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UTILITIES COMMISSION

LISA D. NORDSTROM
Lead Counsel
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August 30, 2016

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 11th 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 SCR on Unit 4 will be placed in service by December 31, 2016.

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

11th Quarterly Report for the Jim Bridger Plant
Selective Catalytic Reduction Upgrade at Units 3 and 4
August 30, 2016

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 August 15, 2016, and a schedule of major construction milestones. Finally, a summary of actual project costs and a forecast of total project costs as of June 30, 2016, is provided as a confidential attachment to this report.

Environmental Regulations Update:

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

On October 23, 2015, the final Clean Power Plan was published in the Federal Register and the Environmental Protection Agency proposed a Federal Implementation Plan.

On February 9, 2016, the U.S. Supreme Court issued orders staying the Clean Power Plan pending resolution of challenges to the rule. The DC Circuit Court of Appeals set a litigation schedule, with oral arguments scheduled for June 2, 2016. On May 16, 2016, the DC Circuit Court of Appeals ordered that the oral arguments be rescheduled before the en banc court on Tuesday, September 27, 2016. Because an appeal of any decision made by the DC Circuit Court is expected, the en banc review is likely to speed up the overall litigation process; however, timing of the final outcome is difficult to predict.

Project Cost Update:

The total cost variance for the Unit 4 SCR remains relatively unchanged compared to last quarter’s report. Currently, the Unit 4 SCR is approximately \$6.7 million under the original cost estimate.

Construction Progress Update:

The following are updates on projects that were included as part of the Engineering, Procurement and Construction contract (“EPC Contract”) or individual projects identified as separate expense categories in the budget.

Unit 3 performance testing: On July 16, 2016, the 180-day SCR availability test was successfully completed. An equivalent availability factor¹ of 99.85 percent was achieved, exceeding the EPC contract minimum requirement of 99.00 percent.

The EPC contractor submitted the application for a “Certificate of Final Completion” to PacifiCorp for the Unit 3 SCR. It has been approved by PacifiCorp with an effective date of August 11, 2016.

¹ Equivalent Availability Factor is the fraction of net maximum generation that could be provided after all types of outages and deratings (including seasonal deratings) are taken into account.

As of July 27, 2016, 99 percent of the 3,031 tons of Unit 4 structural steels has been erected and 99 percent of the Unit 4 SCR electrical work has been completed.

The Unit 4 catalyst has been installed in the SCR vessel.

Crews at the Bridger Plant are preparing for the Unit 4 outage that is scheduled to start on September 3, 2016.

PacifiCorp is working with its corporate environmental group to add aqueous ammonia, the nitrogen oxides reduction reagent, to the list of permitted sources that can be disposed of in the wastewater ponds at the Bridger Plant. The PacifiCorp environmental group is awaiting a laboratory analysis of a waste aqueous ammonia sample to attach to the additional waste source application for the wastewater ponds.

Schedule:

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

- 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 on the Unit 4 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 30th day of August 2016 I served a true and correct copy of the within 11th 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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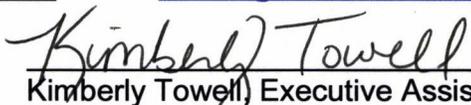
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