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December 3, 2015

VIA HAND DELIVERY

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

Re: Case No. IPC-E-13-16 - Selective Catalytic Reduction ("SCR") Controls on Jim Bridger Power Plant Units 3 and 4 – Idaho Power Company's 8th Quarterly Report

Dear Ms. Jewell:

In Order No. 32929, the Idaho Public Utilities Commission ("Commission") directed Idaho Power Company ("Company") to submit quarterly reports updating the Commission on any changes to environmental policy or regulations until such time as the Jim Bridger Power Plant upgrades are installed and placed in service. The enclosed materials indicate that the Company still expects the SCRs on Units 3 and 4 will be placed in service by December 31, 2015, and December 31, 2016, respectively.

Please note that the attachment to this report is commercially sensitive and if disclosed freely could subject Idaho Power or its customers to risk of competitive disadvantage or other business injury. Consequently, the attachment will be provided separately to those parties that have signed the Protective Agreement in this matter. The undersigned attorney, in accordance with RP 67, certifies that this monthly report contains information that is a trade secret as described in Idaho Code § 74-101, et seq., and § 48-801, et seq., and as such is exempt from public inspection, examination, or copying.

Very truly yours,



Lisa D. Nordstrom

LDN:kkt
Enclosure
cc: Service List

8th Quarterly Report for the Jim Bridger Plant
Selective Catalytic Reduction Upgrade at Units 3 and 4
December 3, 2015

This quarterly report provides an update as to the current status of environmental policies or regulations that are relevant to the construction of the Selective Catalytic Reduction (“SCR”) controls at the Jim Bridger Plant Units 3 and 4 (“Bridger Plant”), as well as a construction progress update for the SCR installation project through November 10, 2015, and a schedule of major construction milestones. Finally, a summary of actual project costs and a forecast of total project costs as of September 30, 2015, is provided as a confidential attachment to this report.

Environmental Regulations Update:

Clean Air Act Section 111(d) for Existing Power Plants

The final Clean Power Plan (“CPP”) was published in the Federal Register on October 23, 2015. Along with the final CPP, the Environmental Protection Agency (“EPA”) proposed a Federal Implementation Plan (“FIP”). Comments on the proposed FIP are due to the EPA on January 21, 2016.

States will be required to submit a state compliance plan, or an initial submittal with an extension request, by September 6, 2016. Final completed state plans must be submitted no later than September 6, 2018. It is estimated that EPA will approve or disapprove state implementation plans 12 months following submittal of the plans.

Idaho Power Company (“Idaho Power” or “Company”) is continuing to evaluate the impact that the CPP will have on its operations. In the meantime, the Company is reaching out to state representatives, neighboring utilities, and other stakeholders to collaboratively assess the impacts of the rule and prepare for the best path forward for Idaho Power and its customers.

Project Cost Update:

As of September 30, 2015, the total Unit 3 SCR costs have decreased \$1.3 million compared to last quarter’s report. This is due to the release of almost \$700k in contingency costs and a reduction of almost \$500k in the Flue Gas Reinforcement line item in the budget. The total Unit 4 SCR costs decreased approximately \$300k compared to last quarter’s report primarily due to a release of contingency costs.

Construction Progress Update:

The project to install the SCR controls at the Bridger Plant is moving forward as planned and is on schedule to meet the required completion dates. The following section provides a high level description of the construction activities since the last quarterly report (which provided an update through September 3, 2015).

Unit 3 SCR:

Installation of the Unit 3 SCR inlet and outlet flues was completed on October 31, 2015.

The Bridger Plant Risk Management Coordinator has requested Babcock and Wilcox (“EPC Contractor”) to install two additional man gates in the ammonia containment basin. The two

additional gates will provide access to all four sides of the containment basin for employee egress. The addition of these gates will not impact the compliance deadline.

Mechanical Completion, an integral part of the transition from construction into the commissioning phase, is the date when all components have been installed and the entire SCR system is ready for functional testing and tuning. Notice of Unit 3 Mechanical Completion was received from the EPC Contractor on November 4, 2015.

Commissioning activities for the Unit 3 SCR encompass all the functional components of the SCR and will continue until the Unit 3 SCR is transferred to the Bridger Plant. These activities include: complete testing of the various systems, testing of controls for proper function, mechanical equipment checks, and system operations tests.

The projected Unit 3 online date was November 5, 2015; however, due to a delay on the boiler tube replacement project, the Unit 3 SCR came online November 25, 2015. The EPC Contractor and PacifiCorp are working together to ensure that the plant will meet the performance and permit requirements as scheduled by year-end.

Unit 4 SCR:

As of November 10, 2015, 98.1 percent of the 3,031 tons of Unit 4 structural steels has been erected and 2 percent of the Unit 4 SCR electrical work has been completed.

Both inlet and outlet flues are complete on the Unit 4 north induced draft fan. The EPC Contractor continues to work on the installation of the south induced draft fan inlet and outlet flues.

Schedule:

The project remains on schedule to comply with the required completion dates with the following major milestones remaining:

- Unit 3 Compliance Deadline – December 31, 2015
- Unit 4 Fall Outage Start – September 3, 2016
- Unit 4 Mechanical Completion – November 3, 2016
- Unit 4 Compliance Deadline – December 31, 2016

Conclusion:

The installation of SCR controls at the Bridger Plant remains on schedule and under budget. Based on what is known today, the SCR investments continue to be the most cost-effective means of ensuring that Units 3 and 4 comply with state and federal emissions regulations. Further, the Company continues to believe that the Bridger Plant SCR investments represent the lowest cost and least risk option for serving future customer demands.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 3rd day of December 2015 I served a true and correct copy of the within 8th QUARTERLY REPORT FOR THE JIM BRIDGER SELECTIVE CATALYTIC REDUCTION UPGRADE AT UNITS 3 AND 4, upon the following named parties by the method indicated below, and addressed to the following:

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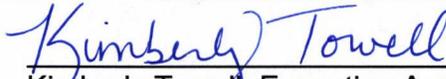
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