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May 15, 2024

VIA ELECTRONIC FILING

PUC.FilingCenter@puc.oregon.gov

Re: RE136 - Transmission Updates: 1st Quarter 2024

Attention Filing Center:

Attached please find the 1st Quarter 2024 Transmission Update regarding the Gateway West and Boardman to Hemingway transmission projects. This update provides a description of the developments that transpired in the first quarter of 2024.

This filing should be brought to the attention of Matt Muldoon, Program Manager. If you have any questions, please contact Regulatory Consultant Courtney Waites at (208) 388-5612.

Very truly yours,



Matt Larkin

MTL/sg
Attachment

Idaho Power Company's
Transmission Update for 1st Quarter 2024
May 15, 2024

In late 2013, Staff of the Public Utility Commission of Oregon (“Commission”), requested¹ that Idaho Power Company (“Idaho Power” or “Company”) provide quarterly updates regarding the Energy Gateway West transmission project (“Gateway West”) developed jointly between PacifiCorp and Idaho Power (“Companies”). Commission Staff requested that, for each sub-segment² of this project, the Company provide a description of the developments³ that transpired in the previous quarter. Similarly, in 2017, Commission Staff requested⁴ that Idaho Power provide updates on the permitting or completion of the Boardman to Hemingway Transmission Line Project (“B2H”). Finally, in 2023, the Commission directed Idaho Power to document the Company’s monitoring and pursuit of grant opportunities for B2H.⁵ The Company committed to providing updates as part of this quarterly notification.

Gateway West

On November 14, 2013, the Bureau of Land Management (“BLM”) released its record of decision (“ROD”) authorizing Segments 1 through 7 and 10 of the Gateway West project. The BLM postponed a decision on the remaining segments — Segment 8 (Midpoint to Hemingway) and Segment 9 (Cedar Hill substation to Hemingway) — to resolve routing in the affected areas.

On May 5, 2017, President Trump signed into law the Consolidated Appropriations Act of 2017, which incorporated by reference the Morley Nelson Snake River Birds of Prey National Conservation Area Boundary Modification Act (“Modification Act”). The Modification Act directed the Secretary of Interior to issue a right-of-way for the portions of the Companies’ preferred routes for Segments 8 and 9 that are located within the Snake River Birds of Prey National Conservation Area (“NCA”). On April 18, 2018, the BLM released a record of decision authorizing Segments 8 and 9.

¹ Commission Staff Data Request No. 1, Transmission Updates Docket, dated December 17, 2013.

² Segment E extends across southern Idaho and is comprised of the following sub-segments: Hemingway to Cedar Hill, Hemingway to Midpoint, Midpoint to Cedar Hill, Midpoint to Borah, Borah to Populus, Cedar Hill to Populus; and Segment D comprised by the following sub-segments: Populus to Bridger, Bridger to Aeolus, and Aeolus to Windstar.

³ As defined in Staff’s Data Request No. 1, by developments, Commission Staff means any federal, state, and local permitting, regulatory, and other events.

⁴ Commission Staff Data Request No. 65, Docket UE 316.

⁵ Docket LC 78, Idaho Power 2021 Integrated Resource Plan, Order No. 23-004.

1st Quarter 2024 Project Developments

In March 2023, PacifiCorp initiated the pre-construction phase of approximately 620 miles of 500-kV transmission line from the Populus substation near Downey, Idaho to the Hemingway substation near Melba, Idaho, known as Segment E⁶. Project briefing meetings have been held with each applicable county's commissioners to provide an update on the project, schedule and to review next steps. Bid events for Segment E-8 ("Segment 8") have been held for biological resource services, cultural resource services, right of entry services, and LiDAR survey. Initial slickspot peppergrass surveys were completed for Segment 8. LiDAR data for Segment 8 was captured in December 2023. A bid event is in progress for the Engineer of Record for Segment 8. Idaho Power and PacifiCorp continue to coordinate the timing of next steps to best meet customer and system needs -- including the possibility of an increase in the Company's participation in the construction of certain project segments, for which Idaho Power would need to coordinate with PacifiCorp.

Boardman to Hemingway

The Companies are parties to the B2H Transmission Project Construction Funding Agreement to jointly support and contribute funds for the design, engineering, procurement, construction and commissioning of a new, approximately 300-mile-long, 500-kilovolt, single-circuit electric transmission line from the proposed Longhorn Substation near Boardman, Oregon to the Hemingway Substation near Melba, Idaho. Idaho Power is the construction project manager for B2H. The Second Amended and Restated B2H Transmission Project Joint Permit Funding Agreement that was in place to jointly support the processes associated with obtaining necessary permits to develop B2H was terminated when the construction funding agreement went into effect. The Construction Funding Agreement, which became fully effective in September 2023, identifies PacifiCorp's approximate 55 percent ownership interest and Idaho Power's approximate 45 percent ownership interest. The Bonneville Power Administration ("BPA"), a former party to the permit funding agreement, will instead take transmission service from Idaho Power via B2H to serve their customers in Southern Idaho.

With respect to federal permitting, the BLM issued its ROD for B2H in November 2017, approving a right-of-way grant for the project to cross approximately 86 miles of BLM-administered land. The U.S. Forest Service issued its ROD in November 2018 authorizing the project to cross approximately seven miles of National Forest lands. In September 2019, the Department of the Navy issued its ROD authorizing the project to cross approximately seven miles of Department of the Navy lands. Lawsuits challenging the federal rights-of-way have been resolved.

In the separate state of Oregon permitting process, in September 2022, the Oregon Department of Energy ("DOE")'s Energy Facility Siting Council ("EFSC") issued a site certificate for construction across five counties in eastern Oregon. In March 2023, the Oregon Supreme Court affirmed the Council's decision to issue the site certificate.

⁶ Segment E extends across southern Idaho and is comprised of the following sub-segments: Hemingway to Cedar Hill, Hemingway to Midpoint, Midpoint to Cedar Hill, Midpoint to Borah, Borah to Populus, Cedar Hill to Populus.

On May 23, 2018, the Commission issued Order No. 18-176 in Docket LC 68 that specifically acknowledged Idaho Power's 2017 Integrated Resource Plan's ("IRP") action items to conduct ongoing permitting, planning studies, and regulatory filings for the B2H transmission line, as well as to conduct preliminary construction activities, acquire long-lead materials, and construct the B2H project. Idaho Power filed its 2019 IRP with the Commission (Docket LC 74), which again identified B2H as part of the Company's preferred portfolio. On June 4, 2021, the Commission issued Order No. 21-184 largely acknowledging items from the Company's Action Plan, including the B2H project as a cost-effective resource in Idaho Power's preferred portfolio. The Company's 2021 IRP, filed in Docket LC 78, requested acknowledgement of B2H based on the Company owning 45 percent of the project, rather than the 21 percent share discussed in the 2019 IRP. On December 6, 2022, the Commission unanimously acknowledged the Company's 2021 IRP and near-term action items, including B2H permitting and construction activities. A final order, Order No. 23-004, was issued on January 13, 2023.

1st Quarter 2024 Project Developments

As explained in more detail below, as a result of delays in obtaining Notices to Proceed from state and federal agencies and ongoing activity with EFSC, Idaho Power is targeting the start of construction of B2H no sooner than late 2024. The project delays have resulted in slippage of the anticipated in-service date of B2H to 2027. In addition, total cost estimates for the project have increased to between \$1.5 billion and \$1.7 billion. However, B2H continues to be selected as a least-cost resource through the IRP process.

Federal Permitting. For project construction to commence, approval of a Construction Plan of Development ("POD") and a Notice to Proceed ("NTP") from the BLM are required. The Construction POD, comprising of approximately 32 submittals, was approved in December 2023. A construction BLM NTP is now anticipated for late 2024 after delays associated with cultural resource review. The BLM is requiring additional audit work to field verify Idaho Power's cultural survey data. Ten archaeological property specific management and mitigation plans have been submitted to the BLM and consulting parties for review. In addition, the Idaho Power cultural resource team meets weekly with the BLM to track and manage cultural resource deliverables. Idaho Power and the BLM held a kickoff meeting with BLM's Compliance Inspection Contractor, Power Engineers, in December. A Clean Water Act § 404 permit is required from the U.S. Army Corps of Engineers ("USACE") for construction in areas under USACE jurisdiction. A permit was issued for Idaho in October 2023 and Oregon in March 2024. The Oregon Department of Environmental Quality water quality certificate was issued in March 2024.

Oregon Permitting. EFSC approved the B2H project in a 6-0 vote on September 27, 2022. Three limited parties filed appeals, asking the Oregon Supreme Court to overturn EFSC's approval of the site certificate. On March 9, 2023, the Supreme Court issued its decision, ruling in Idaho Power's favor and affirming EFSC's decision to issue a site certificate, culminating the EFSC permitting process.

In December 2022, Idaho Power filed its first amendment request ("RFA1") driven in part by landowner change requests as well as changes to multiple access roads resulting from additional design and engineering review. Oregon DOE issued the final order in September 2023. In November 2023, Ms. Irene Gilbert appealed the RFA1 final order to the Union County Circuit Court. In February 2024, a hearing was held in circuit court to request a change of venue to the Oregon Supreme Court, which was denied by the judge. Idaho Power petitioned the Oregon Supreme Court to interject into the lower court to elevate the case to their jurisdiction. The Oregon

Supreme Court denied Idaho Power's petition for writ of mandamus; however, the Court specified that EFSC's approval of RFA1 is final. Idaho Power has returned to the circuit court with a motion to dismiss based on this ruling.

The Company filed a second amendment request ("RFA2") in June 2023 which included additional access road adjustments, landowner-driven changes and the addition of the Midline station. Oregon DOE issued the Draft Proposed Order in April 2024. A public hearing has been scheduled for May 2024. Idaho Power anticipates a decision on RFA2 in the third quarter of 2024.

Environmental Surveys and Right-of-Entry. In the first quarter of 2022, the Company began completing the remaining pre-construction environmental, cultural, and other siting surveys required to satisfy permitting conditions. Most landowners voluntarily granted the Company access to their property. However, for some landowners, Idaho Power filed petitions in local district court to affirm the Company's statutory authority to enter those lands. Supplemental biological surveys for Washington Ground Squirrels, rare plants, wetlands, and fish passage are planned for the second quarter of 2024. Final wrap up of remaining surveys where access is still denied will take place just ahead of construction.

Preconstruction Activities.

- Design. The Issue for Construction ("IFC") transmission design package has been completed by the Engineer of Record, Leidos. Minor design modifications continue to be necessary due to landowner micro-siting within the site boundary. Full scale steel lattice tower testing for three tower types has been completed at the supplier's facility in India. This is part of the significant analysis being performed to ensure the tower designs are robust, tested, and ready for production on schedule to support construction. All tower testing is scheduled to wrap up in June.
- Land Surveying and Right-of-Way. Land surveying is complete for Malheur County, 91% complete for Morrow County, and approximately half complete for Baker County. Right-of-Way agents are actively negotiating with landowners to acquire easements, with 44 percent of the affected landowners having signed an agreement. In September 2023, the Company filed three condemnation cases. Two condemnation filings were resolved prior to trial. The third, had a hearing in February after which the Baker County Circuit Court issued its decision, ruling in the Company's favor and granting advanced occupancy for B2H. The project will file Malheur County condemnation proceedings in April and May 2024 with landowners who have not signed an agreement.
- Procurement and Construction RFP. Requests for Proposals ("RFP") were issued for steel lattice towers, conductor, conductor hardware, tubular steel, optical ground wire ("OPGW"), OPGW hardware, and transmission and civil services. Notices of Award or limited Purchase Orders have been made for lattice, conductor, conductor hardware, glass insulators, OPGW, and miscellaneous hardware. Tubular steel and OPGW hardware vendor selections are still in negotiation.

In August 2023, Quanta Infrastructure Solutions Group ("QISG") submitted the GMP amendment proposal for the construction phase of the project which reflected an increase in price from the construction estimate at the 90 percent design. Idaho Power is working through commercial negotiations, schedule analysis and value engineering with QISG as part of the GMP amendment to reduce project costs and risk.

2023 IRP. On September 29, 2023, Idaho Power filed its 2023 IRP with the Commission (Docket LC 84), which includes B2H as a top performing resource alternative and resulting position in the preferred portfolio, requesting Commission acknowledgement of the B2H project's in-service date of summer 2026. The Company did note however that due to the increased level of uncertainty surrounding several important near-term decisions, the 2023 IRP was prepared in a manner intended to provide the flexibility and adaptability necessary to inform decisions as more information became known before the next planning cycle. As a result, Idaho Power conducted additional modeling of B2H with a November 2026 online date. One of the alternative B2H timing scenarios, the November 2026 B2H online date with the Valmy Unit 1 and 2 conversion scenario, was identified as the next least-cost portfolio after the preferred portfolio.

Due to ongoing activity at the BLM, Oregon DOE, and EFSC, and the timing of the agency actions and required approvals largely outside of Idaho Power's control, on April 19, 2024, the Company notified the Commission that the November 2026 B2H online date with the Valmy Unit 1 and 2 conversion scenario represents Idaho Power's best assessment of a preferred portfolio.

Petition for Certificate of Public Convenience and Necessity. On September 30, 2022, Idaho Power filed a Petition for a CPCN authorizing construction of B2H. The Petition was filed in compliance with the newly adopted CPCN rules approved in Docket AR 626, which require utilities to petition the Commission for a CPCN if condemnation of land or an interest therein may be necessary for construction of the transmission line. The Commission granted a CPCN on June 29, 2023.

Federal Funding Opportunities. Idaho Power has hired consultants that are experts in Federal Grants for grid resilience and transmission. The Company's interactions with the United States Department of Energy ("USDOE"), that have been confirmed by advisement by Idaho Power's consultants, identified that projects that have been significantly permitted, engineered, and have had substantial funds expended are generally not candidate projects for Infrastructure Investment and Jobs Act ("IIJA") programs based on the IIJA guidelines for qualifying projects. Further, while the Inflation Reduction Act of 2022 provides incentives for funding of certain eligible transmission projects under the DOE's Transmission Facility Financing program and the USDOE's Transmission Siting and Economic Development Grants program, because the B2H project has already been significantly developed, it is downstream of the program's objectives and does not qualify.

However, one of the major USDOE efforts is the USDOE Grid Deployment Office, which set out to identify nationally-significant routes through a transmission needs study ultimately developing a national grid plan. The USDOE's National Transmission Needs Study was released on October 30, 2023. Projects that land within the nationally significant routes can be considered for new DOE financing under the (1) Transmission Facilitation Program, which supports financing arrangements for new, replacement or upgraded lines, (2) Enhancing Grid Resilience, providing matching grants for existing infrastructure upgrades for hardening to reduce risks from wildfires or other extreme weather and to prevent outages, and (3) Advanced Grid Technologies, offering matching grants for increased capacity and enhanced flexibility of the existing grid. While the Enhancing Grid Resilience program may offer similar incentives to a new construction line as it is being built, the B2H project does not qualify for either the Transmission Facilitation Program or the Advanced Grid Technologies option. Because the Transmission Facilitation Program is targeted toward hard-to-finance projects in order for them to become financially viable and the Advanced Grid Technologies is for existing infrastructure, the B2H project does not qualify. As construction of B2H commences, Idaho Power continues to evaluate individual aspects of the

Enhancing Grid Resilience grants for potential viability to new transmission. The Company has evaluated extensively, and will continue to do so, federal funding opportunities for B2H in an effort to reduce costs to customers.

In January 2024, Idaho Power met with the Oregon DOE and Oregon Department of Transportation (“DOT”), who are collaborating to request funding from the Transmission Siting and Economic Development Grants Program for Oregon counties in which B2H would be located, and discussed various topics that would help support Oregon’s initial concept to allocate grant funds. The Oregon DOE and Oregon DOT are envisioning programs to support the construction of electric vehicle fast charging infrastructure as well as related workforce training and awareness building in Morrow, Umatilla, Union, Baker and Malheur counties. The US DOE was expected to inform the Oregon DOE and Oregon DOT if it is interested in the concept in February 2024. At this time, the Company has not received any indication from the Oregon DOE or Oregon DOT about whether or not the US DOE is interested in the concept.