

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

<b>IN THE MATTER OF THE APPLICATION</b>	)	
<b>OF IDAHO POWER COMPANY FOR A</b>	)	<b>CASE NO. IPC-E-16-28</b>
<b>CERTIFICATE OF PUBLIC</b>	)	
<b>CONVENIENCE AND NECESSITY TO</b>	)	<b>NOTICE OF APPLICATION</b>
<b>CONSTRUCT SYSTEM IMPROVEMENTS</b>	)	
<b>FOR WOOD RIVER VALLEY</b>	)	<b>NOTICE OF</b>
<b>CUSTOMERS</b>	)	<b>INTERVENTION DEADLINE</b>
	)	
	)	<b>ORDER NO. 33657</b>

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On November 8, 2016, Idaho Power Company filed an Application for a Certificate of Public Convenience and Necessity (CPCN) to make system improvements and to secure adequate and reliable service to customers in the Wood River Valley. Specifically, the Company seeks a CPCN to construct a new (second) 138 kilovolt (kV) transmission line and related facilities “to provide redundant service from the Wood River substation near Hailey into the Ketchum substation.” Application at 1-2. The Company asks that the CPCN permit the particular line route and facilities identified in testimony accompanying the Application. *Id.* at 2. The Company would like to start construction of the line in 2019 and have it in service by 2020. *Id.* at 6. The Commission issues this notice of the Company’s Application and sets a deadline for interested parties to intervene in the case.

**BACKGROUND**

Idaho Power states it serves over 9,000 customers in the North Valley, which includes the resort communities of Ketchum and Sun Valley, and the Sun Valley ski resort. Peak demand in that area swells at the height of the tourist seasons in summer and winter, but especially winter. *Id.* at 4. The risk of power outages – and economic impacts therefrom – is heightened when tourism activity and thus electrical demand are at their peak. *Id.* at 5.

Idaho Power states the North Valley is served by a substation in Ketchum and a substation in Elkhorn Valley within the Sun Valley city limits. The two substations “are supplied by a single 12.4 mile 138 kV transmission line from the Wood River substation in Hailey” that was constructed with wooden poles built in 1962. Idaho Power states that access and thus repairs to the transmission line have been impeded due to residential development,

rough terrain, and aged construction roads. *Id.* at 4. According to the Company, impeded access can result in sustained outages. *Id.* at 4-5.

Idaho Power typically initiates and constructs a second transmission source and transformer in an area when peak load for the area's substations is projected to exceed 40 megawatts (MW). *Id.* For example, the Company is working on a second transmission project in the Eagle and Star area, which peaks at 71 MW. *Id.* at 4-5. The Ketchum and Elkhorn substations' peak load in the winter of 2007 was 634 MW. *Id.* at 4.

Idaho Power obtained a Certificate (No. 272) to construct a second transmission line to the North Valley, and related facilities, in 1974. *Id.* at 6; Order No. 11315. In 1995, the Company participated in public meetings about the proposed construction of a second transmission line, including an open house for which it sent invitations to more than 8,000 Idaho Power customers. *Id.* at 6. There was considerable public opposition to the proposal, based on the route that the transmission line would take, aesthetic impacts, perceived health and safety issues, and the requirement that the incremental cost of placing the line (in part or all) underground be funded locally. *Id.* at 7. At the Company's request, the Commission cancelled Certificate No. 272. Order No. 26107.

Idaho Power initiated a Community Advisory Committee ("CAC") in 2007 to develop the Wood River Valley Electrical Plan, a comprehensive plan for future transmission facilities in the Wood River Valley, including the North Valley area. *Id.* at 8-9. In 2011, the CAC recommended that Idaho Power construct the second 138 kV transmission line. *Id.* at 9. From 2012-2014, the CAC took additional input from the community, including the City of Ketchum and the Ketchum Energy Advisory Committee, and re-affirmed the need for a second energy path into the North Valley. *Id.* The Company states it has participated "in several collaborative processes geared towards exploring the possibility of providing alternative sources of energy in the North Wood River Valley." *Id.* at 10. Idaho Power contends that the costs of alternative sources (such as diesel engine, gas turbines, and photovoltaic plus battery energy storage systems) are significantly higher, and would be less reliable, than the line the Company now proposes. *Id.*

According to Idaho Power, most parties in the affected communities generally agree on the purpose and need for a redundant energy source. *Id.* The Company asserts that the Sun Valley City Council "unanimously agreed that the redundant line project was necessary and vital

for its community.” *Id.* at 11. As of the Application’s filing, the Company had not received a response from Blaine County, but a final decision was anticipated by November 10, 2016. *Id.* The City of Ketchum City Council met on October 3, 2016, and recommended that the Company evaluate local distributed energy resources and microgrid options. *Id.*

### NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that Idaho Power asserts the existing 138 kV radial transmission line is aging and needs reconstruction. *Id.* at 12. According to the Company, reconstruction of the existing line would result in “extreme disruption of service . . . [unless the Company builds] either a redundant transmission line or a temporary line that would be removed after construction.” *Id.* at 16. Idaho Power states the proposed redundant 138 kV line will increase reliability and avoid long-term disruption of service to the North Valley. *Id.* at 3. The Company further asserts the proposed project is necessary “to meet its continuing obligation to serve customers.” *Id.* at 12.

YOU ARE FURTHER NOTIFIED that the Company believes, based on its engagement with affected communities, that if the needed redundant energy source is achieved by adding a transmission line, “a feasible route could be obtained and permitted, as long as at least a portion of the line is underground.” *Id.* at 3. The Company acknowledges, “[t]he parties have been unable to reach agreement upon the funding and payment of any incremental cost difference between an overhead, or least-cost alternative, and an underground, or higher-cost build.” *Id.* Idaho Power states it is in the process of acquiring the necessary permits, such as applying for a right-of-way encroachment permit with the cities of Ketchum and Sun Valley in 2015, and a conditional use permit with Blaine County in 2016. *Id.* at 5-6.

YOU ARE FURTHER NOTIFIED that Idaho Power states it investigated four routes that would provide the needed redundant energy source. *Id.* at 17. Each route would extend overhead from the Wood River substation near Hailey, north along Highway 75 for about 7.5 miles, to the area near Owl Rock Road and south of the St. Luke’s Medical Center. *Id.* at 18. From there, north to the Ketchum substation, the routes would differ. *Id.* The routes are more fully described in the testimonies of David Angell and Ryan Adelman (attached to the Application).

YOU ARE FURTHER NOTIFIED that Idaho Power characterizes the four routes using the following descriptions: (1) overhead transmission; (2) underground transmission; (3) overhead distribution; and (4) underground distribution. *Id.* at 18-23. As to the overhead transmission route, the Company asserts several reasons why it is not viable, including that “the community is adamantly against [the] visual impacts.” *Id.* at 18-20. About the underground transmission route, Idaho Power states this is the option that CAC recommended, and estimates it would cost between \$30 million and \$35.7 million. *Id.* at 20-21. As to the overhead distribution route, the Application describes potential problems, and estimates it would cost between \$29.1 and \$31.1 million. *Id.* at 21-22. Finally, about the underground distribution route, the Company states it is substantially similar to the overhead distribution option, but with greatly reduced visual impacts, and an estimated cost between \$43.4 and \$45.9 million. *Id.* at 22-23.

YOU ARE FURTHER NOTIFIED that Idaho Power asserts it “is not seeking any specific rate recovery for the facilities involved herein at this time, and will do so in a proper rate recovery proceeding in the future.” *Id.* at 23. The Company seeks approval of a CPCN for the underground transmission route recommended by the CAC (option 2, above). *Id.* at 23-24. In addition, the Company asks “that the incremental cost difference between the overhead distribution and underground transmission configurations be assessed to the cities of Ketchum and Sun Valley and to Blaine County.” *Id.* at 24. Idaho Power contends that “it is appropriate to require those local government entities and communities to contribute the additional incremental cost associated with the required line routing or underground facilities” where those entities and communities “require that the facilities be constructed underground.” *Id.* According to the Company, “If the local government and communities do not bear that incremental additional expense, Idaho Power’s other customers will ultimately pay higher rates as a result of one community’s dissatisfaction with the aesthetics of overhead transmission facilities.” *Id.*

YOU ARE FURTHER NOTIFIED that Idaho Power notes the Commission has authority to order it to build new structures or upgrade and improve existing plant and structures to secure adequate services or facilities. *Idaho Code* § 61-508; Application at 12. Before constructing “a line, plant, or system,” a public utility providing electrical service must obtain a CPCN from the Commission (establishing that the “public convenience and necessity” requires it); but a CPCN is not required to extend lines, plant or system in an area already served by the utility. *Idaho Code* § 61-526; Application at 13. Under *Idaho Code* § 61-526, whether the

“public convenience and necessity does not require or will require” the construction or extension of lines, plant or system, the Commission “may, after hearing, make such order and prescribe such terms and conditions for the locating or type of the line, plant or system affected” as the Commission finds just and reasonable. *Idaho Code* § 61-526; Application at 14.

YOU ARE FURTHER NOTIFIED that the Company notes *Idaho Code* § 67-6528 provides:

If a public utility has been ordered or permitted by specific order, pursuant to title 61, Idaho Code, to do or refrain from doing an act by the public utilities commission, any action or order of a government agency pursuant to titles 31, 50, or 67, Idaho Code, in conflict with said public utilities commission order, shall be insofar as it is in conflict, null and void if prior to entering said order, the public utilities commission has given the affected governmental agency an opportunity to appear before or consult with the public utilities commission with respect to such conflict.

*Idaho Code* § 67-6528; Application at 14. Idaho Power asserts that this statute gives the Commission “the ultimate authority for determining whether the public interest, convenience, and necessity requires the construction of certain facilities by expressly providing that land use actions or orders of other government agencies or local governments that are in conflict with an order of the Commission are null and void.” Application at 14.

YOU ARE FURTHER NOTIFIED that the Application and attachments have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices. The Application and attachments are also available on the Commission’s web site at [www.puc.idaho.gov](http://www.puc.idaho.gov). Click on the “File Room” tab at the top of the page, scroll down to “Open Electric Cases,” and then click on the case number as shown on the front of this document.

#### NOTICE OF DEADLINE TO INTERVENE

YOU ARE FURTHER NOTIFIED that **persons desiring to intervene** in this matter **must file a Petition to Intervene** with the Commission pursuant to this Commission’s Rules of Procedure 72 and 73, IDAPA 31.01.01.072 and -.073. **All Petitions to Intervene must be filed no later than 21 days from the service date of this Order.** 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.

YOU ARE FURTHER NOTIFIED that the following persons are designated as Idaho Power's representatives in this matter:

Donovan E. Walker, Lead Counsel  
Tim Tatum, Vice President, Regulatory Affairs  
Idaho Power Company  
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YOU ARE FURTHER NOTIFIED that, once the deadline for intervention has passed, the Commission Secretary shall prepare and issue a Notice of Parties. Once all parties have been identified, the Commission will determine how best to process this case.

### **ORDER**

IT IS HEREBY ORDERED that persons desiring to intervene in this matter shall file a Petition to Intervene by **21 days from the service date of this Order**. Once the deadline for Petitions to Intervene has passed, the Commission Secretary shall prepare and issue a Notice of Parties, and the Commission shall determine how best to process this case.

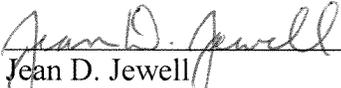
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 29<sup>th</sup>  
day of November 2016.

  
PAUL KJELLANDER, PRESIDENT

  
KRISTINE RAPER, COMMISSIONER

  
ERIC ANDERSON, COMMISSIONER

ATTEST:

  
Jean D. Jewell  
Commission Secretary

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