

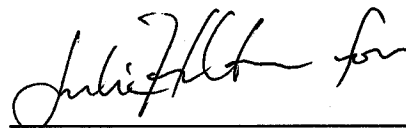
IV. CONCLUSION

Idaho Power values its business with Glanbia and spent considerable time over the last nine months, including the time of several of the Company's executive officers, evaluating Glanbia's requests within the constraints that govern Idaho Power's actions as a regulated utility. In formulating its position, Idaho Power ensured that it was acting consistently with the Rules found in its Commission-approved tariff. The Company also considered its past treatment of similarly situated customer requests in accordance with *Idaho Code* § 61-315's anti-discrimination/anti-preference requirements.

Glanbia's Petition requests special treatment that other similarly situated customers have not received nor been entitled to. To grant Glanbia's request, a change in regulatory policy would need to occur that shifts cost responsibility for transmission and substation facilities required by a single entity, like Glanbia, to other customers of Idaho Power. Idaho Power does not support financing the upgrade of such facilities required by a single industrial customer by increasing the rates of others.

Therefore, for the reasons stated above, Idaho Power requests that the Commission deny Glanbia's Petition in accordance with Idaho Power's approved tariff that includes Rule H.

Dated at Boise, Idaho, this 26th day of April 2013.



LISA D. NORDSTROM
Attorney for Idaho Power Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 26th day of April 2013 I served a true and correct copy of the within and foregoing ANSWER upon the following named parties by the method indicated below, and addressed to the following:

Commission Staff

Weldon Stutzman
Deputy Attorney General
Idaho Public Utilities Commission
472 West Washington (83702)
P.O. Box 83720
Boise, Idaho 83720-0074

☒ Hand Delivered
☐ U.S. Mail
☐ Overnight Mail
☐ FAX
☒ Email Weldon.Stutzman@puc.idaho.gov

Industrial Customers of Idaho Power

Peter J. Richardson
Gregory M. Adams
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515 North 27th Street (83702)
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Boise, Idaho 83707

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Christa Beary, Legal Assistant

**BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION**

CASE NO. IPC-E-13-09

IDAHO POWER COMPANY

ATTACHMENT 1



August 9, 2012

Mr. Jason Roethig
Glanbia Foods
1373 Fillmore Street
Twin Falls, ID 83301

Subject: Glanbia Gooding 7MW Load Request

Dear Mr. Roethig,

Enclosed is the final Feasibility Study Report for the provision of an additional 7MW of load at the Glanbia facility in Gooding, ID for a total of 16MW of load. In that report two options of service are identified. The first option is to upgrade the Toponis substation transformer to a larger size and upgrade approximately 5 miles of distribution. The second option is to install a new substation on the Glanbia site with 20MW of capacity. This substation would be able to be initially installed with greater capacity, if desired, or expanded to up to 40MW of capacity in the future. The schedule to complete these upgrades is estimated to take no more than 18 months from start of engineering to construction completion. If you would like to have a meeting to discuss any details in this report or discuss the proposed upgrades, please let me know.

Otherwise, the next step to move one of these options forward is to conduct a more thorough Facility Study. The Facility Study is a detailed design layout with specific cost and schedule estimates, requires a \$20,000 deposit, and takes approximately 45 business days to complete. The Facility Study will also include an Engineering and Procurement (E&P) Agreement for additional engineering fees and long lead material items.

Idaho Power is committed to working with Glanbia Foods to meet their electrical energy requirements. If you would like to discuss this project further, please contact me directly at (208) 388-2895. Please note that the estimates provided and the available capacity identified in the report are subject to change, and therefore should be viewed as valid for 60 days only.

If you have any questions or need additional information, please give me a call.

Sincerely,

A handwritten signature in cursive script that reads "Daniel Arjona".

Daniel Arjona
Engineering Leader, T&D Planning
~~208-388-2895~~

cc: Dave Angell IPCo
Mike Pohanka IPCo

Travis McMillen IPCo
Steve Fullmer IPCo

**LARGE LOAD
FEASIBILITY STUDY**

In

GOODING, IDAHO

To the

IDAHO POWER COMPANY ELECTRICAL SYSTEM

For

GLANBIA FOODS

The

LARGE LOAD CUSTOMER

FINAL REPORT

8/9/2012

1.0 Introduction

Glanbia Foods has contacted with Idaho Power Company (IPCO) about providing service for an additional 7 MW load to its facility in Gooding. The location of the project is in Idaho Power's service territory.

This report documents the basis for and the results of the Feasibility Study for the Glanbia Foods Large Load addition. It describes the proposed project and estimated costs for connection and determination of load connection feasibility.

2.0 Summary

It was determined that there are two options to serve 16MW of total load at the Glanbia Gooding facility.

Option 1: Upgrade Toponis station transformer and upgrade distribution to the Glanbia facility, **\$5.7M, 1.5 yrs**

Option 2: New substation on Glanbia Gooding site, **\$6.3-\$11.9M** depending on desired reliability, **1.5 yrs**

3.0 Description of Proposed Large Load Request

Glanbia Foods is proposing to add 7 MW of load at its facility in Gooding, Idaho. This load is in addition to their 9 MW of existing load for a total of 16 MW.

4.0 Description of Transmission Facilities

Glanbia is presently fed from Toponis substation which is radially fed off Idaho Power's 138 kV transmission system. This system currently has capacity for the additional load during both the winter and summer peaks. Also, no voltage problems are evident with the additional load. Overall, the 138 kV system is adequate for the 7 MW of additional load.

5.0 Description of Substation Facilities

There is presently 30MVA of transformer capacity at Toponis station. It is currently serving 26.5 MW of load in peak conditions. As of now, there is not enough capacity to add the additional load as requested by Glanbia.

6.0 Description of Distribution Facilities

An existing 34.5kV feeder from Toponis station (TOPN-41) already provides 9MW of capacity to the Glanbia facility as well as supplying approximately 10MW of demand from other customers connected to this distribution feeder. The feeder is composed of 336AA and 2/0 AA conductor. The 2/0 AA conductor does not have the capacity to serve the additional 7MW request. There is not capacity on this feeder to handle this addition without upgrades.

7.0 Description of Reliability

The following tables list the recorded outage events on the TOPN-41 distribution feeder and the King-Wood River transmission line between 1999 and 2012. This transmission line would feed a new substation at Glanbia.

Year	Total Transmission Events	Total Distribution Events	Total Number of Events
1999	2	16	18
2000	1	6	7
2001	4	6	10
2002	2	6	8
2003	4	4	8
2004	1	11	12
2005	2	16	18
2006	4	5	9
2007	1	3	4
2008	1	2	3
2009	5	4	9
2010	2	6	8
2011	5	3	8
Jun-12	2	2	4

Table 1: Events by Year

Year	Outages driven by Glanbia (Main, upgrades, etc.)	Storms	Vehicle Accidents	Foreign Object	Unplanned Transmission	IPCo Maint	Equipment Failure	Unknown	Transmission Trip/Close	Distribution Trip/Close	Total Number of Events
1999	4	2	2	1				1	2	6	18
2000				1	1			1		4	7
2001	1		1	1		2			3	2	10
2002								1	1	6	8
2003						2	2	2	1	1	8
2004	3					1	1	2		5	12
2005		1		1		3	3		2	8	18
2006		1	1			1			3	3	9
2007						1	2		1		4
2008								1	1	1	3
2009		1			5		1			2	9
2010							2		1	5	8
2011						1		1	3	3	8
Jun-12			1					1	2		4

Table 2: Breakdown of Events

In 2005 IPCo did a major maintenance project involving replacing all wood pins and cross arms from the substation along the highway almost the entire length to Glanbia's point of interconnection (roughly 8 miles of distribution line). This significantly changed the number of distribution events as you can see in the number of distribution outages by year after 2005.

- Pertinent calculations from events taking place from 1999 – 6/2012:
 - Average Distribution events/year => 6.7
 - Average Transmission events/year => 2.7
 - Ratio of Distribution to Transmission events => 2.5
 - Average Distribution trip/closes per year => 3.4
 - Trip/close is when the power is interrupted momentarily and then restored seconds later to clear a momentary fault (e.g. bird contacting the line and faulting it, bird is electrocuted, bird falls to the ground clearing the line so no problem remains, power restored after say 10 seconds).
- Pertinent calculations from events taking place from 2006 – 6/2012 (to see difference from distribution maintenance completed in 2005 on distribution events):
 - Average Distribution events/year => 3.8
 - Average Transmission events/year => 3.1
 - Ratio of Distribution to Transmission events => 1.3
 - Average Distribution trip/closes per year => 2.2
 - Trip/close is when the power is interrupted momentarily and then restored seconds later to clear a momentary fault (e.g. bird contacting the line and faulting it, bird is electrocuted, bird falls to the ground clearing the line so no problem remains, power restored after say 10 seconds).

With the new substation option implemented, it could be assumed that the number of distribution events/year could drop drastically from the current values ranging from 3.8 – 6.7 (depending on timeframe used). Even with the substation option, there will still be expected distribution events (transformer failures, cable conductor failures, bird in primary meter package, etc.), however I would expect the number of events due to these causes to be significantly less than the current number of distribution events. As can be seen in the calculations and tables above, there are 2.2 – 3.4 average outages per year just from trip/closes. This major contributor to the number of distribution events will see the greatest decrease from the installation of a substation.

8.0 Description of Service Plan

There are two options to serve a total of 16MW of load at the Glanbia Gooding facility:

Option 1: Upgrade Toponis station transformer to 44.8MVA and upgrade distribution to the Glanbia facility. Approximately 5 miles of feeder upgrades would be required. If more than 20MW of load is desired in the future, Idaho Power recommends a substation be built on the customer's property. Option 1 leaves less flexibility in the case of load growth beyond 20MW and subjects the customer to up to ten miles of 34.5kV overhead distribution line exposure.

Option 2: Build new substation on customer property with 20MVA 138kV:34.5kV transformer. Connect substation to existing Idaho Power 138kV line from Toponis station or from a point on the King-Wood River 138kV line. Feed the Glanbia terminal facilities with one 34.5kV feeder from the station. Depending on the customer's reliability needs, the substation can be built with redundant 138kV feeds with power circuit breakers or with a single 138kV feed without a breaker. The cost and size of the substation will depend on the final configuration. For reference, the "minimum" and "maximum" versions of the substation are listed below:

“Minimum” substation:

- 215' X 140' land size
- 20MVA 138:34.5kV transformer
- Single 138kV feed with no power circuit breakers

“Maximum” substation:

- 215' X 165' land size
- 30MVA 138:34.5kV transformer
- Two 138kV feeds with two 138kV power circuit breakers

This option provides minimal exposure on overhead 34.5kV distribution and provides greater flexibility in the case of load growth beyond 20MW. If there is a possibility more than 20MW of load is desired in the near future, a larger transformer can be installed initially at a greater up-front cost, but would prevent paying for a new, larger transformer in the future. The substation could be upgraded to provide up to approximately 40MW on the same substation footprint.

9.0 Harmonic Filtering Affects

The following points describe the harmonic filtering affects of the existing Glanbia facility and of the options presented in this feasibility study:

- Existing facility (no upgrades have been done at substation or distribution infrastructure)
 - IEEE-519 requirement levels for 9MW peak load ($I_L = 150A$) with $I_{SC} = 1400A$
 - $I_{SC} / I_L = 1400A / 150A = 9.3$
 - Thus the filtering requirements are at the most stringent at the below levels

I_{SC}/I_L	<11	$11 \leq h < 17$	$17 \leq h < 23$	$23 \leq h < 35$	$35 \leq h$	TDD
<20*	4.0	2.0	1.5	0.6	0.3	5.0

- Option 1
 - IEEE-519 requirement levels for 16MW peak load ($I_L = 270A$) with $I_{SC} = 1715A$
 - $I_{SC} / I_L = 1715A / 270A = 6.4$ which is still at the most stringent filtering requirements listed on the above table.
- Option 2 with a 20MVA transformer, primary meter just outside station which assuming is Point of Common Coupling
 - IEEE-519 requirement levels for 16MW peak load ($I_L = 270A$) with $I_{SC} = 2600A$
 - $I_{SC} / I_L = 2600A / 270A = 9.6$ which is still at the most stringent filtering requirements listed on the above table.
- Option 2 with a 30MVA transformer, primary meter just outside station which assuming is Point of Common Coupling
 - IEEE-519 requirement levels for 16MW peak load ($I_L = 270A$) with $I_{SC} = 3500A$
 - $I_{SC} / I_L = 3500A / 270A = 13.0$ which is still at the most stringent filtering requirements listed on the above table.

In general, any of the upgrades to serve a 16MW peak load will not change the IEEE-519 filtering requirements at the PCC (Point of Common Coupling; interconnection point).

10.0 Cost Estimate

The estimated costs to add 7 MW to the Glanbia facility in Gooding are:

Description	Estimated Cost
Rebuild 5.0 miles of 46kV pole with 34.5kV and 12.5kV underbuilt distribution	\$3,000,000
Upgrade substation transformer to 44.8MVA	\$1,000,000
10% Contingency and 31% Tax Gross up	\$1,700,000
Total Estimated Cost	\$5,700,000
Timeframe Estimated	1.5 years

Table 3: Cost Estimates for Option 1

Description	Estimated Cost
New 10 miles of 138kV single pole, single circuit	\$2,500,000
New 20MVA substation transformer	\$650,000
New substation with single 138kV feed, no breakers	\$1,250,000
10% Contingency and 31% Tax Gross up	\$1,900,000
Total Estimated Cost	\$6,300,000
Timeframe Estimated	1.5 years

Table 4: Cost Estimates for Option 2, "Minimum" substation

Description	Estimated Cost
New 10 miles of 138kV single pole, double circuit	\$6,000,000
New 30MVA substation transformer	\$850,000
New substation with two 138kV feeds, two 138kV power circuit breakers with communication	\$1,550,000
10% Contingency and 31% Tax Gross up	\$3,500,000
Total Estimated Cost	\$11,900,000
Timeframe Estimated	1.5 years

Table 5: Cost Estimates for Option 2, "Maximum" substation

9.0 Conclusion

The large load request adding 7 MW at Glanbia Foods in the City of Gooding to Idaho Power's system was studied. The results of this study indicate that it is feasible to connect this project to the existing Idaho Power system and that there are two potential options to go about doing this.

**BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION**

CASE NO. IPC-E-13-09

IDAHO POWER COMPANY

ATTACHMENT 2

November 9, 2012

Mr. John Mutchler
Executive Vice President
Glanbia Foods, Inc
1373 Fillmore Street
Twin Falls, Id. 83301-3380

Subject: Potential Strategies for Mitigation of Glanbia Foods Gooding Facilities Upgrade Costs

Dear Mr. Mutchler:

During a meeting held on October 18, 2012 at the offices of Idaho Power Company ("Company" or "Idaho Power") between representatives of Glanbia Foods, Inc. ("Glanbia") and Idaho Power, Company representatives agreed to seriously consider alternative means to mitigate the costs associated with the integration of an additional seven megawatts ("MW") of power to Glanbia's facility in Gooding, Idaho, bringing Glanbia's total load to 19 MW. This letter describes the subsequent meetings held by Company personnel to discuss alternative solutions to offset the upgrade costs and the results of those discussions.

At the October 18 meeting, the Company was requested to consider two possible alternatives proposed by Glanbia as a potential means to mitigate the additional costs of the facilities upgrade required. Below is a description of the Company's understanding of Glanbia's proposals, and the results of the Company's consideration:

- 1) Glanbia suggested that they might receive a credit for the reduction in their loss factor as a result of moving from taking service at the distribution voltage level to taking service at the transmission voltage level.

Company's Response: Current customer rates for Schedule 19P and Schedule 19T already take into consideration the differences included in taking service at differing voltage levels, including a consideration for the reduction in loss factor. Therefore the credit suggested by Glanbia is reflected in the form of lower rates associated with Schedule 19T. By providing Glanbia with an additional credit, while at the same time providing the benefit of taking service at the lower rate, the customer would be "double-dipping", or receiving both the credit and the benefit of the lower rate at the higher voltage level of service. This is not a viable option.

- 2) By vacating existing facilities, Glanbia suggested that they would be creating "available capacity" that the Company could use elsewhere, and therefore, Glanbia could receive a credit.

Company Response: The costs associated with the facilities Glanbia suggests would be made "available" for additional capacity are already included in rates, and Glanbia, along with the other customers taking service on the Schedule 19 rate, are paying their load

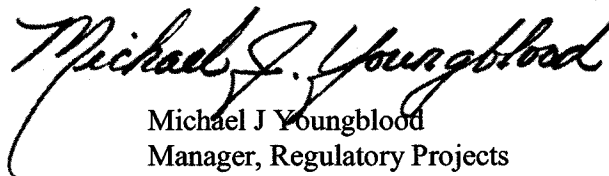
ratio share of those pooled facilities. Any benefits associated with Glanbia discontinuing its use of those facilities, if they exist, would be reflected in future Schedule 19 rates. It would not be appropriate to directly assign a credit to Glanbia for vacating those facilities. This is not a viable option.

The following is a description of the additional options discussed and considered by the Company to potentially mitigate the cost for the Glanbia upgrade:

- 1) **Glanbia Build and Own Option:** Under this option, Glanbia would build, own, operate and maintain the substation facilities, and buyout the existing terminal facilities. This option could reduce the initial cost of the facilities upgrade as presented by the Company by not incurring the addition of the tax gross-up amount the Company is required to collect when receiving a large Contribution in Aid of Construction (CIAC) payment. The amount of the tax gross-up may represent a sizable portion of the initial cost for the facilities upgrade presented by the Company, and removal of that amount may provide Glanbia with the reduction in the initial cost of the facilities upgrade. It should be noted however, that under this option, Glanbia would be required to operate and maintain the substation facilities on an ongoing basis.
 - The Company's conclusion is this is a viable option for Glanbia.
- 2) **Company Build, Own and Finance Option:** Under this option, the Company would build, own, operate and maintain the substation facilities, and then offer Glanbia a separate financing agreement. The option of offering a separate financing agreement for a customer has historically been contrary to Company policy. Nevertheless, in an attempt to mitigate the initial cost of the facilities upgrade presented by the Company, this option was proposed and pursued diligently. A separate meeting was held with the Company's senior officers to specifically discuss at length and consider this proposed change in Company policy from a legal and regulatory perspective. At the end of the meeting, the Company reaffirmed its position that it is not a financial institution, and would not be offering its customers a separate financing agreement.
 - The Company's conclusion is this is not a viable option for Glanbia.

The Company's assessment of alternative ways to mitigate the initial cost for the facilities upgrade required for Glanbia resulted in one viable option as described above. If additional suggestions are proposed, the Company will consider them in due course.

Sincerely,



Michael J Youngblood
Manager, Regulatory Projects

**BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION**

CASE NO. IPC-E-13-09

IDAHO POWER COMPANY

ATTACHMENT 3



November 27th, 2012

Mr. Jim Bergin
Glanbia Foods, Inc
1373 Fillmore Street
Twin Falls, Id. 83301

Subject: Glanbia Foods - Facility Study Report

Dear Mr. Bergin:

With this letter, please find a revised Facility Study Report (FSR) for the integration of an additional seven MW of power (for a total of 19 MW) at your Glanbia Foods facility in Gooding, Idaho. This FSR documents the upgrades to the Idaho Power Company (IPC) electrical system required to meet your load request as outlined in option #2 in the Large Load Feasibility Study report (dated August 9, 2012) produced by IPC. Standard electrical system reliability analysis of the FSR upgrades indicates a greater than 40% reduction of the expected annual service outage time. Please be aware that the transmission line and substation identified in this study will be owned, operated, and maintained by Idaho Power Company and are available to serve other customers.

Only two revisions have been made to the FSR. The first is a \$652,203 reduction in the 138 kV Transmission Line Estimated Costs. The original estimate included an optical ground wire (fiber) instead of a shield wire. This was an oversight on the original transmission line estimate and the revised FSR estimate has been updated to account for this correction. The second revision to the FSR is to update the project schedule estimate to reflect the new dates for executing a signed agreement and receiving construction funding. If you have questions about the estimated costs, I can schedule a meeting with the appropriate Idaho Power personnel to meet with you and review the estimates with Glanbia Foods representatives.

In order to proceed with the work identified in this FSR, you will need to execute a contract with Idaho Power for the construction of the required facilities and set up a payment schedule for funding the project. Please keep in mind that the indicated project costs are estimates only, and that Glanbia Foods will be responsible for actual costs which will be trued up as construction proceeds and upon project completion.

11/27/2012

The indicated schedule dates are estimated milestones and are not guarantees. The milestones and construction schedule referenced in the facility study will only be valid and begin upon execution of an agreement with Idaho Power for construction of the required facilities as well as receipt of payment. The schedule is based on agreement execution by December 14, 2012 and funding being received by December 21, 2012. If these dates are not met, the overall schedule will be changed to accommodate additional time. Idaho Power reserves the right to revisit the schedule and modify the dates at any time.

I look forward to hearing from you.

Sincerely,

Mike Pohanka
Major Customer Representative
Idaho Power | Customer Relations
mpohanka@idahopower.com
208-736-3226

Encl: Facility Study Report
General Location Substation Drawing
Single Line Drawing

cc: John Mutchler – Glanbia Foods
Michael McEvoy - Glanbia Foods
Aubrae Sloan - IPC
Ed Kosydar – IPC
Mike Pohanka – IPC
David Joerger - IPC
Brett Flynn – IPC
Ed Helms – IPC
Dave Angell – IPC
Vern Porter – IPC
Warren Kline - IPC

Facility Study

For

GLANBIA FOODS

In

GOODING, IDAHO

IDAHO POWER COMPANY

Revised

November 27th, 2012

1.0 Introduction

Glanbia Foods (Glanbia) has contracted with Idaho Power Company (IPC) to prepare this Facility Study Report (FSR) for the integration of an additional seven MW of power to their facility in Gooding, Idaho. This will bring Glanbia's total load to 19 MW. This FSR documents the upgrades to the IPC electrical system required to meet this load request and is based upon the requirements outlined in a Large Load Feasibility Study (dated August 9, 2012) produced by IPC.

2.0 Required Upgrades to the IPC Electrical System

In order to provide a total of 19 MW (nine MW existing, three MW planned, seven MW requested) to the Glanbia facility, a new substation will need to be constructed at that location. A new ten mile long 138 kV transmission line will need to be constructed to bring power to this new substation. See the attached line route map, substation single line diagram, and substation general location drawing. These new upgrades to the IPC electrical system will be owned, operated and maintained by IPC and as such are available to serve other customers.

3.0 Engineering Overviews

Substations: Design and construction of substation work will be carried out to IPC specification. The substation will consist of a standard grounded, graveled, fenced yard. Equipment will rest on concrete foundations with either aluminum or galvanized steel support structures. Standard IPC substation equipment and apparatus will be used in order to have the ability to backup and quickly replace equipment as well as for maintenance efficiency. Geotechnical and land surveys will be performed as necessary to support design and construction. A three-leg dead-end structure will be installed for the transmission line. Other equipment installed include air break switches 041B and 042B for line switching; 101X and 042X for an emergency mobile transformer connection; and 131X, 131Z, and 131L for transformer protection and switching. The distribution feeder lines and breakers were requested utilizing an open bus arrangement. This arrangement requires a control building to house the control equipment, consisting of relay and communication panels, DC batteries, SCADA equipment, load centers, and cabling.

Lines: Standard IPC design and construction will be utilized. Transmission structures will be wood single pole structures with a single shield wire.

Line Right-of-Way (ROW): In order to avoid the high costs associated with relocating a transmission line, IPC requires private ROW easements for these facilities. IPC will hire a licensed land surveyor to create the legal descriptions and confirm ownership and title for the easement properties. IPC will create the appropriate easement documents for the line route, and will negotiate with and secure these easements from the property owners. The costs and time required to secure these easements can vary widely depending upon the disposition of the property owners.

Communication: A dedicated phone line will be the communication path for SCADA, system protection and control.

Protection: For feeder protection, a standard two-feeder control and relaying panel will be equipped for the Glanbia feeder (041A) and a future feeder. The panel will be installed in the building. The relaying will consist of dual SEL-351A's and a shared SEL-501X. A complete control module will be installed even though half of the equipment will not be used until another feeder is required.

Bus differential protection consists of a standard transformer/bus protection control and relaying panel equipped to protect the 138/34.5kV transformer and the 34.5kV bus. The panel will be installed in the building. The relaying will consist of dual SEL-587 relays with associated lockouts. One relay will wrap the transformer. The other relay will wrap the transformer, both feeders, and the 34.5kV capacitor bank's bus.

A standard shunt capacitor control and relaying panel will be equipped to protect the 138kV capacitor bank. The panel will be installed in the building. The relaying will consist of dual SEL-421 relays. The protection requires current inputs from two current transformers (preferably those from a substation class breaker), a voltage input from a three-phase 138kV instrument transformer, and a voltage input from the capacitor bank.

4.0 Regulations, Permitting, and Other Requirements

City Permitting: A Special Use Permit or Variance is required by the City of Gooding where the proposed transmission line transitions through the city boundaries. IPC will be responsible for securing this permit.

County Permitting: A Conditional Use Permit is required from Gooding County for the substation portion of this project. IPC will be responsible for securing this permit.

5.0 Customer Requirements

Substation Property: Glanbia will provide right-of-way easements for access to the transmission and distribution lines across their property, to and from the IPC substation. Glanbia will donate and transfer ownership of the property necessary for the substation to IPC. IPC will be supplying 34.5 kV power to Glanbia out of the substation. The cost for all upgrades or modifications to IPC owned distribution facilities beyond the point of delivery (metering point) will be added to Glanbia's Distribution Facilities Investment (DFI) and will be subject to a monthly facility charge.

System Requirements: The proposed factory will need to stay within the power factor requirements set by IPC. Glanbia will be responsible for this power factor correction. The distribution of this reactive compensation and single points of failure, that might disconnect large reactive compensation amounts or large load values, concern IPC due to potential problems like nuisance tripping.

Coordination: Glanbia shall coordinate with IPC personnel in all aspects associated with IPC facility upgrades.

6.0 Estimated Costs

The following tables list cost estimates for the upgrades needed to accommodate the proposed project based on the information available today. Note that this estimate does not include the cost of the customer's equipment and facilities or costs associated with compensating for power factor. If the power factor at the substation transformer requires compensation for power factor or harmonics, these facilities will also be installed in the substation at the expense of Glanbia. This is discussed further in the Power Factor Correction Options section below.

Glanbia's payments will not give Glanbia any ownership rights in the new substation and transmission facilities. All ownership of these facilities will remain with IPC.

Glanbia New 138kV Line and Substation Estimated Costs

138/34.5 kV 30 MVA Substation	\$2,407,205
Tax Gross Up	\$746,234
Contingency (20%)	\$630,688
Estimated Costs	\$3,784,127
138 kV Transmission Line	\$2,891,699
Tax Gross Up	\$896,427
Contingency (20%)	\$757,625
Estimated Costs	\$4,545,751
Combined Substation and Transmission Tap Estimated Cost	\$8,329,877

These cost estimates include scoping and design labor, materials, and installation labor costs, overheads, contingency and tax-gross up. Please note that the ROW easement costs can vary widely depending upon the property owners. The ROW costs in this estimate are based upon paying 50% of the estimated value of the land. Allowance for Funds Used During Construction (AFUDC) are not included since this project will be funded by Glanbia as it moves forward. These are estimated costs only and **final charges to the customer will be based on the actual construction costs incurred**, including overheads and tax-gross up. Please note that the overhead rate and tax gross-up percentages may vary during the year.

Reliability Options

As a result of the increased demand requested by Glanbia, the 138kV transmission system cannot support their entire load in addition to existing customers' load during certain outages at peak loading times during winter. There are two low-probability outage scenarios for which this can occur:

Outage #1: Bus or breaker short circuit at the King substation (avg repair time = 10 hrs*) during high loading levels. Frequency of outage is less than 1 in 10 years. This is an upper bound for impact to Glanbia because there is a probability that the combined load will be within the still available line capacity, not requiring load to be shed. High loading that would require load shedding if such an outage occurs, exists for about 1.37% of the year. An optimistic lower bound for the occurrence of an outage during this time (assuming independence of the two events) would be 1 in 730 years. We would expect the actual experience to be more like the lower bound than the upper bound.

Outage #2: Increased outage duration due to a sustained short circuit on the 6.9 mile section of the 138kV transmission line between the King substation and the Toponis tap during high loading on the 138kV system. In this scenario, Glanbia would experience an outage until this section of transmission line is sectionalized for repairs (average sectionalizing time = 30-60 mins*). After the sectionalizing occurs, the present Glanbia load level could be restored. However, with the additional load level, restoration of Glanbia will create low voltage at Glanbia and for other customers fed from the 138 kV transmission line during peak loading in winter. Glanbia could be partially restored, up to nine MW in this scenario, until repairs are made (average repair time = 6.9 hrs*) or until other affected customer loading drops to a level for which Glanbia could be completely restored. Frequency of outage is less than 2 in 11.7 years. As in the case for outage 1, this is an upper bound for the rate of events that affect Glanbia. The optimistic lower bound is once per 427 years. Again, we expect the actual experience to be closer to the lower bound.

One of the following options must be chosen in order to ensure reliability to customers is not adversely impacted due to the requested load increase.

<i>Option</i>	<i>Description</i>	<i>Cost**</i>
1	IPC automatically sheds entire Glanbia load at proposed substation. This prevents the shedding of residential customers on other parts of the IPC 138kV transmission system.	\$0
2	Glanbia sets up intelligence to receive signal to trip non-critical load such that no more than 9MW of critical load remains online after receipt of this signal.	Equipment funded, owned, and maintained by Glanbia
3	Install 20 MVAR capacitor bank on the 138kV side of proposed substation. This will enable service to be maintained during Outage #1 and will allow total load restoration after the 138kV system is sectionalized during Outage #2.	\$831,400

*All outage data is derived from electrical system equipment historical outage data. This data may or may not reflect future performance.

**Cost estimates listed include 20% contingency, overheads and tax gross-up

Power Factor Correction Options

Idaho Power has a design standard that requires all distribution substations to operate at unity power factor at peak substation loading. With Glanbia's current power factor of 92% and the unknown power factor of the new equipment, IPC will require power factor correction. With the assumption that Glanbia's peak demand will be 19MW at a 90% power factor after the increase in load, the following are options for correcting the power factor to unity.

One of the following options must be chosen:

<i>Option</i>	<i>Description</i>	<i>Cost**</i>
1	Install a single 9.0 MVAR 138kV capacitor bank on the high side of the transformer at Glanbia.	\$714,400
2	Install 9.0 MVAR 34.5kV capacitor bank in two 4.5MVAR separately switchable sections at the proposed substation. Based on simulations, harmonic de-tuning reactors or other mitigation measures are required to provide IEEE-519 compliant service. This option will provide increased substation transformer capacity for future growth due to reactive power correction on the transformer low side.	\$991,700 (includes the cost of harmonic de-tuning reactors)
3	Glanbia corrects their power factor to unity within the plant.	Equipment funded, owned, and maintained by Glanbia

**Cost estimates listed include 20% contingency, overheads and tax gross-up

7.0 Estimated Timeline

The schedule for IPC facility upgrades depends on the completion of a signed agreement, funding, and authorization to proceed.

The following table outlines the sequence of work as we envision the scoping, design, and construction to take place for the construction of the initial substation and related lines without any of the available options presented:

Glanbia Project Substation Schedule Estimate:

Signed Agreement with IPC for Construction of Substation	12/14/2012
Receive Construction Funding	12/21/2012
Project Scope Completed	01/18/2013
Design Kick Off	1/22/2013
Design Complete	7/21/2013
Pre-Construction Meeting	8/1/2013
Construction Start	9/17/2013
Test & Commission	3/13/2014
Project In-Service	3/23/2014
Final Construction Cost True-Up	5/30/2014

This schedule is based on a signed agreement being completed by December 14, 2012 and receiving funding by December 21, 2012. If these dates slip, the overall schedule will be changed to accommodate additional time and these cost estimates may need to be updated. If any of the available options are chosen, this schedule will need to be modified to take into account the additional work and time required. Schedule dates are estimated milestones and are not guarantees. Weather, material availability, ROW easement acquisition, and permitting restriction could adversely impact the schedule.

8.0 General Assumptions

System: The new IPC 138 kV line that will serve the proposed substation will have adequate capacity to serve the project.

Lines: A new 138 kV line will extend the existing Toponis Tap of the King to Wood River 138 kV line to provide the energy source for the new substation. The length of this extension will be approximately 10 miles. The new 34.5 kV overhead distribution line(s) will come from the substation. The length of these distribution line(s) and financing will depend on the location of the substation and the metering points. It is assumed that ROW easements for the transmission and distribution lines can be obtained in a timeframe that does not impact the schedule. A Special Use Permit or Variance may be required for the portion of transmission line extension that passes through the city limits of Gooding enroute to the substation.

Substations: It is assumed that the new substation will be on property owned by Glanbia and the required substation property will be given to IPC and ownership transferred to IPC at no cost. It is assumed that the needed properties can be obtained in close proximity to the locations identified. A Minor Land Division application must be approved prior to transferring ownership of the property to Idaho Power and a Conditional Use Permit must be approved prior to construction of the substation.

9.0 Outside of IPC Control

There are numerous items outside the control of IPC which could impact the execution of the planned work in this Facility Study. Any of these items could necessitate changes that could impact both cost and schedule.

- Obtaining Permits, Imposed Restrictions/Requirements
- Obtaining Right-of-way
- Material Availability
- Weather

10.0 Conclusions / Next Step

The requested large load interconnection to IPC's system was investigated and the results of this work indicate that the existing IPC system can be upgraded to support the 19 MW required. The next step in the process to connect this large load would be to create a contract with IPC for the execution of the work. Mike Pohanka can get this process started.

**BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION**

CASE NO. IPC-E-13-09

IDAHO POWER COMPANY

ATTACHMENT 4



Glanbia Foods, Inc.
1373 Fillmore Street
Twin Falls, ID 83301-3380

Telephone (208) 733-7555
Facsimile (208) 733-9222

November 28, 2012

J. LaMont Keen
President and Chief Executive Officer
Idaho Power Company
1221 West Idaho St.
Bosie, Idaho 83702

Re: Glanbia Foods, Inc. Expansion Costs

Dear Mr. Keen:

I am writing to express our concern regarding Idaho Power Company's estimated costs for upgrading its facilities to provide an additional seven megawatts to our facility in Gooding, Idaho. Glanbia is sufficiently concerned about the viability of our proposed expansion that I am writing directly to you in order to underscore the importance that the costs of the proposed expansion are accurately calculated and fairly assigned from both Idaho Power's and Glanbia's perspectives.

We are planning to expand our facility in Idaho Power's service territory, in part based on our good relationship Idaho Power and in part based on your attractive retail rates. Unfortunately, we have been presented with an upgrade plan and budget that fails to account for two significant discounts to the upgrade costs and have not yet received a favorable response from Idaho Power. If we are unable to manage the costs of this upgrade, I fear that the economics of this capital expansion project will diminish to the point that competing capital expansion projects elsewhere in the Glanbia Group of companies will prevail over our Gooding, Idaho facility. I am sure this risk causes Idaho Power concern as well. Our facility is a high quality, high electrical load factor customer and expansion will provide a much needed economic shot in the arm for this economically underperforming region of your service territory.

The two areas where we believe Idaho Power needs to provide concrete engineering and economic analysis involve system betterments and what the Idaho PUC has called "allowances." I will discuss each briefly below for your consideration.

System Betterment:

We have retained an engineering firm that has identified concrete system betterments to Idaho Power's system as a whole that will be realized should our expansion come to fruition. I do not need to itemize those betterments here. Suffice it to say that none of our identified system betterments appear to have found their way into Idaho Power's cost estimates. I understand that the Idaho PUC allows for system betterments to be factored into line extension and expansion projects. We hope that you will direct your staff to take another look at this issue with the direction that all system betterments Idaho Power will enjoy are fully accounted for in the final cost estimates.

Allowances:

Section 7 of Idaho Power's Rule H Tariff provides specific dollar allowances in respect of line extensions for residential and non-residential customers. It further provides that allowances for Schedule 19, industrial customers such as Glanbia, are to be calculated on a case by case basis. No effort has been made by Idaho Power to identify the allowances Glanbia would be entitled to arising from our proposed expansion. Please consider this a formal request for Idaho Power to estimate the allowances we would be entitled to pursuant to the Idaho PUC approved methodology for calculating allowances on a case by case basis for our expansion.

I am looking forward to your response and a long mutually rewarding relationship with Idaho Power Company.

Sincerely



Jeff Williams, President & CEO
Glanbia Foods, Inc.

Cc:

Karl Bokenkamp
Greg Said
Mike Youngblood
John Mutchler
Jim Bergin
Daragh Maccabee

BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION

CASE NO. IPC-E-13-09

IDAHO POWER COMPANY

ATTACHMENT 5

Glanbia Transmission Substation IPCO EPC (Engineer Procure Construct) Summary

<i>Description</i>	<i>IPCO</i>	<i>Contractor A*</i>	<i>Contractor B **</i>	<i>Contractor C **</i>	<i>Contractor D **</i>
138/34.5 kV 30 MVA Substation	\$2,407,205	\$2,600,000	\$0	\$0	\$0
30 MVA Transformer (Includes 6% Sales Tax)	Included	\$895,125.00	\$0.00	\$0.00	\$0.00
General Overheads (20%)	Included	\$699,025			
Tax Gross Up	\$746,234	\$1,300,187	\$0	\$0	\$0
Contingency (20%)	\$630,688	Included	\$0	\$0	\$0
Estimated Costs	\$3,784,126	\$5,494,337	\$0	\$0	\$0
138 kV Transmission Line	\$2,891,699	\$3,400,000	\$0	\$0	\$0
General Overheads (20%)	Included	\$680,000			
Tax Gross Up	\$896,427	\$1,264,800	\$0	\$0	\$0
Contingency (20%)	\$757,625	Included	\$0	\$0	\$0
Estimated Costs	\$4,545,751	\$5,344,800	\$0	\$0	\$0
138/34.5 kV 30 MVA Substation & 138kV Transmission Line	\$0	\$0	\$6,839,774	\$7,584,000	\$8,176,944
30 MVA Transformer (Includes 6% Sales Tax)	\$0	\$0	\$895,125.00	\$895,125.00	\$895,125.00
General Overheads (20%)	\$0	\$0	\$1,546,980	\$1,695,825	\$1,814,414
Tax Gross Up	\$0	\$0	\$2,877,382	\$3,154,235	\$3,374,810
Contingency (20%)	\$0	\$0	Included	Included	Included
Estimated Costs	\$0	\$0	\$12,159,261	\$13,329,185	\$14,261,292
Idaho Power Support and Oversight of EPC		\$350,000	\$350,000	\$350,000	\$350,000
Combined Substation and Transmission Tap Estimated Cost	<u>\$8,329,877</u>	<u>\$11,189,137</u>	<u>\$12,509,261</u>	<u>\$13,679,185</u>	<u>\$14,611,292</u>
Timelines: Notice to Proceed - Completion	4/13 - 10/14	4/13 - 2/14	4/13 - 4/14	***	***

* Contractor did not include ROW and permits in their costs

** Contractor did not break out Substation and Transmission costs separately

*** Timelines will be given upon award of Contract