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February 5, 2009

## VIA ELECTRONIC FILING

PUC Filing Center  
Public Utility Commission of Oregon  
PO Box 2148  
Salem, OR 97308-2148

**Re: Docket LC 41**

Enclosed for filing in the above-reference docket are ten copies of Idaho Power Company's Application to Include the Boardman to Hemingway Transmission Line in its Acknowledged Integrated Resource Plan.

A copy of this filing has been served on all parties to this proceeding.

Very truly yours,

A handwritten signature in cursive script that reads "Wendy McIndoo".

Wendy McIndoo

Enclosures  
cc: Service List

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**CERTIFICATE OF SERVICE**

I hereby certify that I served a true and correct copy of the foregoing document in Docket LC 41 on the following named persons on the date indicated below by email addressed to said persons at his or her last-known address indicated below.

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DATED: February 5, 2009

  
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**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**LC 41**

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**IDAHO POWER COMPANY'S  
APPLICATION TO INCLUDE THE  
BOARDMAN TO HEMINGWAY  
TRANSMISSION LINE IN ITS  
ACKNOWLEDGED INTEGRATED  
RESOURCE PLAN**

**I. INTRODUCTION**

In accordance with Oregon Public Utility Commission ("OPUC" or "Commission") Orders Nos. 89-507 and 07-002, Idaho Power Company ("Idaho Power" or "Company") hereby requests that the Commission acknowledge an Addendum to its acknowledged 2006 Integrated Resource Plan to include the proposed Boardman to Hemingway transmission line.

The Boardman to Hemingway transmission line will provide the Company with critical capacity required to serve the Company's retail customer loads, maintain reliability and is necessary for the Company's compliance with the Federal Energy Regulatory Commission's ("FERC") requirements for serving wholesale customers through the Open Access and Transmission Tariff ("OATT"). In addition, the Boardman to Hemingway line is a cost effective project that will benefit regional transmission grid development. For all of these reasons, the Commission should grant the Company's Application.

**II. BACKGROUND**

As required by OPUC Orders Nos. 89-507 and 07-002 and Idaho Public Utilities Commission ("IPUC") Order No. 22299, the Company prepares and files a biannual integrated resource plan ("IRP") with both the OPUC and IPUC setting forth the Company's plans for serving the electric requirements of its customers. In Order No. 07-394 issued

1 September 12, 2007, in Case LC-41 the Commission acknowledged Idaho Power's 2006  
2 IRP. In Order No. 07-394, the Commission directed Idaho Power to provide the  
3 Commission with an update of its 2006 IRP (as required by Guideline 3(f) of Order No. 07-  
4 002) and associated resource alternatives in June of 2008. In early July of 2008, Idaho  
5 Power filed the required update to its IRP. The 2008 update was an informational filing and  
6 the Company neither requested nor received an acknowledgement of the 2008 update.

7 Idaho Power will file its 2009 IRP in June 2009.

### 8 III. OVERVIEW

9 Idaho Power is asking the Commission to include in the Company's acknowledged  
10 2006 IRP a new 500 kilovolt ("kV") transmission line to run between the existing substation  
11 at the Boardman generating plant and the Hemingway substation, which is currently under  
12 construction at a location approximately 25 miles southwest of Boise, Idaho (hereinafter,  
13 "Boardman to Hemingway line"). Idaho Power has prepared an Addendum to its 2008  
14 Integrated Resource Plan Update and its 2006 Integrated Resource Plan that includes  
15 additional information specifically addressing the proposed Boardman to Hemingway  
16 transmission line project ("the Addendum"). The Addendum is enclosed as Attachment No.  
17 1.

18 Idaho Power recognizes that this filing is unusual because of its focus on a single  
19 resource. Typically, when Idaho Power requests acknowledgement of an IRP, it asks the  
20 Commission to consider a portfolio of resources within a comprehensive twenty-year plan  
21 that addresses a multiplicity of resource alternatives. The Addendum includes a review of  
22 the Company's most recent assumptions regarding its loads and available resources over  
23 the twenty-year planning horizon; but the principal focus of the Addendum is the Boardman  
24 to Hemingway line and the reasons supporting its inclusion in the Company's acknowledged  
25 IRP.

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1 This is not the first time the Commission has considered the Company's plan to  
2 construct this specific transmission project in an acknowledged IRP. Idaho Power discussed  
3 the plan to pursue Pacific Northwest transmission upgrades in general terms in both the  
4 2000 and 2002 IRPs. The Company refined its plans in the 2006 IRP and identified the 235  
5 kV McNary to Boise transmission project as a part of its ten-year resource plan with a  
6 projected completion date of 2012. Since the 2006 IRP was filed, the name of the McNary  
7 to Boise line has been changed to the Boardman to Hemingway line to more accurately  
8 reflect the termination points of the line. Line capacity is also increased from 235 kV to 500  
9 kV for transmission engineering reasons and to accommodate 225 megawatts of capacity  
10 the Company needs to serve retail loads as well as to provide capacity to serve wholesale  
11 customer requests in accordance with the Company's FERC-approved OATT.. The 2008  
12 Integrated Resource Plan Update filed with the Commission in July briefly summarized the  
13 engineering, economic, and public policy reasons for pursuing the Boardman to Hemingway  
14 line at the 500 kV level.

15 Because the proposed line route traverses land in the state of Oregon, the  
16 Boardman to Hemingway line is subject to the jurisdiction of the Oregon Energy Facility  
17 Siting Council ("EFSC"). The EFSC process relies on a Commission determination that a  
18 particular energy resource, in this case an electric transmission line, is a part of the utility's  
19 acknowledged IRP. The EFSC will rely on the Commission's inclusion of the line in Idaho  
20 Power's acknowledged IRP as its principal basis for determining that the energy resource is  
21 needed. Therefore, the Commission's acknowledgement of the Addendum covering the  
22 Boardman to Hemingway line is a crucial component of the Oregon Energy Facility Siting  
23 process.

24 The enclosed Addendum provides a detailed analysis demonstrating that the  
25 Commission should acknowledge the Addendum and include the Boardman to Hemingway  
26

1 line in the Company's acknowledged 2006 IRP. The following is a summary of the reasons  
2 supporting acknowledgement:

3           1.       The Boardman to Hemingway line is needed to meet the growing load  
4 requirements of Idaho Power's retail customers located in the states of Oregon and Idaho.

5           2.       The Boardman to Hemingway line is needed to comply with FERC  
6 requirements that the Company construct adequate transmission to provide service to  
7 wholesale customers in accordance with the Company's OATT.

8           3.       The Boardman to Hemingway line is needed to maintain reliable  
9 electric service to Idaho Power's Oregon and Idaho retail customers.

10          4.       The Boardman to Hemingway line is a cost-effective, least cost  
11 resource when compared to other resource alternatives.

12          5.       The Boardman to Hemingway line will provide transmission  
13 infrastructure and system reliability necessary for regional transmission grid development..

14                   **IV. THE BOARDMAN TO HEMINGWAY LINE IS NEEDED TO MEET RETAIL**  
15                                   **CUSTOMER LOADS**

16       The Company's sales and load forecast is the foundation for determining the  
17 necessity for future resources. Beginning on page 7 and continuing through page 12, the  
18 Addendum sets out the Company's current projections for load growth and resource  
19 additions. Over the twenty-year forecast horizon, the Company projects retail load growth in  
20 the range of 1.5% per year. The forecast for annual growth of system peak is even higher at  
21 1.6%. The sales and load forecast attached to the IRP Addendum describes the  
22 methodology the Company uses to prepare the sales and load forecast and describes how  
23 uncertainty is addressed in the sales and load forecast.

24       The Addendum shows that Idaho Power needs to move forward with significant  
25 additions to both supply-side and demand-side resources. The Addendum also shows  
26 current assumptions regarding reserve margins and energy and capacity deficits. On page

1 13, the Addendum indicates energy deficits of approximately 400 average megawatts will  
2 exist in July of 2009-2011. These deficits will not be sufficiently addressed until a new base  
3 load resource is added in 2012 and the Boardman to Hemingway line is added in 2013. The  
4 Boardman to Hemingway transmission project largely, but not completely, eliminates the  
5 energy deficits in 2013.

6 On page 13, the Addendum shows the impact of substantial increases in Demand  
7 Side Management program performance, adjustments to the hydrogeneration forecast, the  
8 current level of PURPA development, the planned 2012 base load resource, the Boardman  
9 to Hemingway line, and Idaho Power's other natural gas fired peaking resources all  
10 operating to address monthly peak hour deficiencies. The Boardman to Hemingway line  
11 largely, but not completely, eliminates the peak hour deficits in 2013. After 2013, the peak  
12 hour deficits continue to grow, indicating the need for additional supply-side resources,  
13 demand-side programs, and transmission capacity. At times of peak summer load, Idaho  
14 Power is fully utilizing all available transmission capacity from the Pacific Northwest. If  
15 Idaho Power were to face a significant outage at one of its main generation facilities, or a  
16 transmission interruption on one of the main import paths, the Company would fail to meet  
17 the reserve requirement standards. If Idaho Power fails to meet the reserve requirements,  
18 then the Company is required by WECC to shed load by initiating rolling blackouts.

19 On page 15 of the Addendum, figure 4 shows graphically how the Company's  
20 addition of a gas fired resource along with the Hemingway to Boardman line will allow the  
21 Company to maintain July peak hour load and resource balance through much of the  
22 planning horizon.

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1           **V. THE PROJECT IS NEEDED TO COMPLY WITH FEDERAL ENERGY**  
2           **REGULATORY COMMISSION REQUIREMENTS TO SERVE CURRENT AND**  
3           **FUTURE WHOLESALE CUSTOMERS THROUGH THE COMPANY'S OPEN ACCESS**  
4           **TRANSMISSION TARIFF**

4           Beginning on page 6 of the Addendum, the Company describes the large number of  
5 service requests it has received from entities seeking to utilize capacity within and across  
6 the Company's system for wholesale transactions undertaken pursuant to the Company's  
7 OATT. These requests include forecasted growth of existing network customers, including  
8 Bonneville Power Administration's ("BPA") southern Idaho contracts and another 1,000  
9 megawatts of energy development that is expected to be wheeled through Idaho Power's  
10 system to other regional customers. The development of wind and other renewable  
11 resources in response to renewable portfolio standards is anticipated to further increase the  
12 demand for transmission capacity between the Intermountain West and Pacific Northwest  
13 regions.

14           The FERC, in Order 890, established a mandatory planning process that requires  
15 utilities to provide for open access transmission to facilitate wholesale energy transactions.  
16 Idaho Power and other northwest utilities are engaged in substantial planning efforts in  
17 compliance with the FERC mandate. The Addendum, beginning on page 19, summarizes  
18 some of these regional planning efforts. The Boardman to Hemingway line is an integral  
19 part of the Company's compliance with its FERC OATT obligations.

20           **VI. THE BOARDMAN TO HEMINGWAY LINE IS NEEDED TO MAINTAIN RELIABILITY**

21           On page 6 of the IRP Addendum, the Company notes that it has declared stage one  
22 energy emergency alerts in 2004, 2006, 2007, and 2008. Most the energy emergency alerts  
23 were due to transmission outages. The Boardman to Hemingway line is designed to provide  
24 additional capacity that will reduce the need for energy emergency alerts. Concerns over  
25 reliable system operation are increasing, especially during summer peak load conditions.  
26 Reliability is affected by customer load on Idaho Power's system, including the BPA



1 commitments to serve its southern Idaho contracts, and other wholesale uses of the  
2 transmission system. On pages 12 through page 15, the Addendum describes the  
3 requirements placed on the Company to provide reserve margin. The Addendum also  
4 provides specific information on energy and capacity deficits that can affect reliability. The  
5 Boardman to Hemingway line is a critical part of the Company's plan to respond to reliability  
6 concerns on both Idaho Power's systems and the western interconnected system.

7 **VII. THE BOARDMAN TO HEMINGWAY LINE IS COST EFFECTIVE**

8 Beginning on page 13, the Addendum describes the costs and benefits of the  
9 Boardman to Hemingway line, including comparisons to the costs of alternative resources.  
10 The Addendum also addresses the economic benefits associated with the Boardman to  
11 Hemingway line's ability to relieve loadings on the existing 230 kV system and foster the  
12 development of renewable energy projects, particularly in northeastern Oregon.

13 **VIII. THE BOARDMAN TO HEMINGWAY LINE WILL BENEFIT REGIONAL**  
14 **TRANSMISSION GRID DEVELOPMENT**

15 The Boardman to Hemingway line is an important component of regional  
16 transmission planning efforts that will serve to encourage development of renewable  
17 resources in Oregon and Idaho. Starting on page 19, the IRP Addendum describes how the  
18 Boardman to Hemingway project is an integral part of regional transmission plans. The  
19 process for conducting regional transmission studies and analysis considers not only Idaho  
20 Power's obligations to retail customers under the IRP, but also provides for open access  
21 interstate wholesale obligations required by the FERC's planning requirements under  
22 Attachment K to FERC Order No. 890 planning process.

23 **IX. PUBLIC INVOLVMENT PROCESS**

24 Beginning on page 32, the IRP Addendum describes the substantial public  
25 involvement process has already been provided and will continue to be provided to the  
26 public regarding the permitting, routing, and construction of the Boardman to Hemingway

1 transmission project. As noted in the Addendum on page 25, the final route of the line may  
2 change as a result of input from citizens, local planning agencies, and various Oregon state  
3 and federal resource management agencies. In addition, the Company has previously  
4 discussed in general terms its transmission plans with its IRP advisory council ("IRPAC").  
5 Specific Boardman to Hemingway transmission project issues were discussed at the IRPAC  
6 in greater detail at the IRPAC's February 2009 meeting.

7 **X. SERVICE OF PROCCCESS**

8 In accordance with OAR 860-013-0070, Idaho Power waives service by means other  
9 than electronic mail. Consistent with that waiver, Idaho Power requests that the following  
10 receive notices and communications in respect to this Application:

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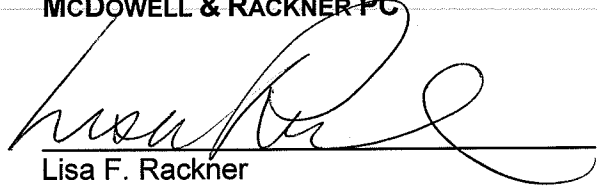
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**XI. REQUEST FOR ACCEPTANCE**

Idaho Power respectfully requests that the Commission issue its Order accepting and acknowledging the Company's Addendum to its 2006 Integrated Resource Plan to include the Boardman to Hemingway transmission project and finding that the Addendum meets both the procedural and substantive requirements of Orders Nos. 89-507 and 07-002.

Respectfully submitted this 5<sup>th</sup> day of February 2009.

**MCDOWELL & RACKNER PC**



Lisa F. Rackner

**IDAHO POWER COMPANY**

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