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IDAHO PUBLIC UTILITIES COMMISSION

**LISA D. NORDSTROM**  
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September 4, 2015

**VIA HAND DELIVERY**

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

Re: Case No. IPC-E-15-17  
Long Term Program Contract with Siemens Energy, Inc. – **Corrected Pages**  
to the Direct Testimony of Trevor Mahlum

Dear Ms. Jewell:

During the course of preparing discovery responses in the above matter, Idaho Power Company believes a clarification sentence is needed on page 7 of the Direct Testimony of Trevor Mahlum. With the addition of the clarification sentence, the pagination also changed on pages 8 and 9 of Mr. Mahlum's testimony. Moreover, the hash marks on page 9 were not needed anymore and were removed. However, the removal of the hash marks has not been indicated in the redlined copies provided as this would require repagination of all subsequent pages to indicate the removal.

To reflect the addition of the clarification sentence, enclosed are nine (9) copies each of **corrected redacted** pages 7-9 of Mr. Mahlum's testimony in redlined and clean format. Copies of the redacted pages have been marked and enclosed for the Reporter. In addition, enclosed are eight (8) copies of **corrected confidential** pages 8 and 9 to Mr. Mahlum's testimony. Please handle the confidential information in accordance with the Protective Agreement issued in this matter.

If you have any questions regarding the enclosed corrected pages or this matter, please do not hesitate to contact me.

Very truly yours,

Lisa D. Nordstrom

LDN:csb  
Enclosures  
cc: Service List – w/encls.

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 4<sup>th</sup> day of September 2015 I served a true and correct copy of **CORRECTED** PAGES 7-9 OF THE DIRECT TESTIMONY OF TREVOR MAHLUM upon the following named parties by the method indicated below, and addressed to the following:

### Commission Staff

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Christa Beary, Legal Assistant

1 process. Those third-party proposals were analyzed by both  
2 the Company and the contracted professional and it was  
3 determined that there are currently no other third-party  
4 maintenance providers that could provide services  
5 equivalent to those provided under the LTP Contract with  
6 Siemens. Idaho Power did issue a request for proposal for  
7 services for the Bennett Mountain and Danskin plants only  
8 to evaluate the possibility of a hybrid approach to  
9 maintenance of the Company's gas plants through a  
10 combination of a long-term service agreement as well as  
11 continued self-management of the Langley Gulch power plant.  
12 The responses were evaluated and resulted in the  
13 recommendation for the Company to proceed with a long-term  
14 maintenance contract with Siemens. Because Siemens is the  
15 OEM for all of the Company's gas plants and is the industry  
16 leader in gas plant maintenance, the only available  
17 alternative to the LTP Contract with Siemens would be the  
18 continuation of a Company-managed maintenance program with  
19 technical support and parts purchased from Siemens.

20 Q. Prior to the execution of this agreement, was  
21 a LTP Contract with Siemens an option?

22 A. Yes. However, when Idaho Power operated only  
23 the Danskin and Bennett Mountain plant SCCTs, an LTP  
24 Contract was not an economical alternative because of the  
25 limited frequency of maintenance outages for those plants.

1 SCCT outages are based on the number of start-ups so  
2 multiple years exist between scheduled outages at the  
3 Danskin and Bennett Mountain plants. Until the addition of  
4 the Langley Gulch CCCT, contracting for gas plant  
5 maintenance services with Siemens at each outage interval  
6 has been the most cost-effective approach. With the  
7 construction of Langley Gulch, a baseload CCCT whose  
8 maintenance is based upon run-time hours, the Company  
9 anticipates more frequent gas plant maintenance activities  
10 to exist going forward. With this in mind, Idaho Power  
11 began evaluating and negotiating an agreement with Siemens  
12 for a LTP.

13 Q. Is there a difference in cost to Idaho Power  
14 between the self-management option and a LTP Contract?

15 A. Yes. The LTP Contract will provide a lower  
16 priced alternative to the maintenance of the Company's gas  
17 plants; Idaho Power estimates the cost to continue with  
18 self-management would be approximately \$ [REDACTED] over  
19 the life of the contract while the LTP Contract would cost  
20 approximately \$ [REDACTED] over the comparable time  
21 period, a savings of \$ [REDACTED] over the life of the  
22 agreement.

23 Q. Please describe the LTP Contract the Company  
24 is requesting approval of in this proceeding.

25 A. Under the LTP Contract, Siemens will provide  
26 scheduled maintenance on all three combustion turbines,

1 including program parts or repairs, shipping, services,  
2 labor, engineering services, and program management  
3 services. Program parts consist of the major combustion  
4 turbine parts provided by Siemens, including the locking  
5 hardware used to affix the parts, the parts installed in  
6 the combustion turbine upon the effective date, all initial  
7 spare parts, and all parts changed during the length of the  
8 contract ("Program Parts"). Some of these Program Parts  
9 are the latest technology Idaho Power would not otherwise  
10 have access to and their superiority eliminates the need  
11 for two combustor inspection outages at Langley Gulch.  
12 Moreover, they are available under the LTP Contract at a [REDACTED]  
13 [REDACTED] discount from the list price.

14 Siemens will also perform unscheduled maintenance on  
15 all three combustion turbines to the extent such work is  
16 not covered by Siemens' other warranties under the  
17 contract. Leveraging Siemens' pool of regional inventory,  
18 outage resources, and technical expertise will result in  
19 lower overall costs to Idaho Power and its customers.

20 Q. Aside from lower costs over the life of the  
21 contract, how does the LTP Contract differ from the  
22 Company's current self-managed maintenance practice?

23 A. The following chart provides a high level  
24 comparison of Idaho Power's current maintenance practices  
25 compared to offerings under the LTP Contract:

1 process. Those third-party proposals were analyzed by both  
2 the Company and the contracted professional and it was  
3 determined that there are currently no other third-party  
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