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2011 OCT 21 AM 8:25

IDAHO PUBLIC
UTILITIES COMMISSION

October 19, 2011

IPC-E-11-11

PAC-E-11-12

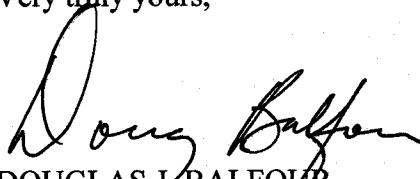
Idaho Public Utilities Commission
P.O. Box 83720
472 W. Washington
Boise, ID 83720-0074

RE: Idaho Power / IRP / Rocky Mountain Power Rate Case

Ladies and Gentlemen:

With this letter is a letter from the Board of County Commissioners of Cassia County and Power County, Idaho. Please consider that letter to be comments on both Idaho Power's 2011 Integrated Resources Plan, and Rocky Mountain Power's Rate Case.

Very truly yours,


DOUGLAS J. BALFOUR

DJB/jay
cc: Kerry McMurray, Vicki Meadows, Ron Funk,
Delane Anderson, Scott Bedke, Brent Stoker, Brett Crompton

**POWER COUNTY
STATE OF IDAHO**



**Vicki Meadows, Chairman
Ron Funk
DeLana Anderson**

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2011 OCT 21 AM 8:25

IDAHO PUBLIC UTILITIES COMMISSION
543 Bannock Avenue
American Falls, Idaho 83211
Phone: (208) 226-7610
Fax: (208) 226-7612

October 6, 2011

Idaho Public Utilities Commission
P.O. Box 83720
472 W. Washington
Boise, ID 83720-0074

RE: Idaho Power Gateway West Transmission Line Project

This letter is sent from the Board of County Commissioners of Power County Idaho and the Board of County Commissioners of Cassia County Idaho concerning Idaho Power and Rocky Mountain Power's Gateway West Transmission Line Project. Both Power County and Cassia County are Cooperating Agencies with the Bureau of Land Management for the Environmental Impact Analysis on this project. The Draft Environmental Impact Statement has been released for public review and comment, with that review period ending October 28, 2011.

In general please consider this letter to be comments to the IPUC on Idaho Power's 2011 Integrated Resource Plan (IRP), and on the Rocky Mountain rate case. This letter is to request the IPC take notice of the fact that Idaho Power and Rocky Mountain Power are spending and plans to spend a lot of money on what we believe to be an unnecessary and ill advised project. Eventually Idaho Power may very well come before the Idaho Public Utilities Commission to seek either preapproval of the project pursuant to Idaho Code §61-541, or following the project to seek that the cost incurred be recovered from rate payers. Rocky Mountain Power has already sought to recover transmission project costs in their current rate case. The undersigned Counties wish to make the IPUC aware that the Counties do not believe the Gateway West Project to be advisable, and the Integrated Resource Plan should be amended to reflect that practicality.

Idaho Power has submitted documents to the BLM, indicating that their purpose and need for this project is largely based upon their analysis for demand for electricity, estimated in 2007, 2008 and 2009. At the time of submission of information to the BLM for the EIS concerning that power need, Idaho Power was operating under its 2009 IRP. Chapter 1 of the Gateway West Draft Environmental Impact Statement addresses the purpose and need for the project, and Idaho Power's demand projections, based upon assumptions contained in that 2009 IRP.

The Counties believe that many of the assumptions used by Idaho Power to justify this extremely expensive project are faulty, based upon assumptions that are not likely, or have not proven true since that 2009 IRP. Any conditions that existed several years ago which may have indicated a need for the

Gateway West Project have either disappeared or been proven incorrect.

Idaho Power has recently issued a new and revised IRP, the 2011 version. The 2011 IRP specifically states that Idaho Power's "average system load forecast is lower than the 2009 IRP average system load forecast in all years of the forecast. The slow down in the national and service-area economy caused load growth to slow significantly. In addition the significant increase in assumed DSM combined with retail electric price assumptions that incorporate estimates of assumed carbon legislation served to decrease the forecast of average loads."

Thus Idaho Power's own documents indicate that the analysis that became the underlying basis for Gateway West has been greatly modified and revised. The Counties believe these changes significantly question the purpose and need for this project. The Counties are concerned that the Gateway West Project, if allowed to proceed, will substantially increase rates for all rate payers in the Idaho Power service area. The Counties believe this would be unnecessary, as current forecasts do not provide a need for the Gateway West Project.

When the Gateway West Project was first presented, Idaho Power assumed that there would be carbon legislation, either in the form of cap and trade or a carbon based tax. Given the current political climate toward those two possibilities, those appear to be very faulty assumptions, and yet one upon which Idaho Power projected the need for wind power from the Gateway West Project.

The 2009 IRP presumed that Hoku Materials would begin operations in January 2011 and reach full capacity by April 2011. It is now October 2011 and operations have not begun. There were similar assumptions in the 2009 IRP, including a projection that the housing slow down would reverse and other customers of Idaho Power would increase their demand. Those have not proven out.

In addition, Idaho Power has, on its own, added natural gas peaking plants, and is currently building the Langelly Gulch plant, which will provide an on demand peaking capacity of 300 megawatts.

The cost of wind energy has very publicly been criticized by Idaho Power, who have basically claimed that they do not want, nor do they need any additional wind generated energy.

The 2011 IRP discussed the Gateway West Project, but only as a long term plan, to be considered in 2021 to 2030. "It is important to note that the Gateway West Project was included in each resource portfolio for only the second ten (10) year period when the current transmission constraints required the addition of new transmission capacity for resources to be added in Southern Idaho east of the Treasure Valley load center". The 2011 IRP went on to state that "although resources in the preferred portfolio for the second ten (10) year period were analyzed without the addition of the Gateway West Transmission Project, Idaho Power plans to continue permitting the Gateway West Project because of uncertainty associated with the location of resources planned so far in the future and the long lead time required to permit high voltage transmission projects".

It is important to note that the near term, ten (10) year, action plan, 2011-2020, does not even consider the Gateway West Project.

The obvious reasons for this is explained above, is that Idaho Power really does not need the Gateway West Project, and it does not fit well within Idaho Power's future plans. In the transmission planning section of the 2011 IRP, the Gateway West Project is not even mentioned. It is obvious that Gateway West is a much more remote possibility than what was asserted by Idaho Power in its purpose and need to the BLM.

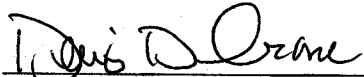
The Western Electricity Coordinating Counsel (WECC) has recently announced a proposal to reevaluate reliability criteria and specifically their separation criteria. Again, that WECC separation criteria is a major factor in the proposal for the Gateway West Project. To proceed under assumptions that may change, which may greatly alter the routes, would be inappropriate at this time.

The Gateway West Project thus basically becomes a purely merchant transmission line, to transmit electrical power from coal and wind generation in Wyoming to areas of California and the desert Southwest, all at great expense to Idaho Power rate payers.

The Public Utilities Commission has an awesome responsibility to the rate payers, to protect them against unnecessary or extravagant expenses that may find their way into the rate base. The rate payers depend upon the IPUC for this function. Rate payers need the PUC to assert its power and customer protection on this project, immediately. The majority of the Gateway West routes are in Idaho. The Total cost for the project, to be borne by Rocky Mountain Power and Idaho Power rate payers, is in an excess of two (2) billion dollars, and climbing steadily. Given the uncertainty of many of the assumptions that lead to this proposal, caution should be exercised before proceeding.

For the above reasons, and many more known to the PUC, Power and Cassia County request the Idaho Public Utilities Commission to review and re-analyze Idaho Power's participation in the Gateway West Transmission Project.

Very Truly Yours,



DENNIS CRANE, Chairman
Cassia County Board of County Commissioners



VICKI MEADOWS, Chairman
Power County Board of County Commissioners